

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

ORBITAL SCIENCES CORP /DE/

CIK: **820736** | IRS No.: **061209561** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-18287** | Film No.: **95586789**
SIC: **3760** Guided missiles & space vehicles & parts

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 31, 1995

ORBITAL SCIENCES CORPORATION

Delaware (State of incorporation)	0-18287 (Commission File Number)	06-1209561 (I.R.S. Employer I.D. No.)
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21700 Atlantic Boulevard
Dulles, Virginia 20166
(703) 406-5000
(Address and telephone number
of principal executive offices)

Item 5. Other Events

On August 31, 1995, Orbital Sciences Corporation ("Orbital" or the "Company") executed an agreement to acquire MacDonald, Dettwiler and Associates Ltd. ("MDA"), a high technology company specializing in the design, manufacture and marketing of space remote sensing ground stations capable of handling all major optical and radar imaging for Earth observation satellites. MDA is also a major provider of advanced space-qualified software, air navigation systems, defense electronics systems and network communications training and consulting. MDA's Common Shares are publicly traded on the Vancouver Stock Exchange and The Toronto Stock Exchange.

The acquisition is expected to be concluded by December 31, 1995. Pursuant to the terms of the agreement, a newly established, wholly owned Canadian subsidiary of Orbital will issue Exchangeable Shares in exchange for all the issued and outstanding MDA Common Shares. These Exchangeable Shares will have voting and economic rights with respect to Orbital identical to Orbital Common Stock, and will be exchangeable into Orbital Common Stock at the option of the holders, subject to certain regulatory restrictions.

The actual number of shares of Orbital Common Stock issuable pursuant to the agreement is based on the average closing sales price of Orbital's Common Stock for the 20 trading days ending on the date four trading days prior to closing. Assuming an average closing sales price of \$17.25 per share for Orbital Common Stock and an exchange ratio of .31 Orbital Common Stock to 1.00 MDA Common Share, Orbital expects to issue approximately 3.9 million shares of its Common Stock for all of MDA's issued and outstanding voting common shares and employee share options. Pursuant to the agreement, Orbital will assume all of MDA's outstanding common share options, which vest in variable amounts over the next four years.

The acquisition will be accounted for using the pooling of interests method of accounting.

Item 7. Financial Statements and Exhibits

(a) (i) Consolidated Financial Statements of MacDonald, Dettwiler and Associates Ltd., together with report of the independent auditors, as of March 31, 1995, 1994 and 1993; and

(ii) Unaudited Consolidated Financial Statements of MacDonald, Dettwiler and Associates Ltd. as of June 30, 1995 and for the three-month periods ended June 30, 1995 and 1994.

(b) Pro Forma Financial Information of Orbital Sciences Corporation

(i) as of and for the six-month period ended June 30, 1995; and

(ii) for the years ended December 31, 1994, 1993 and 1992.

(c) Exhibits. The following exhibits are filed as part of this report:

Exhibit
No.

2 Combination Agreement dated as of August 31, 1995 among Orbital Sciences Corporation, 3173623 Canada Inc. and MacDonald, Dettwiler and Associates Ltd. (transmitted herewith)

2.1 Plan of Arrangement under Section 192 of the Canada Business Corporations Act (transmitted herewith)

2.2 Voting and Exchange Trust Agreement between Orbital Sciences Corporation, MacDonald Dettwiler Holdings Inc. And State Street Bank and Trust Company (transmitted herewith)

2.3 Support Agreement between Orbital Sciences Corporation and MacDonald, Dettwiler Holdings, Inc. (transmitted herewith)

2.4 Notice of Special Meeting of Shareholders and Holders of the 1988 Employee Share Options and the 1988 Key Employee Share Options of MacDonald, Dettwiler and Associates Ltd. and Management Information Circular dated as of October 6, 1995 (transmitted herewith)

23 Consent of KPMG Peat Marwick Thorne (transmitted herewith)

MACDONALD, DETTWILER AND ASSOCIATES LTD.
CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended March 31, 1995, 1994 and 1993

(including Auditors' Report thereon)

For the Three Months ended June 30, 1995 and 1994
(Unaudited)

MDA FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated balance sheets of MacDonald, Dettwiler and Associates Ltd. as at March 31, 1995 and 1994 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the years in the three year period ended March 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and

perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 1995 and 1994 and the results of its operations and the changes in its financial position for each of the years in the three year period ended March 31, 1995 in accordance with generally accepted accounting principles.

Vancouver, Canada (signed) KPMG Peat Marwick Thorne
 May 25, 1995, except as to Chartered Accountants
 Note 8(d) which is as
 at September 29, 1995

<TABLE>

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MACDONALD, DETTWILER AND ASSOCIATES LTD.

Consolidated Balance Sheets
 (In thousands of Canadian dollars)

	June 30, 1995 (Unaudited)	March 31, 1995	March 31, 1994
<S>	<C>	<C>	<C>
Assets			
Current assets:			
Cash and term deposits	\$16,845	\$ 9,463	\$12,008
Receivables	22,518	30,484	33,104
Recoverable income taxes	275	221	1,443
Inventories	817	486	488
Prepaid expenses	1,193	1,011	1,407
Total current assets	41,648	41,665	48,450
Lease receivable	1,171	1,186	1,415
Investment	586	586	586
Fixed assets (Note 2)	10,597	10,939	10,342
Goodwill	7,865	8,005	2,339
Deferred income taxes	191	184	-
	\$62,058	\$62,565	\$63,132
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$11,803	\$12,118	\$14,655
Deferred revenue	19,813	21,204	26,553
Current portion of long-term debt and obligations under capital leases (Note 3)	1,224	1,143	1,043
Deferred income taxes	-	-	297
Total current liabilities	32,840	34,465	42,548
Long-term debt and obligations under capital leases (Note 3)	8,197	8,052	4,334
Shareholders' equity:			
Capital stock (Note 4)	8,107	8,052	7,969
Contributed surplus	2,050	2,050	2,050
Retained earnings	10,549	9,539	6,065
Cumulative translation adjustment	315	407	166
Total shareholders' equity	21,021	20,048	16,250
	\$62,058	\$62,565	\$63,132
Contingencies and commitments (Note 8)			

</TABLE>

On behalf of the Board:

(signed) John W. Pitts
Director

(signed) J. S. MacDonald
Director

See accompanying notes to consolidated financial statements.

<TABLE>
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MACDONALD, DETTWILER AND ASSOCIATES LTD.

Consolidated Statements of Earnings
(In thousands of Canadian dollars, except per share data)

	Three months ended June 30		Year ended March 31		
	1995 (Unaudited)	1994	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$23,611	\$27,605	\$109,955	\$101,417	\$85,156
Expenses (Note 7):					
Cost of sales	15,769	20,459	80,063	75,294	59,705
General and administrative	2,253	1,941	7,761	6,673	6,689
Marketing	3,388	2,687	12,098	10,096	9,448
Research and development	438	656	2,381	3,421	4,378
Interest on long-term debt and capital lease obligations	85	102	387	524	488
Goodwill amortization	109	107	435	127	136
	22,042	25,952	103,125	96,135	80,844
Operating earnings	1,569	1,653	6,830	5,282	4,312
Other income	232	115	637	532	634
Earnings before income taxes	1,801	1,768	7,467	5,814	4,946
Income taxes (Note 6)	793	778	3,502	2,557	2,177
Net earnings	\$ 1,008	\$ 990	\$ 3,965	\$ 3,257	\$ 2,769
Net earnings per common share (Note 5):					
Basic	\$.09	\$.09	\$.36	\$.29	\$.25
Fully diluted	\$.09	\$.08	\$.34	\$.28	\$.24

</TABLE>

See accompanying notes to consolidated financial statements

<TABLE>
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MACDONALD, DETTWILER AND ASSOCIATES LTD.

Consolidated Statements of Retained Earnings
(In thousands of Canadian dollars)

	Three months ended June 30,		Year ended March 31,		
	1995 (Unaudited)	1994	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Retained earnings, beginning of period	\$ 9,539	\$ 6,065	\$ 6,065	\$ 3,624	\$11,820
Net earnings	1,008	990	3,965	3,257	2,769
Excess of cost of shares purchased and cancelled over average issuance price	2	-	(491)	(816)	-
Dividends on common shares	-	-	-	-	(10,965)
Retained earnings, end of period	\$10,549	\$ 7,055	\$ 9,539	\$ 6,065	\$ 3,624

</TABLE>

See accompanying notes to consolidated financial statements

<TABLE>
<CAPTION>

MACDONALD, DETTWILER AND ASSOCIATES LTD.

Consolidated Statements of Changes in Financial Position
(In thousands of Canadian dollars)

<S>	Three months ended June 30,		Year ended March 31,		
	1995 (Unaudited)	1994	1995	1994	1993
<C>	<C>	<C>	<C>	<C>	<C>
Operating activities:					
Net earnings	\$ 1,008	\$ 990	\$ 3,965	\$ 3,257	\$ 2,769
Items not affecting cash:					
Depreciation and amortization	1,031	921	3,949	3,384	2,823
Deferred income taxes	(7)	(19)	(481)	(283)	155
Loss on disposal of fixed assets	-	-	5	7	7
Net change in non-cash working capital balances relating to operations	5,635	(2,294)	(3,189)	9,909	(5,259)
Cash provided by (applied to) operations	7,667	(402)	4,249	16,274	495
Financing activities:					
Net increase (decrease) in long-term debt and obligations under capital leases	226	3,908	3,818	(296)	27
Decrease in other receivables	-	-	-	685	961
Decrease (increase) in lease receivable	15	13	51	(1,470)	-
Issue of capital stock	53	11	185	205	358
Purchase of capital stock	-	(468)	(593)	(967)	-
Dividends paid on common shares	-	-	-	-	(10,965)
Cash provided by (applied to) financing activities	294	3,464	3,461	(1,843)	(9,619)
Total cash generated for investing activities	7,961	3,062	7,710	14,431	(9,124)
Investing activities:					
Purchase of fixed assets	(579)	(904)	(3,928)	(3,631)	(4,133)
Acquisition of subsidiary	-	(6,345)	(6,327)	-	-
Investment, net	-	-	-	(66)	(221)
Cash applied to investing activities	(579)	(7,249)	(10,255)	(3,697)	(4,354)
Increase (decrease) in cash during the period	7,382	(4,187)	(2,545)	10,734	(13,478)
Cash, beginning of period	9,463	12,008	12,008	1,274	14,752
Cash, end of period	\$16,845	\$ 7,821	\$ 9,463	\$12,008	\$ 1,274

</TABLE>

See accompanying notes to consolidated financial statements

1. Significant accounting policies:

(a) Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The Company accounts for its investment in Radarsat International Inc. (RSI) on the equity basis. The Company considers RSI to be in the development stage and is capitalizing its share of start-up expenditures until commencement of operations.

All intercompany balances and transactions are eliminated on consolidation.

(b) Recognition of revenue:

Contract revenue is recognized on the percentage of completion basis. A provision for loss is made when estimated total costs are in excess of total contract revenue.

(c) Fixed assets:

Fixed assets are stated at cost less accumulated depreciation. Depreciation is applied on a straight-line basis at the following rates:

Computers	20% - 33%
Equipment	20%
Furniture and fixtures	20%
Software	25%
Leasehold improvements	Term of lease

(d) Research and development:

Research costs are expensed in the year incurred. Development costs are expensed in the year incurred unless the Company believes a development project meets generally accepted accounting criteria for deferral and amortization. The Company interprets the criteria for deferral of development costs on a very stringent basis under which interpretation, few, if any, development costs qualify for deferral. In the current year no development costs were deferred.

Research and development costs are reduced by related government assistance.

(e) Investment tax credits:

Investment tax credits are accounted for using the cost reduction method and are applied against cost of sales.

(f) Foreign currency translation:

Foreign operations which are considered integrated (financially and operationally dependent on the parent) are translated to Canadian dollars using current rates of exchange for monetary assets and liabilities. Historical rates of exchange are used for non-monetary assets and liabilities and average rates for the year for revenues and expenses. Gains or losses resulting from these translation adjustments are included in income.

Foreign operations which are considered self-sustaining (financially and operationally independent of the parent) are translated to Canadian dollars using the current rates of exchange for assets and liabilities and using average rates for the year for revenues and expenses. Gains or losses resulting from these translation adjustments are deferred in a separate component of shareholders' equity ("Cumulative translation adjustment") until there is a realized reduction in the parent's net investment in the foreign operation.

The Company considers the operations of Earth Observation Sciences Limited to be self-sustaining. Operations of all other foreign subsidiaries are integrated.

(g) Goodwill:

Goodwill represents the excess of the cost of shares in subsidiaries over amounts assigned to their net identifiable assets. The excess cost is amortized on a straight-line basis over a period of twenty years.

2. Fixed assets:

<TABLE>

<CAPTION>

	June 30, 1995		
	Cost	Unaudited Accumulated Depreciation	Net
	(000's)	(000's)	(000's)
<S>	<C>	<C>	<C>
Computers	\$13,507	\$10,141	\$ 3,366
Equipment	2,831	1,975	856
Furniture and fixtures	3,096	2,403	693
Leasehold improvements	7,630	2,828	4,802
Software	2,640	1,760	880
	\$29,704	\$19,107	\$10,597

<CAPTION>

March 31, 1995

	Cost	Accumulated Depreciation	Net
	(000's)	(000's)	(000's)
<S>	<C>	<C>	<C>
Computers	\$13,124	\$ 9,557	\$ 3,567
Equipment	2,734	1,906	828
Furniture and fixtures	3,095	2,344	751
Leasehold improvements	7,632	2,678	4,954
Software	2,513	1,674	839
	\$29,098	\$18,159	\$10,939

<CAPTION>

March 31, 1994

	Cost	Accumulated Depreciation	Net
	(000's)	(000's)	(000's)
<S>	<C>	<C>	<C>
Computers	\$10,408	\$ 7,160	\$ 3,248
Equipment	2,248	1,663	585
Furniture and fixtures	2,795	2,103	692
Leasehold improvements	7,343	2,128	5,215
Software	2,008	1,406	602
	\$24,802	\$14,460	\$10,342

</TABLE>

Total assets under capital leases included above have a cost of \$2,400,000 at March 31, 1995 (March 31, 1994 - \$2,513,000) and a net book value of \$1,721,000 at March 31, 1995 (March 31, 1994 - \$1,785,000).

3. Long-term debt:

<TABLE>

<CAPTION>

	June 30, 1995 (Unaudited (000's)	March 31, 1995 (000's)	March 31, 1994 (000's)
<S>	<C>	<C>	<C>
Promissory note payable, interest at 6.8%, principal and interest repayable at \$35,000 monthly	\$2,428	\$2,490	\$2,730
Western Economic Diversification loan, non-interest bearing, repayable in annual installments commencing June 30, 1996 and ending June 30, 2005	1,230	1,188	802
Term loan, interest at 10.5%, payable monthly, principal repayable in full on or before July 15, 1996	3,750	1,850	-
Obligations under capital leases.	2,013	1,667	1,845
	9,421	9,195	5,377
Deduct current portion	1,224	1,143	1,043
	\$8,197	\$8,052	\$4,334

</TABLE>

Long-term debt is secured by a fixed and floating charge on all Company assets and by charges and chattel mortgages on specific equipment.

(a) Future minimum lease payments due under capital leases at March 31, 1995 are as follows:

	(000's)
1996	\$ 1,023
1997	588
1998	257
Total minimum lease payments	1,868
Less amount representing interest	201
	\$ 1,667

(b) Principal repayments on long-term debt at March 31, 1995 are as follows:

	(000's)
1996	\$ 1,143
1997	4,778
1998	657
1999	433
2000	455
Thereafter	1,729
	\$ 9,195

4. Capital stock:

(a) Common shares:

The authorized capital of the Company consists of an unlimited number of common shares without par value, 205,000 Class A preference shares of no par value (issued nil) and 27,000 Class B preference shares of no par value (issued nil).

<TABLE>
<CAPTION>

(Dollar amounts in thousands)

	Common Shares	Contributed Surplus
<S>	<C>	<C>
Number of shares issued, and to be issued April 1, 1992, net of 82,798 treasury shares	11,089,843	-
Balance, April 1, 1992	\$ 7,557	\$ 2,050
Issuance of 181,844 shares for cash	358	-
Adjustment of 79,066 shares to be issued in exchange for 49.9% interest in EOS	-	-
Balance, March 31, 1993	7,915	2,050
Issuance of 107,866 shares for cash	205	-
Repurchased 251,100 shares for cash	(151)	-
Balance, March 31, 1994	7,969	2,050
Issuance of 94,343 shares for cash	185	-
Repurchased 158,600 shares for cash	(102)	-
Balance, March 31, 1995	8,052	2,050
Issuance of 29,785 shares for cash (unaudited)	55	-
Balance, June 30, 1995 (unaudited)	\$ 8,107	\$ 2,050
Number of shares issued, and to be issued June 30, 1995 (unaudited)	11,173,047	-

</TABLE>

(b) Share option plans:

Under four share option plans, employees are entitled to acquire common shares in quantities and prices as determined by the directors of the Company. The number of common shares available for allocation is as follows:

<TABLE>
<CAPTION>

	June 30, 1995 (Unaudited)	March 31, 1995	March 31, 1994
<S>	<C>	<C>	<C>
Reserved at beginning of the period	868,477	935,717	869,806
Exercised during the period	(29,785)	(33,605)	(86,586)
Options allocated during the period	246,000	-	254,000
Options expired during the period	(7,135)	(33,635)	(101,503)
Remainder reserved for future periods	1,077,557	868,477	935,717

</TABLE>

4. Capital stock, continued:

Under the plans, any share options granted must be exercised and purchased within nine years of being granted. The remaining 1,077,557 shares have been allocated for issue at prices ranging from \$.90 to \$4.40 per common share.

(c) Shares to be issued:

The common shares to be issued are consideration for the 1992 acquisition of the remaining 10.4% of Earth Observation Sciences Limited (EOS). At June 30, 1995, the shareholders of EOS have an option, exercisable at

any time to exchange their interest in EOS for 79,214 shares of the Company. In addition, the Company has the right to require the exchange of these EOS shares. This right may be exercised at any time, but will take place no later than October 31, 2001. As the purchase consideration is fixed, and the purchase will occur no later than October 31, 2001, the transaction has been treated for accounting purposes as an acquisition of 100% of the outstanding shares of EOS.

5. Net earnings per common share:

Basic earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding during the year. Weighted average common shares are as follows:

June 30, 1995 (unaudited)	11,148,378
June 30, 1994 (unaudited)	11,158,572
March 31, 1995	11,142,811
March 31, 1994	11,315,231
March 31, 1993	11,292,881

6. Income taxes:

(a) The income tax provision is comprised of the following:

<TABLE>
<CAPTION>

	Three months ended June 30		Year ended, March 31,		
	1995	1994	1995	1994	1993
	(Unaudited)				
	(000's)	(000's)	(000's)	(000's)	(000's)
<S>	<C>	<C>	<C>	<C>	<C>
Current income tax expense	\$ 800	\$ 797	\$ 3,983	\$ 2,840	\$ 2,022
Deferred income tax expense	(7)	(19)	(481)	(283)	155
	\$ 793	\$ 778	\$ 3,502	\$ 2,557	\$ 2,177

</TABLE>

6. Income taxes, continued:

(b) Investment tax credits:

At March 31, 1995, the Company had unused investment tax credits expiring March 31:

	(000's)
1996	\$ 1,271
1997	1,895
1998	286
1999	865
2000	761
2001	975
2002	2,348
2003	2,000
2004	2,430
2005	2,500
	\$15,331

(c) A reconciliation of income taxes at statutory rates to actual income taxes is:

<TABLE>
<CAPTION>

	Three months ended June 30,		Year ended March 31,		
	1995	1994	1995	1994	1993
	Unaudited)				
<S>	<C>	<C>	<C>	<C>	<C>
Combined basic income tax rate	45.3%	45.3%	45.3%	44.8%	44.5%
	(000's)	(000's)	(000's)	(000's)	(000's)
Income tax expense prior to the following increases	\$ 816	\$ 801	\$ 3,383	\$ 2,605	\$ 2,201

(reductions)

Non-deductible expenditures	18	20	92	50	79
Reduction of deferred tax credits at rates in excess of the current period rate	(1)	(1)	(3)	(19)	(3)
Differing statutory rates in foreign jurisdictions	25	33	130	70	10
Net foreign losses not tax effected	45	67	466	294	152
Manufacturing and processing rate reduction	(107)	(138)	(553)	(338)	(137)
Other	(3)	(4)	(13)	(105)	(125)
	\$ 793	\$ 778	\$ 3,502	\$ 2,557	\$ 2,177

</TABLE>

7. Supplementary information to the consolidated statements of earnings:

(a) Research and development expenses have been reduced by government assistance as follows:

<TABLE>

<CAPTION>

	Three months ended June 30,		Year ended March 31,		
	1995	1994	1995	1994	1993
	(Unaudited)				
	(000's)	(000's)	(000's)	(000's)	(000's)
<S> Research and development expenses	<C> \$ 1,136	<C> \$ 1,128	<C> \$ 4,747	<C> \$ 4,319	<C> \$ 6,701
Government assistance	(698)	(472)	(2,366)	(898)	(2,323)
	\$ 438	\$ 656	\$ 2,381	\$ 3,421	\$ 4,378

</TABLE>

The above expenditures represent internally funded research and development. In addition, during the year ended March 31, 1995, the Company incurred \$29,320,000 (1994 - \$29,281,000 1993 - \$26,507,000) of research and development which was performed as part of customer contracts. Customer contractual research and development expenditures have been included in cost of sales.

(b) Investment tax credits earned in the year ended March 31, 1995 on scientific research expenditures have been applied to reduce the cost of sales by \$1,850,000 (1994 - \$1,150,000 1993 - \$1,050,000).

8. Contingencies and commitments:

(a) At March 31, 1995, the Company was committed under operating leases for the following minimum annual rentals:

	(000's)
1996	\$ 2,926
1997	3,134
1998	3,155
1999	3,159
2000	2,931
Subsequent years	12,440
	\$27,745

(b) The Company's bankers have issued letters of guarantee to certain customers of the Company in the amount of \$9,459,000 (1994 - \$15,378,000) of which \$2,438,000 (1994 - \$6,791,000) is guaranteed by the Federal Government of Canada. If the Company failed to perform as agreed with these customers and if the letters of guarantee were called, the \$7,021,000 (1994 - \$8,587,000) due the Company's bankers would be secured by the existing general assignment of book debts and assignment of inventories. Inventories relating to contracts with the Government of Canada are excluded from the assignment. The Federal Government of Canada is secured under a general recourse agreement, which is secondary to the Company's bankers.

8. Contingencies and commitments, continued:

(c) Certain government assistance may be repayable based on future sales levels related to the projects funded. At March 31, 1995 this amount approximated \$12,109,000 (1994 - \$10,716,000). Amounts, if any, that may be repayable would be accounted for in the period in which conditions that cause repayment arise.

(d) In April 1995, the Company signed a memorandum of agreement to acquire 300,000 Series B Preferred Shares of EarthWatch, Incorporated for cash consideration of U.S. \$3,000,000, payable by six equal quarterly installments. Payments are to commence once a stock purchase agreement between the parties is finalized. Each Preferred Share may be converted at any time into a fully-paid Common Share of EarthWatch, Incorporated on a one-for-one basis. The Company is accounting for the investment on the cost basis.

EarthWatch, Incorporated is developing high-resolution commercial imaging satellites. The first satellite launch is scheduled for 1996.

9. Segmented information:

The Company's principal business activity relates to the design, development and integration of computer-based systems. Sales to customers in foreign countries amounted to:

	(000's)
Three months ended:	
June 30, 1995 (unaudited)	\$ 10,362
June 30, 1994 (unaudited)	12,158
Year ended:	
March 31, 1995	48,331
March 31, 1994	37,135
March 31, 1993	40,366

10. Acquisition:

On April 6, 1994, the Company acquired 100% of the outstanding shares of The PSC Communications Group Inc. (PSC), for cash consideration of \$5,176,000 and a maximum of 250,000 common shares of the Company. The issue of shares is contingent upon PSC achieving certain income levels in the year ending March 31, 1996.

The total net assets acquired, accounted for using the purchase method are as follows:

	(000's)
Net non-cash assets acquired, at assigned values:	
Working capital	\$ 215
Fixed assets	188
Net non-cash assets acquired	403
Excess of cost of net assets over assigned values (goodwill)	5,924
	6,327
Bank indebtedness of acquired operations	(1,151)
Total cash consideration	\$ 5,176

11. Reconciliation of Accounting Principles

The Company historically reports its financial results using generally accepted accounting principles in Canada ("GAAP-C"). The major differences between GAAP-C and generally accepted accounting principles in the United States ("GAAP-US"), as applied to the Company, are as follows:

	Year ended March 31,		
	1995	1994	1993
	(000's)	(000's)	(000's)
Net Income, as reported	\$ 3,965	\$ 3,257	\$ 2,769
GAAP-US adjustments	(869)	(1,657)	(1,088)
Net Income, as adjusted	\$ 3,096	\$ 1,600	\$ 1,681

(a) The Company has an approximate 25% equity investment in RSI that is accounted for under GAAP-C using the equity method of accounting for investments. RSI is in its development stage and, pursuant to GAAP-C, MDA is capitalizing its share of RSI's start-up operating expenses until the commencement of RSI's intended operations. Accordingly, the Company's historical statements of operations do not report as a current expense the Company's share of RSI's start-up expenses. GAAP-US would require RSI to charge to earnings all such operating expenses incurred during RSI's development stage.

In converting to GAAP-US, the Company's method of accounting for costs incurred by RSI during the development stage would be adjusted, resulting in an increase to research and development expenses of \$66,000 and \$221,000 for the years ended March 31, 1994 and 1993, respectively. No adjustment was required for the year ended March 31, 1995.

(b) The Company has historically received Canadian Government assistance for certain research and development projects that may be repayable based on future sales levels or other benefits achieved by MDA as a result of the projects. In the event that such projects do not result in future benefits to MDA, the repayment obligation is relieved. Pursuant to GAAP-C, the Company's historical financial statements have recorded the receipt of such government assistance as a current period reduction in research and development expenses, disclosing a contingent liability for the potential repayment obligation. GAAP-US would require postponing the recognition of a gain contingency until the contingency is resolved.

In converting to GAAP-US, the Company's method of accounting for such government assistance would be adjusted by recording a liability for the government assistance received (as opposed to a reduction in current period research and development expenses) in the amounts (on a pre-tax basis) of \$1,598,000, \$2,839,000 and \$1,549,000 for the years ended March 31, 1995, 1994 and 1993, respectively, reflecting the repayment obligation.

(c) The Company has historically received investment tax credits for Canadian tax purposes for certain qualifying research and development projects. Pursuant to GAAP-C, the Company's historical financial statements have recorded the receipt of investment tax credits as a current period reduction in costs of sales.

In converting to GAAP-US, the Company's method of accounting for investment tax credits would be adjusted by recording the credit as a reduction in current period income tax expense (as opposed to a reduction in current period costs of sales) of \$1,850,000, \$1,150,000 and \$1,050,000 for the years ended March 31, 1995, 1994 and 1993, respectively.

ORBITAL SCIENCES CORPORATION
Pro Forma Financial Information

All references to dollars in the following Pro Forma Statements and the related notes thereto are to U.S. dollars, unless otherwise noted.

On August 31, 1995, Orbital signed an agreement to acquire MDA (the "MDA Acquisition"). MDA's Common Shares are publicly traded on the Vancouver Stock Exchange and The Toronto Stock Exchange. The MDA Acquisition is expected to be concluded by December 31, 1995.

Pursuant to the terms of the agreement, a newly established, wholly owned Canadian subsidiary of Orbital will issue Exchangeable Shares in exchange for all the issued and outstanding MDA Common Shares. These Exchangeable Shares will have voting and economic rights with respect to Orbital identical to Orbital Common Stock, and will be exchangeable into Orbital Common Stock at the option of the holders, subject to certain

regulatory restrictions. For purposes of the following pro forma presentation, Orbital has assumed that conversion of the Exchangeable Shares occurred contemporaneously with closing (i.e., that Orbital issued Common Stock directly for MDA Common Shares).

The actual number of shares of Orbital Common Stock issuable pursuant to the agreement is based on the average closing sales price of Orbital's Common Stock for the 20 trading days ending on the date four trading days prior to closing. Assuming an average closing sales price of \$17.25 per share for Orbital Common Stock and an exchange ratio of .31 Orbital Common Stock to 1.00 MDA Common Share, Orbital expects to issue approximately 3.9 million shares of its Common Stock for all of MDA's issued and outstanding voting common shares and employee share options. As part of the MDA Acquisition, Orbital will assume all of MDA's outstanding common share options, which vest in variable amounts over the next four years. The MDA Acquisition will be accounted for using the pooling of interests method of accounting and, accordingly, MDA's assets and liabilities will be carried forward at their historical recorded amounts.

The following unaudited condensed consolidated pro forma financial information consists of Unaudited Pro Forma Condensed Consolidated Statements of Operations for the six months ended June 30, 1995 and for the year ended December 31, 1994, 1993 and 1992, and the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 1995 (collectively, the "Pro Forma Statements"). The Unaudited Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 1995 gives effect to the MDA Acquisition as if it had occurred on January 1, 1995. The Unaudited Pro Forma Condensed Consolidated Statements of Operations for the years ended December 31, 1994, 1993 and 1992 give effect to the MDA Acquisition as if it had occurred on January 1, 1992. The Unaudited Pro Forma Condensed Consolidated Balance Sheet gives effect to the MDA Acquisition as if it had occurred on June 30, 1995.

ORBITAL SCIENCES CORPORATION
Pro Forma Financial Information

Management believes that, on the basis set forth herein, the Pro Forma Statements reflect a reasonable estimate of the MDA Acquisition based on currently available information. The pro forma financial data do not purport to represent what the Company's financial position or results of operations would actually have been had the MDA Acquisition in fact occurred on June 30, 1995, January 1, 1995 or January 1, 1992, or to project the Company's financial position or results of operations for any future date or period indicated. The Pro Forma Statements should be read in conjunction with the consolidated financial statements of each of the Company and MDA and related notes thereto.

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ORBITAL SCIENCES
CORPORATION
UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED
BALANCE SHEET
JUNE 30, 1995
(thousands)

	Historical Orbital Sciences Corporation (US\$)	Historical MacDonald Dettwiler and Associates Ltd. (C) (C\$)	Conversion Adjustments (B) Debit (Credit)		Converted Historical MacDonald Dettwiler and Associates Ltd. (C) (US\$)	Pro Forma Adjustments	Pro Forma Results (US\$)
<S>	<S>	<C>	<C>		<C>	<C>	<C>
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 18,377	\$ 16,845	\$ (4,571)	1	\$ 12,274		\$ 30,651
Short-term investments	21,440	-	-		-		21,440
Receivables, net	83,376	22,518	(6,110)	1	16,408		99,784
Inventories, net	28,320	817	(222)	1	595		28,915

Other current assets	8,145	1,468	(399)	1	1,069	9,214
Total current assets	159,658	41,648			30,346	190,004
PROPERTY, PLANT AND EQUIPMENT, net	101,882	10,597	(2,875)	1	7,722	109,604
INVESTMENTS IN AFFILIATES, net	64,093	586	(586)	2 (a)	-	64,093
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net	67,464	7,865	(2,134)	1	5,731	73,195
DEPOSITS AND OTHER ASSETS	15,737	1,362	19	2 (b)	1,006	16,743
TOTAL ASSETS	\$ 408,834	\$ 62,058			\$ 44,805	\$ 453,639

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ORBITAL SCIENCES CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
JUNE 30, 1995
(thousands)

	Historical Orbital Sciences Corporation (US\$)	Historical MacDonald, Dettwiler and Associates Ltd. (C) (C\$)	Conversion Adjustments (B) Debit (Credit)		Converted Historical MacDonald, Dettwiler and Associates Ltd. (C) (US\$)	Pro Forma Adjustments	Pro Forma Results (US\$)
<S>	<C>	<C>	<C>		<C>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Short-term borrowings and current portion of long-term obligations	\$ 11,752	\$ 1,224	\$ 332	1	\$ 892		\$ 12,644
Accounts payable and accrued expenses	43,463	11,803	3,203	1	8,600		52,063
Deferred revenue and other liabilities	11,557	19,813	5,377	1	14,436		25,993
Total current liabilities	66,772	32,840			23,928		90,700
LONG-TERM OBLIGATIONS, net of current portion	95,203	8,197	(13,382) 5,855	2 (b) 1	15,724		110,927
DEFERRED INCOME TAXES AND OTHER LIABILITIES	11,245	-			-		11,245
TOTAL LIABILITIES	173,220	41,037			39,652		212,872
STOCKHOLDERS' EQUITY							
Preferred Stock	-	-			-		-
Common Stock	227	8,107	1,117	1	6,990	(6,990) A 39 A	266
Cumulative Translation Adjustment (1)	-	315	3,886	1	(3,571)		(3,571)
Other equity accounts	235,387	12,599	586 (19)	2 (a) 2 (b)	1,734	(1,734) A 8,685 A	244,072
TOTAL STOCKHOLDERS EQUITY	235,614	21,021			5,153		240,767
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 408,834	\$ 62,058			\$ 44,805		\$ 453,639

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ORBITAL SCIENCES
CORPORATION
UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30,
1995
(in thousands, except share data)

	Historical Orbital Sciences Corporation (US\$)	Historical MacDonald, Dettwiler and Associates Ltd. (C) (C\$)	Conversion Adjustments (B) Debit (Credit)		Converted Historical MacDonald, Dettwiler and Associates Ltd. (C) (US\$)	Pro Forma Adjustments	Pro Forma Results (US\$)
<S>	<C>	<C>	<C>		<C>	<C>	<C>
Revenues	\$ 132,930	\$ 52,503	\$ 14,692	1	\$ 37,811		\$ 170,741
Costs of Goods Sold	97,293	34,519	1,234	2 (c)	25,750		123,043
Gross Profit	35,637	17,984			12,061		47,698
Research and Development Expenses	8,764	1,747	442	2 (b)	1,570		10,334
Selling, General & Administrative Expenses	22,707	11,099	(3,097)	1	8,002		30,709
Amortization of Excess of Purchase Price Over Net Assets Acquired	1,400	219	(61)	1	158		1,558
Income (Loss) from Operations	2,766	4,919			2,331		5,097
Net Interest Income (Expense)	(1,887)	249	69	1	180		(1,707)
Equity in Earnings of Affiliate	362	-			-		362
Income Before Provision for Income Taxes	1,241	5,168			2,511		3,752
Provision for Income Taxes	-	2,491	(220)	2 (b)	745		745
Net Income (F)	\$ 1,241	\$ 2,677			\$ 1,766		3,007
Net Income per Common and Common Equivalent Share:	\$ 0.06						\$ 0.12 D
Shares Used in Computing Net Income per Common and Common Equivalent Share	20,954,359					3,920,290 A	24,874,649 D
Net Income per Common Share Assuming Full Dilution:	\$ 0.06						\$ 0.12 D
Shares Used in Computing Net Income per Common Share, Assuming Full Dilution	24,863,449					3,920,290 A	28,783,739 D

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ORBITAL SCIENCES
CORPORATION
UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
TWELVE MONTHS ENDED
DECEMBER 31, 1994
(thousands, except share data)

Historical	Historical	Conversion	Converted	Pro Forma	Pro Forma
------------	------------	------------	-----------	-----------	-----------

<S>	Orbital Sciences Corporation (US\$)	MacDonald, Dettwiler and Associates Ltd. (C\$)	Adjustments (B) Debit (Credit)		Historical MacDonald, Dettwiler and Associates Ltd. (C) (US\$)	Adjustments	Results (US\$)
<C>	<C>	<C>	<C>		<C>	<C>	<C>
Revenues	\$ 221,946	\$ 109,955	\$ 30,325	1	\$ 79,630		\$ 301,576
Costs of Goods Sold	157,066	80,063	1,850	2 (c)	59,351		216,417
			(22,562)	1			
Gross Profit	64,880	29,892			20,279		85,159
Research and Development Expenses	14,389	2,381	1,598	2 (b)	2,870		17,259
Selling, General & Administrative Expenses	39,749	19,859	(1,109)	1	14,381		54,130
			(5,478)	1			
Amortization of Excess of Purchase Price Over Net Assets Acquired	2,045	435	(120)	1	315		2,360
Income from Operations	8,697	7,217			2,713		11,410
Net Interest Income (Expense)	37	250	69	1	181		218
Equity in Earnings (Losses) of Affiliate	(1,264)	-			-		(1,264)
Income Before Provision for Income Taxes	7,470	7,467			2,894		10,364
Provision for Income Taxes	2,081	3,502	(729)	2 (b)	663		2,744
Net Income	\$ 5,389	\$ 3,965			\$ 2,231		\$ 7,620
Net Income per Common and Common Equivalent Share:	\$ 0.28						\$ 0.33 D
Shares Used in Computing Net Income per Common and Common Equivalent Share	19,104,427					3,920,290 A	23,024,717 D
Net Income per Common Share, Assuming Full Dilution:	\$ 0.28						
Shares Used in Computing Net Income per Common Share, Assuming Full Dilution	22,222,210					3,920,290 A	27,142,500 D

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ORBITAL SCIENCES
 CORPORATION
 UNAUDITED PRO FORMA
 CONDENSED CONSOLIDATED
 STATEMENT OF OPERATIONS
 TWELVE MONTHS ENDED
 DECEMBER 31, 1993
 (thousands, except share data)

<S>	Historical Orbital Sciences Corporation (US\$)	Historical MacDonald, Dettwiler and Associates Ltd. (C\$)	Conversion Adjustments (B) Debit (Credit)		Converted Historical MacDonald, Dettwiler and Associates Ltd. (C) (US\$)	Pro Forma Adjustments	Pro Forma Results (US\$)
<C>	<C>	<C>	<C>		<C>		
Revenues	\$ 223,087	\$ 101,417	\$ 24,320	1	\$ 77,097		\$ 300,184
Costs of Goods Sold	170,204	75,294	1,150	2 (c)	58,085		228,289
			(18,359)	1			

Gross Profit	52,883	26,123			19,012	71,895
Research and Development Expenses	14,885	3,421	66	2 (a)	4,818	19,703
			2,839	2 (b)		
			(1,508)	1		
Selling, General & Administrative Expenses	25,897	16,769	(3,991)	1	12,778	38,675
Amortization of Excess of Purchase Price Over Net Assets Acquired	1,537	127	(30)	1	97	1,634
Income from Operations	10,564	5,806			1,319	11,883
Net Interest Income (Expense)	356	8	3	1	5	361
Equity in Earnings (Losses) of Affiliate	(2,436)	-			-	(2,436)
Income Before Provision for Income Taxes	8,484	5,814			1,324	9,808
Provision for Income Taxes	2,288	2,557	(1,248)	2 (b)	115	2,403
			(1,150)	2 (c)		
			(44)	1		
Net Income (F)	\$ 6,196	\$ 3,257			\$ 1,209	\$ 7,405
Net Income per Common and Common Equivalent Share:	\$ 0.43					\$ 0.40 D
Shares Used in Computing Net Income per Common and Common Equivalent Share	14,641,854				3,920,290 A	18,562,144 D
Net Income per Common Share, Assuming Full Dilution:	\$ 0.38					\$ 0.37 D
Shares Used in Computing Net Income per Common Share, Assuming Full Dilution	18,256,276				3,920,290 A	22,176,566 D

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ORBITAL SCIENCES
 CORPORATION
 UNAUDITED PRO FORMA
 CONDENSED CONSOLIDATED
 STATEMENT OF OPERATIONS
 TWELVE MONTHS ENDED
 DECEMBER 31, 1992
 (thousands, except share data)

	Historical Orbital Sciences Corporation (US\$)	Historical MacDonald, Dettwiler and Associates Ltd. (C) (C\$)	Conversion Adjustments (B) Debit (Credit)		Converted Historical MacDonald, Dettwiler and Associates Ltd. (C) (US\$)	Pro Forma Adjustments	Pro Forma Results (US\$)
<S>	<C>	<C>	<C>		<C>	<C>	<C>
Revenues	\$ 204,190	\$ 85,156	\$ 16,175	1	\$ 68,981		\$ 273,171
Costs of Goods Sold	158,661	59,705	1,050	2 (c)	49,173		207,834
			(11,582)	1			
Gross Profit	45,529	25,451			19,808		65,337
Research and Development Expenses	10,586	4,378	221	2 (a)	4,979		15,565
			1,549	2 (b)			
			(1,169)	1			
Selling, General & Administrative Expenses	28,615	16,137	(3,029)	1	13,108		41,723

Amortization of Excess of Purchase Price Over Net Assets Acquired	1,495	136	(25)	1	111	1,606
Income (Loss) from Operations	4,833	4,800			1,610	6,443
Net Interest Income (Expense)	738	146	24	1	122	860
Income (Loss) Before Provision for Income Taxes	5,571	4,946			1,732	7,303
Provision (Benefit) for Income Taxes	1,630	2,177	(682)	2 (b)	367	1,997
			(1,050)	2 (c)		
			(78)	1		
Net Income	\$ 3,941	\$ 2,769			\$ 1,365	\$ 5,306
Net Income per Common and Common Equivalent Share:	\$ 0.27					\$ 0.29 D
Shares Used in Computing Net Income per Common and Common Equivalent Share	14,404,933				3,920,290 A	18,325,223 D
Net Income per Common Share, Assuming Full Dilution:	\$ 0.27					\$ 0.29 D
Shares Used in Computing Net Income per Common Share, Assuming Full Dilution	14,404,933				3,920,290 A	18,325,223 D

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ORBITAL SCIENCES CORPORATION
Notes to Pro Forma Adjustments to the
Unaudited Pro Forma Condensed
Consolidated Financial Statements

(A) On August 31, 1995, the Company signed an agreement to acquire MDA. The MDA Acquisition is expected to be concluded by December 31, 1995. The Pro Forma Statements assume Orbital issues approximately 3.9 million shares of its Common Stock for all of MDA's issued and outstanding voting Common Shares and employee share options. As part of the MDA Acquisition, Orbital will assume all of MDA's outstanding employee share options, which vest in variable amounts over the next four years.

The MDA Acquisition will be accounted for using the pooling of interests method of accounting and, accordingly, the issuance of the Company's Common Stock was recorded in an amount equal to MDA's historical net assets at June 30, 1995.

(B) The Pro Forma Statements convert MDA's historical financial statements to conform to generally accepted accounting standards in the United States and the provisions of Regulation S-X promulgated under the Securities Exchange Act of 1934. Certain reclassifications have been made to the historical MDA financial statements to conform to the historical Orbital financial statement presentation.

(C) The Company historically presented its consolidated financial statements on a calendar year basis. MDA historically presented its consolidated financial statements on a fiscal year March 31 basis.

MDA's historical consolidated financial statements included in the pro forma condensed consolidated financial statements for the six months ended June 30, 1995 have been recast to include the three-month period ended March 31, 1995 and the three-month period ended June 30, 1995, to coincide with the Company's calendar year basis of presentation.

The pro forma condensed consolidated financial statements for the calendar years ended December 31, 1994, 1993 and 1992 include MDA's historical financial statements for its fiscal years ended March 31, 1995, 1994 and 1993 and Orbital's historical consolidated financial statements for its calendar years ended December 31, 1994, 1993 and 1992. The effect of recasting MDA's historical consolidated financial statements as presented in the pro forma condensed consolidated financial statements for the six months ended June 30, 1995 has been charged to retained earnings as of January 1, 1995 in the Pro Forma Financial Statements. The charge to retained earnings eliminates the effect of including MDA's results of operations for the three-month period ending March 31, 1995 of \$1,050,000 (after giving effect to the conversions and translations described in these notes) in both the pro forma condensed consolidated statements of operations for the six months ending June 30, 1995 and for the year ending December 31, 1994. MDA's revenues for the three-month period ended March 31, 1995 were approximately \$20,634,000.

ORBITAL SCIENCES CORPORATION
Notes to Pro Forma Adjustments to the
Unaudited Pro Forma Condensed
Consolidated Financial Statements

(D) Pro forma income per common and common equivalent share and pro forma income per common share assuming full dilution are both calculated based on the aggregate of the weighted average number of common and common equivalent shares of both Orbital and MDA, adjusted to equivalent shares of the combined company for all periods presented, assuming all MDA outstanding stock options are outstanding and "in the money" for all periods presented. Pro forma income per common share assuming full dilution for the periods presented also includes the effects of an assumed conversion of the Company's convertible subordinated debentures (issued, and assumed converted, on February 25, 1993), after giving effect to all net income adjustments that would result from the assumed conversion.

(E) Approximately \$3,000,000 of nonrecurring charges directly attributable to the MDA Acquisition, including legal, accounting and investment banking fees, will be included in Orbital's consolidated statement of operations in the period the MDA Acquisition is consummated, currently expected to be during the quarter ending December 31, 1995. Such charges were not considered in the Unaudited Pro Forma Condensed Consolidated Statements of Operations.

(F) The Company adopted SFAS 121 as of January 1, 1995. The Company's adoption of SFAS 121 resulted in a cumulative effect adjustment of \$4,160,000 which decreased net income for the six-month period ended June 30, 1995. The cumulative effect of the change in accounting principle is not included in the accompanying Unaudited Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 1995.

The Company adopted SFAS 109 as of January 1, 1993. The Company's adoption of SFAS 109 resulted in a cumulative effect adjustment of \$200,000 which increased net income for the year ended December 31, 1993. The cumulative effect of the change in accounting principle is not included in the accompanying Unaudited Pro Forma Condensed Consolidated Statement of Operations for the twelve months ended December 31, 1993.

ORBITAL SCIENCES CORPORATION
Notes to Conversion Adjustments to the
Unaudited Pro Forma Condensed
Consolidated Financial Statements

(1) MDA operates with, and has historically reported its financial results using, the Canadian dollar as its functional currency. Orbital operates with, and reports its financial results using, the U.S. dollar. Accordingly, the Pro Forma Statements report the consolidated entity's financial results using the U.S. dollar as its functional currency, and MDA's historical financial results have accordingly been translated to the U.S. dollar using the appropriate exchange rates for the appropriate periods as follows (Canadian dollars to U.S. dollars):

Date or Period	Exchange Rate
at June 30, 1995	1.37 to 1.00
for the six months ended June 30, 1995	1.38 to 1.00
for the year ended December 31, 1994	1.38 to 1.00
for the year ended December 31, 1993	1.31 to 1.00
for the year ended December 31, 1992	1.23 to 1.00

The economic effects of an exchange rate change on an operation that is relatively self-contained and integrated within a foreign country relate to the net investment in that operation. Translation adjustments that arise from consolidating that foreign operation do not impact cash flows and are not included in net income. Since MDA is a self-contained entity integrated within Canada, the impacts of cumulative translation adjustments that arise from consolidating MDA with Orbital have been excluded from determining net income and have been reported within stockholders' equity.

(2) MDA has historically reported its financial results using generally accepted accounting principles in Canada ("GAAP-C"). Orbital reports its financial results using generally accepted accounting principles in the United States ("GAAP-US"). The Pro Forma Statements report the consolidated entity's financial results using GAAP-US. Accordingly, MDA's historical financial results have been converted to GAAP-US.

The major differences between GAAP-C and GAAP-US, as it applies to MDA, are as follows:

(a) MDA has an approximate 25% equity investment in a Canadian company ("Investee") that is accounted for under GAAP-C using the equity method of accounting for investments. Investee is in its development stage and, pursuant to GAAP-C, MDA's historical statements of operations do not report as a current expense MDA's share of Investee's start-up expenses. GAAP-US would require MDA to charge to earnings all such operating expenses incurred during Investee's development stage. In converting to GAAP-US, the Pro Forma Statements adjust MDA's method of accounting for costs

ORBITAL SCIENCES CORPORATION
Notes to Conversion Adjustments to the
Unaudited Pro Forma Condensed
Consolidated Financial Statements

incurred by Investee during the development stage, resulting in a cumulative reduction in the carrying amount of MDA's investment.

(b) MDA has historically received Canadian Government assistance for certain research and development projects that may be repayable based on future sales levels or other benefits achieved by MDA as a result of the projects. In the event that such projects do not result in future benefits to MDA, the repayment obligation is relieved. Pursuant to GAAP-C, MDA's historical financial statements have recorded the receipt of such government assistance as a current period reduction in research and development expenses, disclosing a contingent liability for the potential repayment obligation. In converting to GAAP-US, the Pro Forma Statements adjust MDA's method of accounting for such government assistance by recording a liability for the government assistance received (as opposed to a reduction in current period research and development expenses) reflecting the repayment obligation. The amount of government assistance will be recorded as an adjustment to research and development expenses in the period the contingency is resolved.

(c) MDA has historically received investment tax credits for Canadian tax purposes for certain qualifying research and development projects. Pursuant to GAAP-C, MDA's historical financial statements have recorded the receipt of investment tax credits as a current period reduction in costs of sales. In converting to GAAP-US, the Pro Forma Statements adjust MDA's method of accounting for investment tax credits by recording the credit as a reduction in current period income tax expense (as opposed to a reduction in current period costs of sales).

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ORBITAL SCIENCES CORPORATION

DATED: November __, 1995

By /s/ David W. Thompson

David W. Thompson,
President and Chief Executive
Officer

COMBINATION AGREEMENT

dated as of August 31, 1995

among

ORBITAL SCIENCES CORPORATION,

3173623 CANADA INC.

and

MACDONALD, DETTWILER AND ASSOCIATES LTD.

ARTICLE 1	DEFINITIONS	1
1.1.	CROSS REFERENCE TABLE OF CERTAIN DEFINED TERMS	1
1.2.	DEFINITIONS OF CERTAIN ADDITIONAL TERMS	3
1.2.1.	CODE	3
1.2.2.	CONSOLIDATED TAX	3
1.2.3.	EFFECTIVE DATE	3
1.2.4.	EXCHANGE ACT	3
1.2.5.	MDA MATERIAL ADVERSE EFFECT	3
1.2.6.	ORBITAL MATERIAL ADVERSE EFFECT	3
1.2.7.	RETURN	3
1.2.8.	SECURITIES ACT	3
1.2.9.	SEC	3
1.2.10.	SUBSIDIARY	3
1.2.11.	TAX	4
ARTICLE 2	GENERAL	4
2.1.	PLAN OF ARRANGEMENT	4
2.2.	VOTING AND EXCHANGE TRUST AGREEMENT	5
2.3.	SUPPORT AGREEMENT	6
2.4.	CLOSING, CLOSING DATE AND EFFECTIVE TIME	6
2.5.	HOLDING COMPANY AGREEMENTS.	6
2.6.	CONTEMPORANEOUS TRANSACTIONS	6
ARTICLE 3	REPRESENTATIONS AND WARRANTIES OF MDA	6
3.1.	DUE ORGANIZATION, AUTHORIZATION AND GOOD STANDING OF MDA	6
3.2.	NO VIOLATION OR APPROVAL	7
3.3.	CAPITAL STOCK	7
3.4.	SUBSIDIARIES	8
3.5.	SECURITIES LAW FILINGS.	8
3.6.	FINANCIAL STATEMENTS, ETC.	9
3.7.	ABSENCE OF CHANGES; OPERATIONS IN THE ORDINARY COURSE	9
3.8.	TAXES	11
3.9.	PROPERTIES	12
3.10.	CUSTOMERS, DISTRIBUTORS AND SUPPLIERS	12
3.11.	OPERATIONS IN CONFORMITY WITH LAW, ETC	13
3.12.	LITIGATION	13
3.13.	EMPLOYEE MATTERS; BENEFIT PLANS	14
3.14.	LABOR RELATIONS	15
3.15.	GOVERNMENT CONTRACTS AND SUBCONTRACTS	15
3.16.	LICENSES, ETC.	15
3.17.	ENVIRONMENTAL MATTERS	16
3.18.	CONTRACTUAL OBLIGATIONS, ETC	16
3.19.	EARTHWATCH AGREEMENT.	17
3.20.	AFFILIATED TRANSACTIONS	18
3.21.	PATENTS, TRADEMARKS, ETC	18
3.22.	INSURANCE	18

3.23.	CUSTOMER WARRANTY COVERAGE	18
3.24.	POOLING	18
3.25.	CERTAIN AGREEMENTS	18
3.26.	OPINION OF FINANCIAL ADVISOR	19
3.27.	BROKERS, FINDERS, ETC	19
3.28.	DISCLOSURE; PROVISION OF INFORMATION	19
ARTICLE 4	REPRESENTATIONS AND WARRANTIES OF ORBITAL AND ACQUISITION	20
4.1.	DUE ORGANIZATION, AUTHORIZATION AND GOOD STANDING OF ORBITAL AND ACQUISITION	20
4.2.	NO VIOLATION OR APPROVAL	21
4.3.	CAPITAL STOCK	21
4.4.	SEC REPORTS	22
4.5.	FINANCIAL STATEMENTS, ETC.	22
4.6.	ABSENCE OF CHANGES	23
4.7.	POOLING	23
4.8.	OPERATIONS IN CONFORMITY WITH LAW, ETC.	23
4.9.	LITIGATION	23
4.10.	GOVERNMENT CONTRACTS AND SUBCONTRACTS	23
4.11.	ENVIRONMENTAL MATTERS	24
4.12.	DISCLOSURE	24
ARTICLE 5	CERTAIN COVENANTS	25
5.1.	PREPARATION OF PROXY STATEMENT AND NO ACTION REQUEST; OTHER FILINGS AND SUBMISSIONS	25
5.2.	SHAREHOLDERS' MEETING	26
5.3.	EXCLUSIVITY; ACQUISITION PROPOSALS	26
5.4.	AMENDMENT TO PLAN OF ARRANGEMENT	27
5.5.	PUBLIC ANNOUNCEMENTS	27
5.6.	NOTIFICATION OF CERTAIN MATTERS	27
5.7.	OTHER LIMITATIONS ON CONDUCT OF BUSINESS PRIOR TO THE EFFECTIVE TIME	28
5.8.	EXERCISE OF CALL RIGHT	28
5.9.	ACCESS TO INFORMATION	28
5.10.	POST EFFECTIVE DATE REPORTING	28
5.11.	NO ACTION REQUEST	29
5.12.	INDEMNIFICATION	29
5.13.	TAX FILINGS.	30
5.14.	FURTHER ASSURANCES	30
ARTICLE 6	CONDITIONS PRECEDENT	31
6.1.	CONDITIONS PRECEDENT TO MDA'S OBLIGATION TO EFFECT THE ARRANGEMENT	31
6.1.1.	REPRESENTATIONS; COVENANTS; CERTIFICATE	31
6.1.2.	OPINION OF COUNSEL FOR ORBITAL	31
6.1.3.	PRICE OF ORBITAL STOCK	31
6.2.	CONDITIONS PRECEDENT TO OBLIGATIONS OF ORBITAL	31
6.2.1.	REPRESENTATIONS; COVENANTS; CERTIFICATE	31
6.2.2.	OPINION OF COUNSEL FOR MDA	32
6.2.3.	MDA RIGHTS PLAN.	32

6.2.4.	AFFILIATE AGREEMENTS	32
6.2.5.	EMPLOYMENT AGREEMENTS	32
6.2.6.	APPRAISAL RIGHTS	32
6.2.7.	POOLING OF INTERESTS ACCOUNTING TREATMENT	32
6.2.8.	REQUIRED CONSENTS	32
6.2.9	PRICE OF ORBITAL STOCK	33
6.3.	CONDITIONS PRECEDENT TO THE OBLIGATIONS OF EACH PARTY	33
6.3.1.	SHAREHOLDER APPROVAL	33
6.3.2.	GOVERNMENTAL AND COURT APPROVALS	33
6.3.3.	NO ACTION REQUEST/REGISTRATION STATEMENT	33
6.3.4.	INJUNCTIONS	34
6.3.5.	NASDAQ/NMS LISTING APPROVAL	34
ARTICLE 7	MISCELLANEOUS	34
7.1.	TERMINATION	34
7.2.	AMENDMENTS AND SUPPLEMENTS	35
7.3.	SURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS	36
7.4	OTHER PAYMENTS	36
7.5.	EXPENSES	36
7.6.	GOVERNING LAW	36
7.7.	NOTICE	36
7.8A.	ENTIRE AGREEMENT, ASSIGNABILITY, ETC	38
7.8.	COUNTERPARTS	39

EXHIBITS

EXHIBIT 2.1	FORM OF PLAN OF ARRANGEMENT
EXHIBIT 2.1.2	FORM OF HOLDING COMPANY AGREEMENT
EXHIBIT 2.2	FORM OF VOTING AND EXCHANGE TRUST AGREEMENT
EXHIBIT 2.3	FORM OF SUPPORT AGREEMENT
EXHIBIT 3.18	FORM OF EMPLOYMENT AGREEMENTS
EXHIBIT 6.2.4 (A)	FORM OF AFFILIATES AGREEMENT -- GENERAL
EXHIBIT 6.2.4 (B)	FORM OF AFFILIATES AGREEMENT -- SPAR AEROSPACE LIMITED
EXHIBIT 6.2.5	FORM OF CHANGE OF CONTROL AGREEMENT
EXHIBIT 7.1 (H)	FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

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COMBINATION AGREEMENT

COMBINATION AGREEMENT (the "Agreement") dated as of August 31, 1995, among Orbital Sciences Corporation, a corporation incorporated under the laws of the State of Delaware ("Orbital"), 3173623 Canada Inc., a corporation incorporated under the laws of Canada and a wholly owned subsidiary of Orbital ("Acquisition"), and MacDonald, Dettwiler and Associates Ltd., a corporation incorporated under the laws of Canada ("MDA").

WHEREAS, the respective Boards of Directors of Orbital, Acquisition and MDA have approved the transactions contemplated by this Agreement and the Board of Directors of MDA has agreed to submit the Plan of Arrangement (as defined in Section 2.1) and the other transactions contemplated hereby to its shareholders and holders of certain employee stock options for approval;

WHEREAS, Orbital, Acquisition and MDA intend the transactions described in the Plan of Arrangement to be treated as a "pooling of interests" under generally accepted accounting principles in the United States; and

WHEREAS, it is the current intention of Orbital to operate MDA as a separate division of Acquisition.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements set forth herein, and intending to be legally bound hereby, Orbital, Acquisition and MDA hereby agree as follows:

ARTICLE 1 DEFINITIONS

Certain terms are used in this Agreement as specifically defined herein.

1.1 Cross Reference Table of Certain Defined Terms. The following terms are defined in the Sections set forth below, and shall have the respective meanings therein defined:

Term	Section
"Acquisition"	Preamble
"Acquisition Transaction"	Section 5.3
"Affiliate"	Section 6.2.4
"Affiliate Agreements"	Section 6.2.4
"Agreement"	Preamble
"Arrangement"	Section 2.1
"Average Closing Price"	Section 2.1.2
"CBCA"	Section 2.1

"Canadian GAAP"	Section 3.6
"Charter Documents"	Section 3.1
"Class B Preferred Shares"	Section 2.1.4
"Closing"	Section 2.4
"Closing Date"	Section 2.4
"Contract"	Section 3.18
"Contractual Obligations"	Section 3.18
"Court"	Section 2.1
"EarthWatch Agreement"	Section 3.19
"Effective Time"	Section 2.4
"Employment Agreements"	Section 3.18
"EOS"	Section 3.3
"ERISA"	Section 3.13
"Exchange Ratio"	Section 2.1.2
"Exchangeable Shares"	Section 2.1.1
"Final Order"	Section 2.1
"Financial Statements"	Section 3.5
"Government Contract"	Section 3.16
"Government Subcontract"	Section 3.16
"Hazardous Substance"	Section 3.17
"Holding Company Agreement"	Section 2.1.2
"Intellectual Property Rights"	Section 3.21
"Interim Order"	Section 2.1
"Lien"	Section 3.4
"MDA"	Preamble
"MDA Common Shares"	Section 2.1.2
"MDA Disclosure Schedule"	Section 3.1
"MDA Options"	Section 2.1.3
"MDA 1988 Options"	Section 2.1
"Multiemployer Plan"	Section 3.13
"No Action Request"	Section 3.28
"Orbital"	Preamble
"Orbital Common Shares"	Section 2.1.3
"Orbital Disclosure Schedule"	Section 4.2
"Orbital Financial Statements"	Section 4.5
"PCBs"	Section 3.17
"PSC"	Section 3.3
"Plans"	Section 3.13
"Plan of Arrangement"	Section 2.1
"Pooling of Interests"	Preamble
"Proxy Circular"	Section 3.28
"Registration Statement"	Section 3.28
"Replacement Options"	Section 2.1.3
"Rights"	Section 2.1.2
"SEC Reports"	Section 4.4
"Securities Reports"	Section 3.5
"Shareholder Meeting"	Section 5.2
"Shareholders' Meeting Date"	Section 5.2
"Support Agreement"	Section 2.3
"Trustee"	Section 2.2
"US GAAP"	Section 4.5

1.2. Definitions of Certain Additional Terms. The following terms shall have the meanings set forth below:

1.2.1. "Code" means the United States Internal Revenue Code of 1986, as amended.

1.2.2. "Consolidated Tax" means any Canadian and United States Federal income Tax and any provincial, state, local or foreign income or corporate franchise Tax imposed on any affiliated, combined or unitary group of corporations (or the common parent of any such group of corporations) that included or was required to include MDA for any taxable year ending on or before the Closing Date.

1.2.3. "Effective Date" shall mean the date on which the Effective Time occurs.

1.2.4. "Exchange Act" shall mean the United States Securities Exchange Act of 1934, as amended.

1.2.5. "MDA Material Adverse Effect" shall mean an effect that does or would reasonably be expected to have a material adverse effect on the financial condition or results of operations of MDA and its Subsidiaries, taken as a whole.

1.2.6. "Orbital Material Adverse Effect" shall mean an effect that does or would reasonably be expected to have a material adverse effect on the financial condition or results of operations of Orbital and its Subsidiaries, taken as a whole.

1.2.7. "Return" means any return, amended return, declaration, report, estimate, information return (e.g. United States Internal Revenue Service Form 1099 and 5500), closing agreement, or statement required or permitted to be filed under the laws of any jurisdiction in respect of any Tax.

1.2.8. "Securities Act" shall mean the United States Securities Act of 1933, as amended.

1.2.9. "SEC" shall mean the United States Securities and Exchange Commission.

1.2.10. "Subsidiary" shall mean, with respect to any corporation, any other corporation, association, or other business entity a majority (by number of votes) of the shares of capital stock (or other voting interests) of which

is owned directly or indirectly by such corporation.

1.2.11. "Tax" means any Canadian or United States Federal, provincial, state or local tax or any foreign tax (including, without limitation, any net income, gross income, profits, premium, estimated, excise, sales, value added, services, use, occupancy, gross receipts, franchise, license, ad valorem, severance, capital levy, production, stamp, transfer, withholding, employment, unemployment, payroll or property tax, customs duty, or any other governmental charge or assessment), together with any interest, addition to tax, or penalty.

ARTICLE 2

GENERAL

2.1. Plan of Arrangement. MDA agrees that it shall, as soon as reasonably practical, apply to the Supreme Court of British Columbia (the "Court") pursuant to Section 192 of the Canada Business Corporations Act, as amended (the "CBCA") for an interim order in form and substance reasonably satisfactory to Orbital (the "Interim Order") providing for, among other things, the calling and holding of a special meeting of the shareholders of MDA (voting together as one class) and the holders of options to purchase MDA Common Shares pursuant to the MDA Key Employee Stock Option Plan 1988 or the MDA Employee Stock Option Plan 1988 (collectively, the "MDA 1988 Options") (voting separately from the shareholders of MDA as a second class) for the purpose of considering and, if deemed advisable, approving a plan of arrangement involving MDA and Acquisition substantially in the form attached as Exhibit 2.1 (the "Arrangement" or "Plan of Arrangement"), the principal terms of which include:

2.1.1. the designation and authorization of a class of preferred stock of Acquisition (the "Exchangeable Shares") that will have the rights, privileges and restrictions, and be subject to the conditions, set forth in Appendix A of the Plan of Arrangement;

2.1.2. an exchange of shares whereby (i) all outstanding common shares of MDA ("MDA Common Shares"), other than MDA Common Shares held by holding companies referred to in clause (ii) of this subsection, together with all rights (the "Rights") associated with such MDA Common Shares under that certain Amended and Restated Shareholder Protection Rights Plan Agreement dated as of August 27, 1992 as amended through the date hereof, between MDA and Montreal Trust Company of Canada, shall be exchanged for the number of Exchangeable Shares per MDA Common Share equal to the quotient (the "Exchange Ratio") of U.S.\$5.41 divided by the

average closing sales price of Orbital common stock, par value U.S.\$.01 per share (the "Orbital Common Shares"), for the twenty trading days ending on the date four trading days prior to the Effective Date, as reported on the Nasdaq National Market System (the "Average Closing Price"), provided, however, that in no event shall the Exchange Ratio be less than .2705 or greater than .3607; and (ii) all outstanding shares of each newly formed holding company with no assets other than MDA Common Shares (together with all Rights) and all of the shares of which are owned by a party who has entered into an agreement with Acquisition substantially in the form of Exhibit 2.1.2 hereto (a "Holding Company Agreement") pursuant to the provisions of Section 2.5 hereof and has performed such agreement to the satisfaction of Acquisition in its sole discretion, will be exchanged for a number of Exchangeable Shares equal to the product of the Exchange Ratio multiplied by the number of MDA Common Shares owned by such holding company; in each case such Exchangeable Shares to be thereafter exchangeable for Orbital Common Shares on a one-for-one basis (subject to certain adjustments pursuant to the Plan of Arrangement), at the option of the holder, during the periods, at the times and subject to the conditions set forth in Article 2 of the Plan of Arrangement;

2.1.3. the conversion of each outstanding MDA employee stock option, including the MDA 1988 Options, (collectively the "MDA Options"), into an option (collectively, the "Replacement Options") to purchase a number of Orbital Common Shares determined by multiplying the number of MDA Common Shares subject to such MDA Option times the Exchange Ratio, each Replacement Option having an exercise price per share equal to the exercise price per share of such MDA Option immediately prior to the Effective Time divided by the Exchange Ratio, and having the same vesting, expiration and other terms as such MDA Option, all in accordance with the terms of the plan governing such MDA Option or the Plan of Arrangement; and

2.1.4. the issuance of 10,000 Class B Preferred Shares of Acquisition (the "Class B Preferred Shares") to Canadian Imperial Bank of Commerce as partial consideration for investment banking services rendered in connection with the Arrangement.

The foregoing is only a summary of the Plan of Arrangement. The terms, conditions and procedures for accomplishing the exchange of shares are set forth in the Plan of Arrangement and the Appendices thereto and the foregoing is qualified by reference thereto.

If approval of the Plan of Arrangement by the shareholders of MDA and the holders of MDA 1988 Options is obtained, MDA shall promptly take the necessary steps to submit the Arrangement to the Court and apply for a final order of the Court approving such Arrangement (the "Final Order").

2.2. Voting and Exchange Trust Agreement. Prior to the Closing, Orbital, Acquisition and The First National Bank of Boston or a bank or trust company to be selected by Orbital and approved by Acquisition and MDA as trustee (the "Trustee"), shall execute and deliver a Voting and Exchange Trust Agreement in substantially the form set forth as Exhibit 2.2 hereto, with such changes and additions thereto as may be reasonably requested by the Trustee (as so executed, the "Voting Trust Agreement"). Orbital shall deposit with the Trustee one share of a newly created class of Orbital preferred stock having such voting rights, privileges and preferences as may be required to secure the voting rights relating to the Orbital Common Shares granted for the benefit of the holders of the Exchangeable Shares, such share to be held by the Trustee in accordance with the Voting Trust Agreement.

2.3. Support Agreement. Prior to the Closing, Orbital and Acquisition shall execute and deliver the Support Agreement (the "Support Agreement") in substantially the form set forth as Exhibit 2.3.

2.4. Closing, Closing Date and Effective Time. The execution and delivery of the documents required to effectuate the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Farris, Vaughan, Wills & Murphy, 700 West Georgia Street, Vancouver, British Columbia, Canada or at such other place and at such time as the parties hereto may agree; provided, however, such Closing shall take place no later than the fifth business day after satisfaction or waiver of the last to be fulfilled of the conditions set forth in ARTICLE 6 that by their terms are not to occur at the Closing (the "Closing Date"). The Arrangement shall become effective as provided for in the Plan of Arrangement (the "Effective Time").

2.5. Holding Company Agreements. The Proxy Circular shall stipulate that those shareholders of MDA who wish to contribute their MDA Common Shares (together with all Rights) to a holding company and exchange the shares of such holding company for Exchangeable Shares pursuant to clause (ii) of Section 2.1.2 must notify MDA of their desire to do so not less than five business days prior to the Shareholder Meeting and must have entered into the Holding Company Agreement with Acquisition prior to the date of the Shareholder Meeting. Acquisition shall enter into a Holding Company Agreement with each shareholder of MDA who provides the aforementioned notification to MDA. Any shareholder

of MDA who has not entered into a Holding Company Agreement with Acquisition on or before the date of the Shareholder Meeting or who has entered into such agreement but has failed to perform such agreement to the satisfaction of Acquisition in its sole discretion shall, subject to the Plan of Arrangement receiving all necessary approvals, exchange his or her MDA Common Shares and all Rights for Exchangeable Shares in accordance with clause (i) of Section 2.1.2

2.6. Contemporaneous Transactions. The parties hereby agree that each of the transactions contemplated by this Agreement that is in fact consummated shall, to the extent permitted by applicable law and not otherwise provided for herein or in the Plan of Arrangement, be deemed consummated substantially contemporaneously with any other transaction that is in fact consummated pursuant to this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF MDA

In order to induce Orbital and Acquisition to enter into this Agreement, MDA hereby represents and warrants as follows:

3.1. Due Organization, Authorization and Good Standing of MDA. MDA is a corporation duly organized, validly existing and in good standing under the CBCA and each Subsidiary of MDA is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation as listed in Section 3.1 of the disclosure schedule prepared by MDA and provided to Orbital concurrently with the execution of this Agreement (the "MDA Disclosure Schedule"). MDA has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and, upon receipt of any approvals required by the Interim Order and receipt of the Final Order, to consummate all transactions contemplated hereby. The execution, delivery and performance by MDA of this Agreement, and the consummation by MDA of the transactions contemplated hereby, have been duly and validly authorized and approved by all necessary corporate action in respect thereof on the part of MDA, subject only to any approvals required by the Interim Order and receipt of the Final Order. This Agreement constitutes the valid and binding obligation of MDA, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium, reorganization and similar laws of general applicability affecting the rights and remedies of creditors and to general principles of equity, regardless of whether enforcement is sought in proceedings in equity or at law. Each of MDA and its Subsidiaries has full corporate power and authority to carry on its business as now conducted and to own or lease and to operate its properties and assets where such properties and assets are

now owned, leased or operated by it and where such business is now conducted by it. Each of MDA and its Subsidiaries is duly qualified to do business and is in good standing as a foreign corporation and licensed or qualified to transact business in the jurisdictions set forth in Section 3.1 of the MDA Disclosure Schedule, which are the only jurisdictions where such qualification is required by reason of the nature of the business conducted by it or the properties or assets owned, operated or leased by it, other than such failures to be so licensed or qualified that in the aggregate would not have a MDA Material Adverse Effect. True, complete and correct copies of the charter, By-laws and other analogous organizational documents (the "Charter Documents") of MDA and each of its Subsidiaries as in effect on the date hereof have heretofore been delivered to Orbital.

3.2. No Violation or Approval. Except as set forth in Section 3.2 of the MDA Disclosure Schedule, the execution, delivery and performance by MDA of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach or violation of, or a default under, or the acceleration of any payment obligation pursuant to, any law, rule or regulation applicable to MDA and its Subsidiaries, any material agreement or instrument to which any of them is a party or by which any of them or any of their properties are bound, or any order, judgment or decree of any court or any governmental agency or body having jurisdiction over any of them or their properties or in a breach or a default under any of their Charter Documents. No consent, approval, order or authorization of, declaration or filing with, any governmental authority or entity or other party is required to be obtained or made by MDA and its Subsidiaries in connection with the execution and delivery of this Agreement or the consummation by MDA of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, (ii) the Final Order, (iii) filings with the Director under the CBCA and filings with and approvals required by provincial securities commissions and stock exchanges, (iv) those approvals set forth in Section 3.2 of the MDA Disclosure Schedule and (v) such failures to obtain or make such other consents, approvals, orders, authorizations, declarations or filings as in the aggregate would not have a MDA Material Adverse Effect.

3.3. Capital Stock. The authorized capital stock of MDA consists of an unlimited number of MDA Common Shares and 232,000 Preference Shares, of which 205,000 shares have been designated as Class A Preference Shares and 27,000 shares have been designated as Class B Preference Shares. As of July 31, 1995, there were 11,103,296 MDA Common Shares outstanding, 1,073,856 MDA Common Shares reserved for issuance upon the exercise of outstanding MDA Options, 79,215 MDA Common Shares issuable to

shareholders of Earth Observation Sciences Limited ("EOS") and up to 250,000 MDA Common Shares issuable to former shareholders of PSC Communications Group, Inc. ("PSC"). Since July 31, 1995, MDA has not issued or obligated itself to issue (other than (i) pursuant to MDA Options granted on or before July 31, 1995, (ii) upon exchange of shares of common stock of EOS, or (iii) to former shareholders of PSC in the event certain financial performance targets are achieved), any shares of capital stock or any outstanding options, warrants, rights, other agreements or commitments obligating it to issue or sell shares of its capital stock or any securities or obligations convertible into, or exchangeable for, any shares of its capital stock. No MDA Common Shares are held as treasury stock or by any Subsidiary of MDA, and no Preference Shares are outstanding. All of the outstanding MDA Common Shares have been, and any MDA Common Shares issued upon exercise of any MDA Options or to shareholders of EOS or former shareholders of PSC will be, validly issued, fully paid and nonassessable and free of preemptive rights. Except for the MDA Options (more fully described as to exercise price and exercise period in Section 3.3 of the MDA Disclosure Schedule) and the obligation to issue shares to EOS and to former shareholders of PSC as described above, neither MDA nor any of its Subsidiaries has any outstanding options, warrants, rights, other agreements or commitments obligating it to issue or sell shares of its capital stock or any securities or obligations convertible into, or exchangeable for, any shares of its capital stock. Neither MDA nor any of its Subsidiaries has outstanding any bonds, debentures, notes or other indebtedness the holders of which have the right to vote (or that are convertible or exercisable into securities having the right to vote) with holders of MDA Common Shares or holders of the MDA 1988 Options on any matter. None of the outstanding shares of capital stock of MDA or of its Subsidiaries was issued in violation of Canadian provincial securities laws, the Securities Act or the rules and regulations promulgated thereunder or the securities or blue sky laws of any state or other jurisdiction, which violations would have in the aggregate a MDA Material Adverse Effect.

3.4. Subsidiaries. Except for the equity investments set forth in Section 3.4 of the MDA Disclosure Schedule, MDA does not own, directly or indirectly, any capital stock, any partnership or equity or other ownership interest in, or any security issued by, any other corporation, organization, association, entity or business enterprise, and Section 3.4 of the MDA Disclosure Schedule indicates which such equity investments are Subsidiaries of MDA and which are minority ownership interests. Except as set forth in Section 3.4 of the MDA Disclosure Schedule, MDA owns, directly or indirectly, all of the outstanding shares of each of the entities listed thereon and identified as Subsidiaries of MDA (except for directors' qualifying shares or such shares as may be

required by local laws to be owned by residents of the jurisdiction of incorporation) free and clear of all liens, pledges, security interests, mortgages, claims, charges and encumbrances ("Liens"). All shares of capital stock owned by MDA in any of its Subsidiaries are duly authorized, validly issued, fully paid and nonassessable.

3.5. Securities Law Filings. MDA has filed all proxy circulars, reports and other documents required to be filed by it after March 31, 1995 pursuant to the CBCA and all applicable Canadian provincial securities laws or any rule or order of a stock exchange on which MDA Common Shares are listed. MDA has provided to Orbital copies of MDA's Annual Report and its Annual Information Form for the fiscal year ended March 31, 1995, and all final proxy circulars, reports and other documents filed by MDA pursuant to all such securities laws and/or stock exchange rules or orders (collectively, the "Securities Reports"). Each Securities Report was, as of the date of filing such report, in compliance in all material respects with all applicable requirements of its respective form and none of the Securities Reports, as of their respective filing dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.6. Financial Statements, etc. MDA has previously furnished Orbital with true and complete copies of the following financial statements (collectively, the "Financial Statements"): (i) consolidated financial statements for the fiscal years ended March 31, 1993, 1994 and 1995 audited by KPMG Peat Marwick Thorne, and (ii) unaudited statements of income and cash flows for the fiscal quarter ended June 30, 1995 and the accompanying balance sheet as of June 30, 1995, each prepared from the books and records of MDA and its consolidated Subsidiaries. The Financial Statements present fairly, in all material respects, the consolidated financial position of MDA and the results of its operations and its cash flows as of the respective dates and for the periods presented therein in conformity with generally accepted accounting principles in Canada as in effect on the applicable dates of such financial statements ("Canadian GAAP") and applied on a consistent basis, except as noted therein and except that in the case of the unaudited financial statements, no notes are included and such unaudited financial statements may be subject to normal, recurring adjustments that would be made in the course of an audit and that would not be material. Except as and to the extent reflected or reserved against in the balance sheet as of June 30, 1995 included in the Financial Statements or as set forth in Section 3.6 of the MDA Disclosure Schedule, MDA and its Subsidiaries, taken as a whole, do not have any material liabilities or obligations of any nature.

3.7. Absence of Changes; Operations in the Ordinary Course. Except as set forth in the Securities Reports or in Section 3.7 of the MDA Disclosure Schedule, since March 31, 1995 neither MDA nor any of its Subsidiaries has undergone any adverse change in its financial condition, or suffered any damage, destruction or loss (whether or not covered by insurance) that adversely affects its financial condition, the condition of its assets or the ability to conduct its business other than such changes in financial condition, damage, destruction or loss as in the aggregate would not have a MDA Material Adverse Effect; and since March 31, 1995, except as set forth in the Securities Reports or in Section 3.7 of the MDA Disclosure Schedule, there has been no adverse change in the condition of the business of MDA or any of its Subsidiaries, whether as a result of any change as to accounts receivable, inventory or other assets, any loss of competitive position, any natural disaster, accident, strike, sabotage, or confiscation of property, or any other event or condition directly affecting or relating to MDA, whether or not related to any of the foregoing, except for such changes as would not in the aggregate have a MDA Material Adverse Effect and such changes as are the result of changes in general economic or industry wide conditions. Since March 31, 1995, with the exception of actions taken at the request of Orbital or otherwise necessary to the consummation of the transactions contemplated by this Agreement or the Plan of Arrangement, and except as set forth in the Securities Reports or in Section 3.7 of the MDA Disclosure Schedule, MDA and each of its Subsidiaries has operated its business in the ordinary course, consistent in all material respects with past practice. Without limiting the generality of the foregoing, since March 31, 1995, neither MDA nor any of its Subsidiaries has:

(a) amended the terms of any outstanding indebtedness or incurred any indebtedness for borrowed money that has not been repaid in full, or issued or sold any of its debt or equity securities, except in the ordinary course of business consistent with past practice;

(b) subjected to any Lien or lease any of its properties, tangible or intangible, except in the ordinary course of business consistent with past practice;

(c) forgiven or canceled any debts owed to MDA or any of its Subsidiaries or claims of MDA or any of its Subsidiaries, or waived any rights, except in the ordinary course of business consistent with past practice;

(d) incurred any liability or obligation (whether absolute, accrued, contingent or otherwise) or made any payment in respect of (i) any acquisition or disposition of any assets or properties

in any transaction with any officer, director, shareholder or employee of MDA or any of its Subsidiaries, or any relative by blood or marriage or any "affiliate" or "associate" of MDA or any of its Subsidiaries (as such terms are defined in Rule 405 promulgated under the Securities Act), (ii) except as set forth in Section 3.7 of the MDA Disclosure Schedule, any other transaction with any such affiliate or associate of MDA or any of its Subsidiaries, other than salaries paid to officers; or (iii) any declaration, setting aside or payment of dividends or other distributions in respect of, or purchases or redemptions (directly or indirectly) of, any shares of its capital stock;

(e) proposed or adopted any amendments to its Charter Documents except as contemplated by this Agreement or the Plan of Arrangement;

(f) entered into or publicly announced an intention to enter into any agreement (including, without limitation, an agreement in principle) with respect to, any acquisition of a material amount of assets or securities or any release or relinquishment of any material contract rights not in the ordinary course of business;

(g) made any capital expenditures other than in the ordinary course of business consistent with past practice or as necessary to maintain existing assets in good repair;

(h) entered into any line of business not described or contemplated in MDA's Annual Report for the fiscal year ended March 31, 1995;

(i) committed any act or omission that constitutes a material breach or default by MDA or any of its Subsidiaries under any material contract or material license to which MDA or any of its Subsidiaries is a party or by which any of them or their respective properties is bound;

(j) made any investment or commitment to make such an investment in real estate or in any real estate development project;

(k) except as disclosed in the Financial Statements or in Section 3.7 of the MDA Disclosure Schedule: (i) granted to any officer or employee any increase in compensation in any form (including without limitation any increase in value of any benefits) in excess of the amount thereof in effect as of March 31, 1995 other than increases in base salary or hourly wages of employees other than officers of MDA in the ordinary course of business in amounts consistent with past practice, or any severance or termination pay, or entered into any employment agreement with any employee that is not terminable by the

employer, without cause and without penalty, upon notice of 30 days or less, (ii) adopted or amended any bonus, profit-sharing, compensation, stock option, pension, retirement, deferred compensation or other plan, agreement, trust, fund or arrangement for the benefit of employees (whether or not legally binding), (iii) hired any employee who shall have total expected annual compensation in excess of U.S.\$100,000, or (iv) paid or incurred any obligation to pay any bonus or fee to any employee (including any officer) of MDA or any of its Subsidiaries or in connection with the transactions contemplated by this Agreement; or

(1) agreed in writing or otherwise to do any of the foregoing.

3.8. Taxes.

(a) For each of its taxation or taxable years or periods ending on or prior to the date hereof : (i) all Tax Returns that are required to have been filed by or with respect to MDA or any of its Subsidiaries have been duly and timely filed and are correct and complete in all material respects; (ii) all income, capital and corporate franchise Taxes with respect to or required to have been paid by MDA or any of its Subsidiaries or for which MDA or any of its Subsidiaries is or may otherwise be liable (including without limitation all Consolidated Taxes), whether or not shown on any Tax Return, have been paid in full if due or accrued for in accordance with Canadian GAAP in the Financial Statements through the date thereof and in the books and records of MDA or the relevant Subsidiary in respect of subsequent periods; and (iii) all Taxes other than those described in clause (ii) with respect to or required to have been paid by MDA or any of its Subsidiaries or for which MDA or any of its Subsidiaries is or may otherwise be liable, whether or not shown on any Tax Return, have been paid in full if due or accrued for in accordance with Canadian GAAP in the Financial Statements through the date thereof and in the books and records of MDA or the relevant Subsidiary in respect of subsequent periods except for such amounts the nonpayment of which, in the aggregate, would not result in a MDA Material Adverse Effect.

(b) Except as set forth in Section 3.8 of the MDA Disclosure Schedule, (i) there are no audits, proceedings, or litigation in respect of Taxes relating to MDA or any of its Subsidiaries pending, in progress, or to MDA's knowledge, threatened, (ii) there are no Tax Liens upon any property or assets of MDA or any of its Subsidiaries other than Liens for Taxes that are not yet due and payable, and (iii) neither MDA nor any of its Subsidiaries has consented to any extension of any statute of limitations pertaining to Taxes.

(c) Neither MDA nor any of its Subsidiaries is obligated as

a result of the transactions contemplated by this Agreement to make a payment that would be a "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code without regard to whether such payment is reasonable compensation for personal services performed or to be performed in the future.

(d) MDA and each of its Subsidiaries has collected or withheld all amounts required to be collected or withheld by it on account of Taxes or otherwise, and has remitted the same to the appropriate governmental authority in the manner and within the time required under any applicable legislation or, if it is not yet due, has set it aside in appropriate accounts for payment when due.

(e) The liability for Taxes under the Income Tax Act (Canada) of each of MDA and its Subsidiaries has been assessed by Revenue Canada for all taxation years up to and including the taxation years ending March 31, 1994. True and complete copies of the federal and provincial Tax Returns for MDA and each Subsidiary for the taxation year ending March 31, 1994 and copies of all assessments and reassessments relating to the most recent taxation year for which the same are available have been provided to Orbital.

(f) There are no circumstances that exist and would result, or that have existed and resulted, in section 80 of the Income Tax Act (Canada) applying to MDA or any of its Subsidiaries.

3.9. Properties. MDA and each of its Subsidiaries do not own any real property. MDA and each of its Subsidiaries has good and marketable title to all tangible personal property reflected in the March 31, 1995 balance sheet included in the Financial Statements or acquired since such date (except for property disposed of since such date in the ordinary course of business consistent with past practice), and valid leasehold interests in all real and tangible personal properties leased by it, in each case free and clear of Liens, easements or title imperfections except (a) Liens for current Taxes not yet due and payable, (b) encumbrances and easements that do not materially detract from the value or interfere with the use by MDA or any of its Subsidiaries, as the case may be, of the properties affected thereby, (c) Liens reflected in the Financial Statements, (d) Liens of customers on property purchased by MDA in connection with its performance of contracts to provide products or services to such customers and which in the aggregate would not have a MDA Material Adverse Effect, and (e) Liens set forth in Section 3.9 of the MDA Disclosure Schedule. MDA or its Subsidiary as lessee thereof enjoys peaceful and undisturbed possession under all material leases under which it operates. All tangible personal property material for the conduct of the business of MDA and its

Subsidiaries as presently conducted is in satisfactory operating condition and repair, subject to ordinary wear and tear.

3.10. Customers, Distributors and Suppliers. Except as set forth in Section 3.10 of the MDA Disclosure Schedule, neither MDA nor any of its Subsidiaries has received notice from any person or entity with which it has an existing agreement, oral or written, for the purchase or distribution of products or services from MDA or any of its Subsidiaries that it intends to reduce significantly such purchases or terminate such agreement, whether as a result of the transactions contemplated hereby or otherwise, other than such reductions and actions as in the aggregate would not have a MDA Material Adverse Effect.

3.11. Operations in Conformity With Law, etc. Neither MDA nor any of its Subsidiaries has been or is in violation of, or in default under, any law, rule, regulation, order, judgment or decree relating in any manner or applicable to the business or assets of MDA or any of its Subsidiaries or any of their respective employees, except for such violations or defaults that in the aggregate would not have a MDA Material Adverse Effect. Neither MDA or any of its Subsidiaries, nor, to the knowledge of MDA or any of its Subsidiaries, any of their respective officers, employees or agents has (a) directly or indirectly given or agreed to give any illegal gift, contribution, payment or similar benefit to any supplier, customer, governmental official or employee or other person who was, is or may be in a position to help or hinder MDA or any of its Subsidiaries (or assist in connection with any actual or proposed transaction) or made or agreed to make any illegal contribution, or reimbursed any illegal political gift or contribution made by any other person, to any candidate for Canadian or United States Federal, provincial, state or local, or foreign public office (collectively, a "Restricted Activity") that (i) would subject MDA or any of its Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or proceeding that would have, in the aggregate, a MDA Material Adverse Effect, (ii), if such Restricted Activity had occurred after the Effective Date, would subject Orbital to any damage or penalty in any civil, criminal or governmental litigation or proceeding that would have, in the aggregate, a MDA Material Adverse Effect, or (iii) if such Restricted Activities were to cease as of the date hereof, such cessation would have a MDA Material Adverse Effect.

3.12. Litigation. Except as set forth in Section 3.12 of the MDA Disclosure Schedule, there are no actions, claims, suits, investigations or proceedings pending or to MDA's knowledge threatened against MDA or any of its Subsidiaries pertaining to the business or assets of MDA or any of its Subsidiaries that, in the aggregate, if adversely determined, would have a MDA Material

Adverse Effect or that question the validity of this Agreement or any action taken or to be taken pursuant to or in connection with the provisions of this Agreement, nor to the knowledge of MDA or its Subsidiaries is there any basis for any such action, claim, suit, proceeding or investigation. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed (and not discharged or otherwise satisfied) against MDA or any of its Subsidiaries under any Canadian or United States Federal, provincial, state or local, or foreign law except for such judgments, orders, decrees, citations, fines or penalties that in the aggregate would not have a MDA Material Adverse Effect.

3.13. Employee Matters; Benefit Plans.

(a) All plans, agreements, policies and arrangements (including those sponsored by the Federal or any provincial government of Canada), whether or not reduced to writing and whether or not legally binding, to which MDA or any of its Subsidiaries contributes or is obligated to contribute, or under which MDA or any of its Subsidiaries has or may have any liability for premiums or benefits, and which benefits any active, former or retired employee, outside director, consultant or other independent contractor who provides or provided services to or for the benefit of MDA and its Subsidiaries, are listed in Section 3.13 of the MDA Disclosure Schedule (the "Plans"). MDA has delivered to Orbital, a true, correct and complete copy of each written Plan (or a written summary of the material terms of any Plan that has not been reduced to writing) any related trust agreement and annuity or insurance contract, if any, each Plan's most recent annual report filed with the Internal Revenue Service or Revenue Canada, if any, and all summary plan descriptions, employee handbooks, or other similar employee communications with respect to the Plans.

(b) Each Plan has been maintained and administered in material compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations, and is, to the extent required by applicable law or contract, fully funded without having any deficit or unfunded actuarial liability; all required employer contributions under any such Plans have been made and the applicable funds have been funded in accordance with the terms thereof and no past service funding liabilities exist thereunder; and all material contributions, reserves or premium payments required to be made as of the date hereof to the Plans have been made or provided for.

(c) Each Plan that is required or intended to be qualified under applicable law (including to the extent applicable, the Employee Retirement Income Security Act of 1974, as amended

("ERISA"), and the Code, including without limitation Section 401(a) of the Code) or registered or approved by a government agency or authority has been so qualified, registered or approved by the appropriate governmental agency or authority, and nothing has occurred since the date of the last qualification, registration or approval to cause the appropriate governmental agency or authority to revoke, or otherwise adversely affect, such qualification, registration or approval.

(d) Except as set forth in Section 3.13 of the MDA Disclosure Schedule, there are no pending or, to MDA's knowledge, anticipated claims against or otherwise involving any of the Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Plan activities) has been brought against or with respect to any such Plan.

(e) No Plan currently maintained by MDA is covered by Title IV of ERISA. Neither MDA nor any Subsidiary has incurred any liability under Subtitle C or D of Title IV of ERISA with respect to any "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by MDA, any of its Subsidiaries or any entity that is considered one employer with MDA under Section 4001 of ERISA. Neither MDA nor any such Subsidiary has incurred any withdrawal liability under Subtitle E of Title IV of ERISA with respect to any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(f) Except as set forth in Section 3.13 of the MDA Disclosure Schedule, neither MDA nor any of its Subsidiaries has any obligations for retiree health and life benefits under any Plan, and there are no restrictions on the rights of MDA or any of its Subsidiaries to amend or terminate any such Plan without incurring any liability thereunder.

3.14. Labor Relations. There is no existing dispute or controversy between MDA or any of its Subsidiaries and any of MDA's or such Subsidiary's employees that would have a MDA Material Adverse Effect. Neither MDA nor any of its Subsidiaries is a party to any collective bargaining agreement with respect to any of its employees, none of such employees is represented by a labor union and, to MDA's knowledge, there is no labor union organizing activity by or among such employees.

3.15. Government Contracts and Subcontracts. Except as and to the extent reflected or reserved against in the balance sheet dated as of March 31, 1995 included in the Financial Statements, there are no claims, penalties, or causes of action against MDA or any of its Subsidiaries the basis of which is an actual or alleged violation of, or noncompliance with, any applicable law, regulation or order (a) related to a contract between MDA or any

of its Subsidiaries and the Canadian or United States Federal government or the province of British Columbia or any other provincial, state or local, or foreign government or any division or agency of any of the foregoing (a "Government Contract"), or (b) related to a contract between MDA or any of its Subsidiaries and any other party which contract renders MDA or any of its Subsidiaries a subcontractor at any tier to a prime contract with the Canadian or the United States Federal government or the province of British Columbia or any other provincial, state or local, or foreign government or any division or agency of any of the foregoing (a "Government Subcontract"). To the knowledge of MDA and its Subsidiaries, there is no basis for a claim, penalty, or cause of action against MDA or any of its Subsidiaries alleging a violation of, or noncompliance with, any applicable law, regulation or order related to any Government Contract or Government Subcontract to which MDA or any of its Subsidiaries is a party, except for such claims, penalties or causes of action as do not, in the aggregate, have a MDA Material Adverse Effect. For purposes of this Section 3.15, claims, penalties, and causes of action alleging a violation of, or noncompliance with, any applicable law, regulation or order include, but are not limited to, those purporting to be based on failure to comply with cost accounting standards, allowable costs, allocation of costs, omissions or errors in disclosure statements, or defective pricing.

3.16. Licenses, etc. MDA and each of its Subsidiaries has all governmental and regulatory licenses and permits necessary for the conduct of its business as presently conducted except where the failure to obtain or maintain such licenses and permits would not, in the aggregate, have a MDA Material Adverse Effect. All such licenses and permits are in full force and effect, and no violations have been recorded in respect thereof. Neither MDA nor any of its Subsidiaries is in violation of any such license or permit, and no proceeding or investigation is pending or, to MDA's or any of its Subsidiaries' knowledge, threatened that would have the effect, directly or indirectly, of revoking or limiting in any way any such licenses or permits.

3.17. Environmental Matters. MDA and each of its Subsidiaries is and has at all times been in compliance in all material respects with all applicable Canadian and United States Federal, provincial, state and local, and foreign laws, regulations, by-laws, ordinances, orders, directives and decisions relating to environmental, natural resources, health and safety matters. There is no suit, claim, action or proceeding pending or threatened against MDA or any of its Subsidiaries or, to MDA's and each Subsidiary's knowledge, any basis therefor, in respect of (i) noncompliance by MDA or any of its Subsidiaries with any such laws, regulations, by-laws, ordinances, orders, directives or decisions (ii) personal injury,

wrongful death, other tortious conduct, or relating to materials, commodities or products held, used, sold, transferred, manufactured or disposed of by or on behalf of MDA or any of its Subsidiaries, containing or incorporating any hazardous or toxic materials, commodities or substances, or (iii) the presence or release or threatened release into the environment of any pollutant, contaminant, deleterious or toxic or hazardous material, substance or waste, whether solid, liquid or gas (each a "Hazardous Substance"), whether generated by MDA or any of its Subsidiaries or located at or about a site leased or otherwise used by MDA or any of its Subsidiaries or heretofore owned, leased or otherwise used by MDA or any of its Subsidiaries or any predecessor entity. To MDA's and each Subsidiary's knowledge, there have been no Hazardous Substances of or generated by MDA or any Subsidiary that have been disposed of or come to rest at any site that has been included in any published United States Federal, state or local "superfund" site list or any other list of hazardous or toxic waste sites published by any governmental authority in Canada or the United States. To MDA's and each Subsidiary's knowledge there are and have been no underground storage tanks located on, no polychlorinated biphenyls ("PCBs") or PCB-containing equipment used or stored on, and no hazardous waste, as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site, leased or otherwise used by MDA or any Subsidiary. To MDA's and each Subsidiary's knowledge, there have been no emissions or releases or threatened emissions or releases of Hazardous Substances on, upon, into or from any site leased or otherwise used by MDA or any of its Subsidiaries or heretofore owned, leased or otherwise used by MDA or any of its Subsidiaries or any predecessor entity.

3.18. Contractual Obligations, etc. Section 3.18 of the MDA Disclosure Schedule contains a true and complete list of all contracts, agreements, deeds, mortgages, leases (whether or not capitalized), licenses, instruments, commitments, sales orders, purchase orders, quotations, bids, undertakings, arrangements or understandings, written or oral (each, a "Contract") to which or by which MDA or any of its Subsidiaries is a party or otherwise bound or to which or by which any of MDA's or its Subsidiaries' assets are subject of the types described below and in effect on the date hereof (Contracts of the type described below, collectively, the "Contractual Obligations").

(a) All Contracts relating to noncompetition;

(b) All Contracts to which any employee is a party, other than option agreements relating to the MDA Options and employment offer letters that are terminable by MDA at will (subject only to reasonable notice) and the employment agreements to be entered into, pursuant to Section 6.2.5 hereof, in substantially the form of Exhibit 3.18 (the "Employment Agreements");

(c) All Contracts relating to the provision of consulting services that involve liabilities or obligations of MDA or any of its Subsidiaries in excess of C\$150,000 or that have a term extending more than one year after the Closing Date;

(d) All Contracts (including without limitation options) to sell (other than sales of products) or lease (as lessor) any property or asset owned or leased by MDA or any of its Subsidiaries, other than property or assets having individual values less than C\$50,000 and an aggregate value less than C\$300,000;

(e) All Contracts pursuant to which MDA or any of its Subsidiaries possesses or uses (including as lessee) any properties or assets in its business the loss of use of which would have a MDA Material Adverse Effect, or pursuant to which MDA pays, accrues expenses of or incurs charges of at least C\$50,000 per annum;

(f) All Contracts for the sale of products or provision of services by MDA or any of its Subsidiaries that individually involve products or services having a value of at least C\$250,000 or that have a term extending more than one year after the Closing Date;

(g) All Contracts with suppliers or providers of goods or services (other than cleaning, trash removal, facilities maintenance or repair, or similar services and other than agent or representation agreements terminable upon no more than one year's notice) to MDA or any of its Subsidiaries, including without limitation purchase orders, that individually involve liabilities in excess of C\$100,000; and

(h) Each other Contract (other than Contracts of the type described in (a) through (g) of this Section 3.18) that involves liabilities or obligations of MDA or any of its Subsidiaries in excess of C\$150,000 or that has a term extending more than one year after the Closing Date.

MDA shall make available to Orbital upon request a true and complete copy of each of the Contractual Obligations referred to in (a) through (h) except as otherwise provided in Section 3.19 below. Other than defaults resulting from claims, penalties or causes of action disclosed in Section 3.15 or Section 3.18 of the MDA Disclosure Schedule, neither MDA nor any of its Subsidiaries nor, to the knowledge of MDA or its Subsidiaries, any other party is in default under or in breach or violation of, nor has an event occurred that (with or without notice, lapse of time or both) would constitute a default by MDA or any of its Subsidiaries or to MDA's knowledge by any other party, under any

Contractual Obligations which defaults, in the aggregate, have a MDA Material Adverse Effect.

3.19. EarthWatch Agreement. MDA has executed one or more contracts with EarthWatch, Inc. ("EarthWatch") (collectively, the "EarthWatch Agreement") which provides, among other things, that MDA shall make an equity investment in EarthWatch and build a portion of EarthWatch's image data archival and processing facility. In lieu of providing to Orbital a copy of the EarthWatch Agreement, Section 3.19 of the Disclosure Schedule describes, to MDA's belief, all of MDA's material obligations (financial or otherwise) under the EarthWatch Agreement.

3.20. Affiliated Transactions. Except for Contracts described in Section 3.18(b), none of the directors, officers, shareholders or employees of MDA or any of its Subsidiaries, or any relative by blood or marriage or any "affiliate" or "associate" (as such terms are defined in Rule 405 promulgated under the Securities Act) of any of the foregoing, is currently a party to any Contractual Obligation.

3.21. Patents, Trademarks, etc. Section 3.21 of the MDA Disclosure Schedule contains a complete and correct list of all patents, patent applications, trade names, trademarks, trademark applications, service marks, copyrights and copyright applications owned or used by MDA or any of its Subsidiaries. MDA and each of its Subsidiaries owns, or pursuant to license agreements possesses adequate rights to use, all patents, trade names, trademarks, copyrights, inventions, processes, designs, formulas, trade secrets, know-how and other intellectual property and proprietary rights (collectively, the "Intellectual Property Rights") used in or necessary in all material respects for the conduct of its business with no known conflict with or infringement of the asserted rights of others. With respect to any such Intellectual Property Right owned by MDA or any of its Subsidiaries, MDA or such Subsidiary is the sole and exclusive owner of, with all right, title and interest in and to, free and clear of any Lien, such Intellectual Property Right and MDA and its Subsidiaries have sole and exclusive rights (and except as reflected in the Financial Statements, are not contractually obligated to pay any compensation to any third party in respect thereof) to the use thereof. To the best of MDA's knowledge (i) all inventions, processes, designs, formulas, trade secrets, know-how and other intellectual property that are material and have not been patented or copyrighted have been kept confidential and (ii) no third party is currently infringing or has infringed the rights of MDA or any of its Subsidiaries under any patent, trade name, trademark or copyright owned by MDA or any of its Subsidiaries.

3.22. Insurance. Section 3.22 of the MDA Disclosure

Schedule contains a summary description of all insurance policies maintained by MDA or its Subsidiaries, all of which policies are in full force and effect.

3.23. Customer Warranty Coverage. Section 3.23 of the MDA Disclosure Schedule contains a description of all warranty coverages (including terms of such coverages, expiration dates, and estimated amounts of liability) extended by MDA or any of its Subsidiaries for repair or replacement of defective products or service to its customers as of the date indicated thereon. The estimated liability for warranty claims is fairly reflected in the Financial Statements.

3.24. Pooling. Neither MDA nor, to MDA's knowledge, any of its "affiliates" (as defined in Opinion No. 16, as amended, of the Accounting Principles Board of the American Institute of Certified Public Accountants and the interpretive rulings issued thereunder) has taken or agreed to take any action that would prevent Orbital from accounting for the business combination to be effected by the Plan of Arrangement as a pooling-of-interests.

3.25. Certain Agreements. Except as set forth in Section 3.25 of the MDA Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or by the Plan of Arrangement will (i) result in any payment (including, without limitation, severance, unemployment compensation, parachute payment, bonus or otherwise) becoming due to any director, employee or independent contractor of MDA or its Subsidiaries, from MDA or any of its Subsidiaries under any Plan, agreement or otherwise, (ii) except as contemplated by the Employment Agreements, increase any benefits otherwise payable under any Plan or agreement, or (iii) result in the acceleration of the time of payment or vesting of any such benefits.

3.26. Opinion of Financial Advisor. MDA has received the opinion of Nesbitt Burns, dated the date hereof, to the effect that, as of such date, the consideration to be received in the Arrangement by MDA's shareholders and the holders of the MDA 1988 Options is fair to MDA's shareholders and the holders of the MDA 1988 Options from a financial point of view, a copy of which opinion has been provided to Orbital.

3.27. Brokers, Finders, etc. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried on without the intervention of any person acting on behalf of MDA in such manner as to give rise to any valid claim against MDA or Orbital for any brokerage or finder's commission, fee or similar compensation, except for fees payable to Nesbitt Burns pursuant to the engagement letter between it and MDA, dated June 16, 1995, a copy of which has been provided to Orbital.

3.28. Disclosure; Provision of Information. This Agreement, including the Exhibits hereto and the MDA Disclosure Schedule, the certificates delivered or to be delivered in connection herewith and the Securities Reports, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein or therein not misleading. The proxy circular or other disclosure document and any amendment or supplement thereto to be distributed in connection with MDA's meeting of its shareholders and the holders of the MDA 1988 Options to vote upon the Arrangement (the "Proxy Circular") will, at the time of the mailing thereof and at the time of such meeting, not contain any misrepresentation (within the meaning of any applicable Canadian or United States Federal, provincial or state securities laws) or any untrue statement of a material fact or omit to state a material fact necessary to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading and comply as to form in all material respects with the provisions of all applicable laws, including the provisions of the CBCA and the rules and regulations thereunder, except that no representation is made by MDA with respect to information supplied by or on behalf of Orbital or Acquisition specifically for inclusion therein. None of the information supplied or to be supplied by or on behalf of MDA or its Subsidiaries for inclusion in (i) the Plan of Arrangement, (ii) the request for a "no action letter" submitted by Orbital to the SEC seeking to confirm the availability of an exemption under Section 3(a)(10) of the Securities Act for the issuance of the Exchangeable Shares and an exemption under Section 3(a)(9) or 3(a)(10) of the Securities Act for the issuance of Orbital Common Shares in exchange for the Exchangeable Shares and any requests to Canadian securities regulators for rulings or orders to permit the Arrangement and related transactions to be carried out without prospectus or registration requirements (collectively, the "No Action Request"); or (iii) any registration statement and any amendment thereto required to be filed under the Securities Act by Orbital in connection with the issuance of the Exchangeable Shares or the Orbital Common Shares in or as a result of the Arrangement (a "Registration Statement") will (a) in the case of the Plan of Arrangement, at the time the Plan of Arrangement is considered by the Court, (b) in the case of the No Action Request, at the time the No Action Request, as amended or supplemented, is acted on by the SEC or Canadian securities regulators, as the case may be, or (c) in the case of any Registration Statement, at the time it becomes effective and at the time of any post-effective amendment thereto, contain any misrepresentation (within the meaning of any applicable Canadian or United States Federal, provincial or state securities laws) or any untrue statement of a material fact or omit to state any material fact required to be stated therein or

necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF ORBITAL
AND ACQUISITION

In order to induce MDA to enter into this Agreement, each of Orbital and Acquisition jointly and severally represents and warrants as follows:

4.1. Due Organization, Authorization and Good Standing of Orbital and Acquisition. Orbital is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Acquisition is a corporation duly organized, validly existing and in good standing under the CBCA. Each other Subsidiary of Orbital is a corporation or limited partnership duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization or formation. Each of Orbital and Acquisition has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate all transactions contemplated hereby. The execution, delivery and performance of this Agreement by each of them, and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by all necessary corporate action in respect thereof on the part of each of Orbital and Acquisition. This Agreement constitutes the valid and binding obligation of each of Orbital and Acquisition, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium, reorganization and similar laws of general applicability affecting the rights and remedies of creditors and to general principles of equity, regardless of whether enforcement is sought in proceedings in equity or at law. Each of Orbital, Acquisition and each other Subsidiary of Orbital has full corporate or partnership power and authority to carry on its business as now conducted and to own or lease and to operate its properties and assets where such properties and assets are now owned, leased or operated by it and where such business is now conducted by it. Each of Orbital, Acquisition and each other Subsidiary of Orbital is duly qualified to do business and in good standing as a foreign corporation or limited partnership and licensed or qualified to transact business in each jurisdiction in which the nature of the business conducted by it or the properties or assets owned, operated or leased by it requires it to be so licensed or qualified, other than such failures to be so licensed or qualified that, in the aggregate, would not have an Orbital Material Adverse Effect. True, complete and correct copies of the Charter Documents of Orbital and Acquisition as in

effect on the date hereof have heretofore been delivered to MDA.

4.2. No Violation or Approval. Except as set forth in Section 4.2 of the disclosure schedule prepared by Orbital and provided to MDA concurrently with the execution of this Agreement (the "Orbital Disclosure Schedule"), the execution, delivery and performance by Orbital and Acquisition of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach or violation of, or a default under, any law, rule or regulation, order, judgment or decree applicable to Orbital, Acquisition or any other Subsidiary of Orbital, any material agreement or instrument to which any of them is a party or by which any of them or any of their respective properties are bound, or any order, judgment or decree of any court or any governmental agency or body having jurisdiction over any of them or their properties or in a breach or a default under their Charter Documents other than any breach, violation or default that would not have an Orbital Material Adverse Effect. No consent, approval, order or authorization of, or declaration or filing with, any governmental authority or entity or other party is required of and has not been obtained or made by Orbital or Acquisition in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, (ii) the Final Order, (iii) filings with the Director under the CBCA and filings with and approvals required by provincial securities commissions and stock exchanges, (iv) the filing and effectiveness of any required Registration Statement and (v) such failures to obtain or make consents, approvals, orders, authorizations, declarations or filings as in the aggregate would not have an Orbital Material Adverse Effect.

4.3. Capital Stock. The authorized capital stock of Orbital consists of (i) 40,000,000 shares of Orbital Common Shares, of which, as of August 10, 1995, approximately 22,662,618 shares are outstanding; and (ii) 10,000,000 shares of Preferred Stock, U.S.\$0.01 par value per share, of which, as of the date hereof, no shares are outstanding. Upon issuance of the Orbital Common Shares in exchange for the Exchangeable Shares as provided in the Plan of Arrangement, such shares shall be validly issued, fully paid and nonassessable, free of preemptive rights and free of all Liens other than such as arise under applicable securities laws. The Orbital Common Shares to be issued pursuant to the Plan of Arrangement will be issued in full compliance with all Canadian provincial securities laws and the Securities Act and the rules and regulations promulgated thereunder and all other relevant securities or blue sky laws of any state or other jurisdiction. No class of capital stock of Orbital is entitled to preemptive rights. As of the date hereof, there are no outstanding options, warrants, rights or other agreements or commitments obligating Orbital to issue or sell shares of its

capital stock or any securities or obligations convertible into or exchangeable for any shares of its capital stock, except (i) up to 3,895,692 shares of Common Stock issuable upon conversion of Orbital's Convertible Subordinated Debentures due 2003; (ii) the Orbital Common Shares to be issued in exchange for the Exchangeable Shares and upon exercise of the Replacement Options in accordance with the terms of this Agreement and the Plan of Arrangement and (iii) up to 2,025,000 shares of Orbital Common Shares authorized for issuance under Orbital's stock option plans (true and complete copies of which plans have been made available to MDA by Orbital). None of the outstanding shares of capital stock of Orbital was issued in violation of the Securities Act or the securities or blue sky laws of any state or jurisdiction which violation would have an Orbital Material Adverse Effect.

The authorized capital stock of Acquisition consists of an unlimited number of shares of common stock of which, as of the date hereof, 1,000 shares are outstanding and all of which are owned by Orbital. All of the outstanding shares of common stock of Acquisition have been, and any Class B Preferred Shares and Exchangeable Shares issued pursuant to the Plan of Arrangement will be, validly issued, fully paid and nonassessable, and free of preemptive rights. The Class B Preferred Shares and Exchangeable Shares to be issued pursuant to the Plan of Arrangement will be issued in full compliance with all applicable Canadian provincial securities laws and with the Securities Act and the rules and regulations promulgated thereunder and all other relevant securities or blue sky laws of any state. Acquisition does not have any outstanding options, warrants, rights, other agreements or commitments obligating Acquisition to issue or sell shares of its capital stock or any securities or obligations convertible into, or exchangeable for, any shares of its capital stock. None of the outstanding shares of capital stock of Acquisition was issued in violation of any applicable Canadian provincial securities laws, the Securities Act or the rules and regulations promulgated thereunder or the securities or blue sky laws of any state which violation would have an Orbital Material Adverse Effect.

4.4. SEC Reports. Orbital has filed all proxy statements, reports and other documents required to be filed by it under the Exchange Act after December 31, 1994, and Orbital has made available to MDA copies of Orbital's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, and all final proxy statements and reports filed by Orbital under the Exchange Act after such date, each as filed with the SEC (collectively, the "SEC Reports"). Each SEC Report was, as of the date of filing of such report, in compliance in all material respects with the requirements of its respective form and none of the SEC Reports, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact required to be

stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4.5. Financial Statements, etc. Orbital has previously furnished MDA with true and complete copies of the following financial statements (collectively, the "Orbital Financial Statements"): (i) consolidated financial statements for the fiscal years ended December 31, 1992, 1993 and 1994 audited by KPMG Peat Marwick, and (ii) unaudited statements of income and cash flows for the fiscal quarters ended March 31 and June 30, 1995 and the accompanying balance sheets as of such dates each prepared from the books and records of Orbital and its consolidated Subsidiaries. The Orbital Financial Statements present fairly, in all material respects, the consolidated financial position of Orbital and the results of its operations and its cash flows as of the respective dates and periods thereof in conformity with generally accepted accounting principles in the United States as in effect on the applicable dates of such financial statements ("US GAAP") and applied on a consistent basis, except as noted therein and except that in the case of the unaudited financial statements, no notes are included and such unaudited financial statements may be subject to normal, recurring adjustments that would be made in the course of an audit and that would not be material. Except as and to the extent reflected or reserved against in the balance sheet as of June 30, 1995 included in the Orbital Financial Statements, Orbital and its Subsidiaries, taken as a whole, do not have any material liabilities or obligations of any nature.

4.6. Absence of Changes. Since December 31, 1994, except as set forth in the SEC Reports (copies of which have all been provided by Orbital to MDA), neither Orbital nor any of its Subsidiaries has undergone any adverse change in its financial condition, or suffered any damage, destruction or loss (whether or not covered by insurance) that adversely affects its financial condition, the condition of its assets or the ability to conduct its business other than such changes in condition, damage, destruction or loss as in the aggregate would not have an Orbital Material Adverse Effect or that are the result of changes in general economic or industry wide conditions; and since December 31, 1994, except as set forth in the SEC Reports, there has been no adverse change in the condition of the business of Orbital or any of its Subsidiaries, whether as a result of any change as to accounts receivable, inventory or other assets, any loss of competitive position, any natural disaster, accident, strike, sabotage, or confiscation of property, or any other event or condition directly affecting or relating to Orbital, whether or not related to any of the foregoing (including without limitation labor disputes, environmental audits or disclosures, and intellectual property disputes), except for such changes as would

not in the aggregate have an Orbital Material Adverse Effect and such changes as are the result of changes in general economic or industry wide conditions.

4.7. Pooling. Neither Orbital nor, to Orbital's knowledge, any of its "affiliates" (as defined in Opinion No. 16, as amended, of the Accounting Principles Board of the American Institute of Certified Public Accountants and the interpretive rulings issued thereunder) has taken or agreed to take any action that would prevent the parties from accounting for the business combination to be effected by the Plan of Arrangement as a pooling of interest.

4.8. Operations in Conformity With Law, etc. Neither Orbital nor any of its Subsidiaries has been or is in violation of, or in default under, any law, rule, regulation, order, judgment or decree relating in any manner or applicable to the business or assets of Orbital or any of its Subsidiaries or any of their respective employees, except for such violations or defaults that in the aggregate would not have an Orbital Material Adverse Effect.

4.9. Litigation. Except as set forth in the Section 4.9 of the Orbital Disclosure Schedule, there are no actions, claims, suits, investigations or proceedings pending or to Orbital's knowledge threatened against Orbital or any of its Subsidiaries pertaining to the business or assets of Orbital or any of its Subsidiaries that, in the aggregate, if adversely determined, would have an Orbital Material Adverse Effect or that question the validity of this Agreement or any action taken or to be taken pursuant to or in connection with the provisions of this Agreement, nor to the knowledge of Orbital or its Subsidiaries is there any basis for any such action, claim, suit, proceeding or investigation. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed (and not discharged or otherwise satisfied) against Orbital or any of its Subsidiaries under any Canadian or United States Federal, provincial, state or local, or foreign law except for such judgments, orders, decrees, citations, fines or penalties that in the aggregate would not have an Orbital Material Adverse Effect.

4.10. Government Contracts and Subcontracts. Except as and to the extent reflected or reserved against in the balance sheet dated as of December 31, 1994 included in the Orbital Financial Statements, there are no known claims, penalties, or causes of action against Orbital or any of its Subsidiaries the basis of which is an actual or alleged violation of, or noncompliance with, any applicable law, regulation or order, related to a Government Contract or a Government Subcontract to which Orbital or any of its Subsidiaries is a party, except for such claims, penalties or causes of action which would not, in the aggregate

have an Orbital Material Adverse Effect. To the knowledge of Orbital and its Subsidiaries, there is no basis for a claim, penalty, or cause of action against Orbital or any of its Subsidiaries alleging a violation of, or noncompliance with, any applicable law, regulation or order related to any Government Contract or Government Subcontract to which Orbital or any of its Subsidiaries is a party except for such claims, penalties or causes of action as would not have in the aggregate an Orbital Material Adverse Effect. For purposes of this Section 4.10, claims, penalties, and causes of action alleging a violation of, or noncompliance with, any applicable law, regulation or order include, but are not limited to, those purporting to be based on failure to comply with cost accounting standards, allowable costs, allocation of costs, omissions or errors in disclosure statements, or defective pricing.

4.11. Environmental Matters. Orbital and its Subsidiaries have obtained all permits, licenses and other authorizations that are required under all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof (the "Environmental Laws"), except to the extent failure to have any such permit, license or authorization would not have an Orbital Material Adverse Effect and (ii) Orbital and its Subsidiaries are in compliance with the terms and conditions of all such permits, licenses and authorizations, and are also in compliance with all other provisions of any applicable Environmental Law or any order, judgment, injunction, notice or demand letter issued or entered thereunder, except to the extent failure to comply would not have an Orbital Material Adverse Effect.

4.12. Disclosure. This Agreement, including the Exhibits hereto and the Orbital Disclosure Schedule, the certificates delivered or to be delivered in connection herewith and the SEC Reports referenced hereby, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein or therein not misleading. The Registration Statement will, at the time it becomes effective and at the time of any post-effective amendment thereto, not contain any misrepresentation (within the meaning of

any applicable Canadian or United States Federal, provincial or state securities laws) or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading, and comply as to form in all material respects with the provisions of all applicable laws, including the provisions of the Securities Act and the Exchange Act and the rules and regulations of the SEC thereunder, except that no representation is made by Orbital with respect to information supplied by or on behalf of MDA specifically for inclusion therein. None of the information supplied or to be supplied by or on behalf of Orbital or its Subsidiaries for inclusion in (i) the Plan of Arrangement, (ii) the No Action Request; or (iii) the Proxy Circular, will (a) in the case of the Plan of Arrangement, at the time the Plan of Arrangement is considered by the Court, (b) in the case of the No Action Request, at the time the No Action Request, as amended or supplemented, is acted on by the SEC or Canadian securities regulators, as the case may be, or (c) in the case of the Proxy Circular and any amendment or supplement thereto, at the time of the mailing of the Proxy Circular and any amendment or supplement thereto, and at the time of the meeting of shareholders of MDA and the holders of the MDA 1988 Options to vote upon the Arrangement, contain any misrepresentation (within the meaning of any applicable Canadian or United States Federal, provincial or state securities laws) or any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

ARTICLE 5 CERTAIN COVENANTS

5.1. Preparation of Proxy Statement and No Action Request; Other Filings and Submissions. Orbital, Acquisition and MDA shall cooperate in (i) the preparation of the Proxy Statement, the No Action Request and any required Registration Statement and any other documents reasonably deemed by Orbital or MDA to be necessary to discharge their respective obligations under United States and Canadian securities laws in connection with the Arrangement and the other transactions contemplated hereby, (ii) the taking of all such action as may be required under any applicable provincial or state securities laws (including "blue sky laws") in connection with the issuance of the Exchangeable Shares and the Orbital Common Shares in the Arrangement; provided, however, that with respect to United States blue sky and Canadian provincial qualifications none of Orbital, Acquisition or MDA shall be required to register or qualify as a foreign corporation or to take any action that would subject it to service of process in any jurisdiction where any such entity

is not now so subject, except as to matters and transactions arising solely from the offer and sale of the Exchangeable Shares and the Orbital Common Shares, (iii) the taking of all such action as may be required under the CBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement, and (iv) the preparation of a Registration Statement of Orbital on Form S-8 covering issuances of Orbital Common Shares upon exercise of the Replacement Options. Orbital, Acquisition and MDA shall each use all reasonable efforts to list the Exchangeable Shares on a stock exchange in Canada, unless in connection with obtaining a favorable response to the No Action Request, Orbital is advised by the staff of the SEC that in their view the listing of such shares will in and of itself preclude the granting of the requested exemptions from registration requested in the No Action Request. Orbital, Acquisition and MDA shall each furnish to one another all such information as may be required for the effectuation of the foregoing actions, and each covenants that no information furnished in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any untrue statement of a material fact or omit to state a material fact required to be stated in order to make any information so furnished not misleading. Orbital and MDA shall each promptly notify the other if at any time before or after the Effective Time it becomes aware that the Proxy Circular or Registration Statement (or any prospectus related thereto), if required, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading. In any such event, Orbital and MDA shall cooperate in the preparation of a supplement or amendment to the Proxy Circular or Registration Statement (and any prospectus related thereto), if required, as the case may be, that corrects such misstatement or omission, and shall cause the same to be distributed to shareholders of MDA or Acquisition, as the case may be, and, if required, filed with (and shall use its best efforts to have the same declared effective by) the SEC.

5.2. Shareholders' Meeting. MDA shall duly call, give notice of, convene and hold a meeting of its shareholders and the holders of the MDA 1988 Options as promptly as practicable for the purpose of voting upon the Arrangement (the "Shareholder Meeting"). Subject to Section 5.3, MDA shall, through its Board of Directors, recommend to its shareholders and the holders of the MDA 1988 Options approval of the Arrangement and shall use all reasonable efforts to hold such meeting as soon as practicable after the date hereof ("Shareholder Meeting Date"), and shall use all reasonable efforts to secure the approval by its shareholders, the holders of the MDA 1988 Options and the Court of the Arrangement.

5.3. Exclusivity; Acquisition Proposals. Unless and until this Agreement shall have been terminated by either party pursuant to Section 7.1 hereof, except as required by law, MDA shall not (and it shall use its best efforts to ensure that none of its officers, directors, agents, representatives or affiliates) take or cause or permit any Subsidiary to take, directly or indirectly, any of the following actions with any party other than Orbital and its designees or agents: (i) solicit, encourage, initiate or participate in any negotiations, inquiries or discussions with respect to any offer or proposal to acquire all or any significant part of its business, assets or capital shares whether by arrangement, amalgamation, merger, consolidation, other business combination, purchase of assets, tender or exchange offer or otherwise (each of the foregoing an "Acquisition Transaction"); (ii) disclose any information not customarily disclosed to any person concerning its business or properties or afford to any person or entity access to its properties, books or records, except in the ordinary course of business consistent with past practice and as required pursuant to a governmental request for information; (iii) enter into or execute any agreement relating to an Acquisition Transaction, plan of reorganization, or other agreement calling for the sale of all or any significant part of its business and properties; or (iv) make or authorize any public statement, recommendation or solicitation with respect to any Acquisition Transaction or any offer or proposal relating to an Acquisition Transaction other than with respect to the Arrangement; provided, however, that nothing contained herein shall limit the power of the MDA Board of Directors to withdraw or modify any recommendation with respect to the Plan of Arrangement if an adverse material change occurs in the business or affairs of Orbital or in any of the information provided by Orbital on which the MDA Board of Directors has based any recommendation. Further, if any person proposes an unsolicited bona fide Acquisition Transaction that in the opinion of MDA's Board of Directors (having consulted its financial advisors) offers terms that may be more favorable to the MDA shareholders than pursuant to this Agreement or the Plan of Arrangement, MDA shall have seven business days to consider such proposal, following which time the MDA Board of Directors may withdraw or modify any recommendation with respect to the Plan of Arrangement only if to do so would, in the opinion of the Board of Directors (having consulted outside counsel), acting reasonably, be a proper exercise of the directors' fiduciary duty. Notwithstanding the provisions of Section 5.2, if such unsolicited bona fide Acquisition Transaction is proposed within the seven-business-day period preceding the Shareholder Meeting, then the MDA Board of Directors may recommend or support a proposal to postpone or adjourn such meeting for not more than 10 business days, provided that nothing shall entitle MDA or its Board of Directors to terminate this Agreement (except pursuant to and in accordance with the provisions of Section 7.1 hereof),

not to proceed with the Shareholder Meeting or to withdraw from the MDA shareholders the vote on the Plan of Arrangement. In the event MDA shall be required by law to take any action described in the two immediately preceding sentences or receives any offer or proposal, directly or indirectly, of the type referred to in clause (i) above, or any request for disclosure or access with respect to information of the type referred to in clause (ii) above, it shall immediately, and prior to taking any action in response thereto, inform Orbital as to all material facts concerning any such offer, proposal or request (to the extent not otherwise restricted by confidentiality obligations), including the identity of the party making the offer, proposal or request, and will thereafter cooperate with Orbital by informing Orbital of additional material facts as they arise and furnishing to Orbital any additional information as is furnished to any third party making such proposal or requesting information to the extent not otherwise restricted by confidentiality obligations.

5.4 . Amendment to Plan of Arrangement. In the event a favorable response to the No Action Request is received such that it is not necessary for Orbital to maintain the effectiveness of any Registration Statement covering the issuance of the Orbital Common Shares upon exchange of the Exchangeable Shares, each of MDA and Orbital shall take all necessary steps to amend the Plan of Arrangement and the provisions of the Exchangeable Shares so as to permit the Exchangeable Shares to be redeemed at the option of the holder at any time before the fifth anniversary of the Effective Date and so that the Automatic Redemption Date (as defined in the Plan of Arrangement) will become the fifth anniversary of the Effective Date.

5.5. Public Announcements. Neither Orbital nor MDA shall, nor shall either permit any of its Subsidiaries to (and each such party shall use all commercially reasonable efforts to cause its affiliates, directors, officers, employees, agents and representatives not to), issue any press release, make any public announcement or public filing or furnish any written statement to its employees or shareholders generally concerning the transactions contemplated by this Agreement without the consent of the other party (which consent shall not be unreasonably withheld), except to the extent required by applicable law, rule or regulation or the applicable requirements of the National Association of Securities Dealers, Inc. with respect to issuers whose securities are quoted on the Nasdaq National Market System, or, in the case of MDA, the applicable requirements of the Toronto Stock Exchange or the Vancouver Stock Exchange (and in any such case such party shall, to the extent consistent with timely compliance with such requirement, consult with the other party prior to making the required release, announcement, filing or statement).

5.6. Notification of Certain Matters. Between the date hereof and the Effective Time, each party shall give prompt notice in writing to the other parties of: (i) any information that indicates that any of its representations or warranties contained herein was not true and correct as of the date hereof or will not be true and correct at and as of the Effective Time with the same force and effect as if made at and as of the Effective Time (except for changes permitted or contemplated by this Agreement); (ii) the occurrence of any event that will result, or has a reasonable prospect of resulting, in the failure of any condition specified in ARTICLE 6 hereof to be satisfied and; (iii) any notice or other communication from any third party alleging that the consent of such third party is or may be required in connection with the transactions contemplated by this Agreement or that such transactions otherwise may violate the rights of or confer remedies upon such third party.

5.7. Other Limitations on Conduct of Business Prior to the Effective Time. MDA hereby covenants and agrees with Orbital that, prior to the Effective Time: (i) unless the prior written consent of Orbital shall have been obtained and except as otherwise contemplated herein, it shall operate its business, and it shall cause each of its Subsidiaries to operate its business, only in the usual, regular and ordinary course of business consistent with past practices; (ii) use its reasonable efforts to preserve intact its and each of its Subsidiaries' business organization and assets and maintain their rights and franchises; (iii) not authorize for issuance, issue or obligate itself to issue any shares of its capital stock or any options, warrants or rights, or enter into any other agreements or commitments obligating it to issue or sell shares of its capital stock or any securities or obligations convertible into, or exchangeable for, any shares of its capital stock, other than the issuance of MDA Common Shares pursuant to MDA Options outstanding on July 31, 1995, to shareholders of EOS in accordance with Section 5.8 or to former shareholders of PSC in the event certain financial performance targets are achieved; and (iv) to take no action that would (a) materially adversely affect the ability of Orbital or MDA to obtain any necessary approvals of any third parties or any governmental authorities required for the transactions contemplated hereby or materially increase the period of time necessary to obtain such approvals, or (b) materially adversely affect its ability to perform its covenants and agreements under this Agreement.

5.8. Exercise of Call Right. MDA shall, on or before the Shareholder Meeting, exercise its right to call all options to purchase MDA Common Shares granted pursuant to the Agreement dated as of October 31, 1991 between MDA and certain shareholders of EOS named therein, pursuant to Sections 2.2 and 3.2 of such agreement.

5.9. Access to Information. MDA shall, subject to applicable law, afford Orbital and its accountants, counsel and other representatives reasonable access during the period prior to the Effective Time to (a) all of MDA's and its Subsidiaries' financial statements, properties, books, contracts, commitments and records, and (b) all other information concerning the business, properties and personnel of MDA and its Subsidiaries, as Orbital may reasonably request. No information or knowledge obtained after the date hereof in any investigation pursuant to this Section 5.9 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Arrangement.

5.10. Post Effective Date Reporting. Orbital shall use its best efforts to release publicly the combined financial results of Orbital and MDA for the first full month for which such results are available not later than thirty days after the end of such month, provided that Orbital shall have the right not to release such financial results, if it determines in its sole discretion that such release would not be in the best interests of Orbital.

5.11. No Action Request; Registration. Unless the staff of the SEC has confirmed the availability of an exemption from registration under the Securities Act as to the issuance of the Exchangeable Shares and/or the issuance of the Orbital Common Shares in exchange for the Exchangeable Shares in response to the No Action Request or Orbital has received an opinion of counsel reasonably satisfactory to MDA to such effect, then in each case in which no exemption is available, Orbital and Acquisition shall cause such issuance to be registered under the Securities Act, and shall file a Registration Statement covering such issuance with the SEC and use all commercially reasonable efforts to cause such registration statement to become effective as soon as practicable and remain effective (i) in the case of a registration statement covering the issuance of the Exchangeable Shares, through the Effective Date, (ii) in the case of a Registration Statement covering the issuance of the Orbital Common Shares in exchange for the Exchangeable Shares, throughout the period during which the Exchangeable Shares may be exchanged in accordance with the Plan of Arrangement and (iii) in the case of a Registration Statement covering the issuance of the Orbital Common Shares upon exercise of the Replacement Options, throughout the period that the Replacement Options are exercisable. Orbital and Acquisition agree to file any such required Registration Statement as soon as reasonably practicable and, in the case of a registration statement covering the issuance of the Orbital Common Shares, no later than one week after the Proxy Circular is mailed to MDA's shareholders and the holders of the MDA 1988 Options. Orbital and Acquisition shall

use all reasonable efforts to obtain all orders required from the applicable Canadian securities authorities to permit the issuance of the Exchangeable Shares and the Orbital Common Shares upon exchange of the Exchangeable Shares without registration or qualification with or approval of or the filing of any document including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Canadian Federal, or provincial law or regulation or pursuant to the rules and regulations of any regulatory authority or the fulfillment of any other legal requirement before such shares may be issued and delivered by Acquisition or Orbital to the holder thereof or in order that such shares may be freely traded thereafter (other than any restrictions on transfer by reason of a holder being a "control person" of Acquisition or Orbital for purposes of Canadian Federal or provincial securities law or an "affiliate" for purposes of United States Federal or state securities law). Notwithstanding the foregoing, Acquisition shall not be obligated to list the Exchangeable Shares on a stock exchange in Canada if in connection with obtaining a favorable response to the No Action Request, Orbital is advised by the SEC that the listing of such shares will in and of itself preclude the granting of the requested exemptions from registration requested in the No Action Request.

5.12. Indemnification. Orbital and Acquisition hereby agree that after the Effective Date, (a) the provisions of the Charter Documents of MDA providing for indemnification of directors and officers shall not be amended, repealed or otherwise modified for a period of six years from the Effective Date in any manner that would adversely affect the rights thereunder of directors and officers and former directors and former officers who immediately prior to the Effective Date were covered by such provisions, unless such modification is required by law and (b) Orbital and Acquisition shall continue in effect with respect to any claims arising out of conduct prior to the Effective Date, for a period of six years following the Effective Date, director and officer insurance policies providing coverage of substantially the same scope as is maintained by MDA and covering the same persons as are covered by such policies as in effect on March 31, 1995; provided, however, Orbital may amend, repeal or otherwise modify the Charter Documents of MDA and/or terminate such director and officer liability insurance policies if Orbital indemnifies and holds harmless each person covered by the indemnification provisions of MDA's Charter Documents on the Effective Date and MDA's director and officer liability insurance policy as in effect on March 31, 1995 against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by reason of the fact that such person was a director or officer of MDA, in connection with any threatened, pending or completed action, suit or

proceeding, whether civil, criminal, administrative or investigative provided that, such expenses were incurred by such person in connection with such action, suit or proceeding and provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to MDA's best interests and had no reasonable cause to believe his or her conduct was unlawful.

5.13. Tax Filings. Orbital covenants to cause Acquisition after the Effective Date to agree with each person who was a holder of MDA Common Shares, or the holder of shares of a holding company referred to in Section 2.1.2 hereof, immediately prior to the Effective Time who wishes to do so to jointly make an election under subsection 85(1) or 85(2) of the Income Tax Act (Canada) in the prescribed form in respect of the exchange of the MDA Common Shares or such holder's holding company shares, as the case may be, and to specify therein as the holder's proceeds of disposition and Acquisition's cost of the MDA Common Shares or holding company shares such amount as is determined by the holder, subject to the several limitations of subsection 85(1) or 85(2), as the case may be, of the Income Tax Act (Canada). Acquisition shall complete the election form within 30 days of receipt from such persons of an election form fully completed other than with respect to information relating to Acquisition.

5.14. Further Assurances. Subject to the terms and conditions herein provided, and subject to its fiduciary obligations under law, each of the parties agrees to use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the Arrangement and the other transactions contemplated by this Agreement, including without limitation the taking of all reasonable actions necessary to satisfy each condition precedent set forth in ARTICLE 6, to comply promptly with all legal requirements that may be imposed on any of them with respect to the Arrangement or to procure any consent, approval, order or authorization of, or any exemption by, any governmental entity, or other third party, required to be obtained or made in connection with the Arrangement or the taking of any action contemplated thereby or by this Agreement.

ARTICLE 6 CONDITIONS PRECEDENT

6.1. Conditions Precedent to MDA's Obligation to Effect the Arrangement. The obligations of MDA to effect the Arrangement and other transactions contemplated by this Agreement shall be subject to the satisfaction, prior to or substantially

contemporaneously with the Effective Time, of the following conditions, compliance with which, or the occurrence of which, may be waived in whole or in part by MDA in writing.

6.1.1. Representations; Covenants; Certificate. The representations and warranties of Orbital contained in ARTICLE 4 hereof (except for clause (i) of the first sentence of Section 4.3 to the extent it refers to the number of issued and outstanding shares of Orbital Common Shares and except that Orbital shall have authorized a newly created class of preferred stock, one share of which shall be issued to the Trustee on the Effective Date pursuant to the Voting Trust Agreement) shall be true in all material respects as of the date of this Agreement and as of the Effective Date with the same effect as though made as of the Effective Time; Orbital shall in all material respects have performed all obligations and complied with all covenants required by this Agreement to be performed or complied with by it prior to the Effective Time; and Orbital shall have delivered to MDA a certificate, dated the Effective Date and signed by its President or a Vice President, to each such effect.

6.1.2 Opinion of Counsel for Orbital. MDA shall have received from Ropes & Gray, counsel for Orbital, a legal opinion, dated the Effective Date, with respect to legal matters related to this Agreement and the transactions contemplated hereby and in form and substance reasonably acceptable to MDA.

6.1.3. Price of Orbital Stock. The Average Closing Price shall be equal to or greater than U.S.\$12.775.

6.2. Conditions Precedent to Obligations of Orbital. The obligations of Orbital to effect the Arrangement and the other transactions contemplated by this Agreement shall be subject to the satisfaction, prior to or substantially contemporaneously with the Effective Time, of the following conditions, compliance with which, or the occurrence of which, may be waived in whole or in part by Orbital in writing:

6.2.1. Representations; Covenants; Certificate. The representations and warranties of MDA contained in ARTICLE 3 hereof shall be true in all material respects as of the date of this Agreement (except for clause (i) of the first sentence of Section 3.3 to the extent the number of issued and outstanding MDA Common Shares has increased solely because of the exercise of any of the MDA Options and the issuance of MDA Common Shares required by Section 5.8) and the Effective Time with the same effect as though made as of the Effective Time; MDA shall in all material respects have

performed all obligations and complied with all covenants required by this Agreement to be performed or complied with by it prior to the Effective Time; and MDA shall have delivered to Orbital a certificate, dated the Effective Date and signed by its President or a Vice President, to each such effect.

6.2.2. Opinion of Counsel for MDA. Orbital shall have received from Farris, Vaughan, Wills & Murphy, counsel for MDA, a legal opinion, dated the Effective Date, with respect to legal matters related to this Agreement and the transactions contemplated hereby and in form and substance reasonably acceptable to Orbital.

6.2.3. MDA Rights Plan. The Board of Directors of MDA shall have waived the provisions of the Amended and Restated Shareholder Protection Rights Plan Agreement, dated as of August 27, 1992 as amended through the date hereof, between MDA and Montreal Trust Company of Canada, pursuant to Section 5.1(b) of such agreement, such that the Arrangement and the other transactions contemplated hereby shall be wholly exempt from such agreement.

6.2.4. Affiliate Agreements. Orbital shall have received executed affiliate agreements (the "Affiliate Agreements") (i) in substantially the form attached as Exhibit 6.2.4(a), from each director, the President, the Group Managers and the Controller of MDA, all holders of ten percent or more of the MDA Common Shares issued and outstanding on the date hereof (other than Spar Aerospace Limited) and all entities controlled by any of the foregoing (including without limitation, Ventures West) and (ii) in substantially the form attached as Exhibit 6.2.4(b) from Spar Aerospace Limited (together with those referenced in clause (i), the "Affiliates").

6.2.5. Employment Agreements. MDA shall have entered into an Employment Agreement and a Change of Control Agreement in substantially the form attached as Exhibit 6.2.5 with the President, Chairman and each Group Manager of MDA, and copies of such agreements shall have been delivered to Orbital.

6.2.6. Appraisal Rights. The holders of MDA Common Shares or MDA 1988 Options in the aggregate entitled to receive no more than 10% of the sum of the Orbital Common Shares issuable pursuant to the Plan of Arrangement and the Orbital Common Shares reserved for issuance upon the exercise of Replacement Options shall have dissented and be entitled to be paid the fair value of their shares or options, as the case may be, pursuant to the Plan of

Arrangement.

6.2.7. Pooling of Interests Accounting Treatment. Orbital shall have been advised in writing by KPMG Peat Marwick, its independent public accountants that in their opinion the transactions contemplated herein meet the requirements for pooling-of-interests treatment under U.S. GAAP as set forth in Opinion No. 16, as amended, of the Accounting Principles Board of the American Institute of Certified Public Accountants.

6.2.8 Required Consents. MDA and Orbital shall have received all necessary consents, waivers or amendments listed by MDA and Orbital in Sections 3.2 and 4.2 of the MDA Disclosure Schedule and Orbital Disclosure Schedule, respectively, as being required (other than the consent of EarthWatch). The representation made by MDA and Orbital in the first sentence of Section 3.2 and 4.2, respectively, hereof construed without reference to any exceptions noted in the MDA or Orbital Disclosure Schedule (other than MDA's failure to obtain the consent of EarthWatch) shall be true and correct.

6.2.9. Price of Orbital Stock. The Average Closing Price shall be equal to or less than U.S.\$25.00.

6.3. Conditions Precedent to the Obligations of Each Party. The obligations of the parties to effect the Arrangement and the other transactions contemplated by this Agreement shall be subject to the satisfaction prior to or substantially contemporaneously with the Effective Time of the following additional conditions, compliance with which, or the occurrence of which, may be waived in whole or in part by a writing executed by each of MDA and Orbital:

6.3.1. Shareholder Approval. The holders of the requisite number, as specified by the Court in its Interim Order, of outstanding shares of MDA Common Shares and the MDA 1988 Options shall have duly approved the Plan of Arrangement and the transactions contemplated thereby and hereby, all in accordance with the requirements of the CBCA and such Interim Order.

6.3.2. Governmental and Court Approvals. Consents legally required from any governmental authority with respect to the consummation of the Arrangement and the transactions contemplated by this Agreement, including the Final Order shall have been filed, occurred, or been obtained, other than such consents, the failure to obtain which would not have any MDA or Orbital Material Adverse Effect or any material adverse effect on the consummation of

the Arrangement.

6.3.3. No Action Request/Registration Statement. The staff of the SEC shall have confirmed the availability of an exemption from registration to the issuance of the Exchangeable Shares, Orbital Common Shares and Replacement Options pursuant to the Arrangement in response to the No Action Request or Orbital shall have received an opinion of counsel reasonably satisfactory to it and MDA to such effect or a Registration Statement with respect to such issuances shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order and the Proxy Circular shall not be at the Effective Time subject to any proceedings commenced or threatened by the SEC or any Canadian or provincial securities authority. Canadian provincial securities regulators in those provinces of Canada considered necessary by Canadian counsel to MDA and Canadian counsel to Orbital shall have granted rulings or orders, satisfactory to both of such counsel acting reasonably, so that the registration and prospectus provisions of applicable Canadian securities laws will not be applicable to any of the issuance of securities contemplated by the Arrangement and such securities (other than the Class B Preferred Shares to be issued to Canadian Imperial Bank of Commerce) will be freely tradable by holders resident in such provinces.

6.3.4. Injunctions. No temporary restraining order, preliminary or permanent injunction or other order by any Canadian or United States Federal or provincial or state court or governmental body prohibiting the consummation of the transactions contemplated by this Agreement shall have been issued and shall not have expired or been withdrawn or reversed and there shall be no pendent or threatened litigation or other proceeding seeking to prohibit or impose any material limitations on the consummation of such transactions.

6.3.5. Nasdaq/NMS Listing Approval. Orbital shall have filed with the National Association of Securities Dealers, Inc. a notice of listing of additional shares for the Orbital Common Shares issuable pursuant to the Arrangement.

ARTICLE 7 MISCELLANEOUS

7.1. Termination. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and abandoned at any time before the Effective Time, whether before

or after adoption and approval of the Arrangement by the shareholders of MDA and the holders of the MDA 1988 Options as herein provided:

(a) By the mutual consent of Orbital and MDA;

(b) By either MDA or Orbital, if (i) there has been a material breach on the part of the other party of any representation, warranty, covenant or agreement contained herein that cannot be or has not been cured within ten days after written notice of such breach to the breaching party or (ii) MDA's shareholders or the holders of the MDA 1988 Options fail to approve the Plan of Arrangement, provided, however such failure is not due to MDA's breach of its covenants contained in Article 5;

(c) By Orbital, if the Board of Directors of MDA shall have withdrawn or modified in a manner adverse to Orbital its support of the transaction, or shall fail to affirm such support upon the request of Orbital;

(d) By MDA, if MDA shall have received a bona fide offer to consummate an Acquisition Transaction for consideration per MDA Common Share having a fair market value of at least U.S.\$5.95 (based on the currency exchange rate on the date the offer is made);

(e) By MDA on or before the date on which the Proxy Circular is mailed to MDA shareholders and holders of the MDA 1988 Options, if by such date Teleglobe Mobile Partners ("Teleglobe Mobile") has not committed to increase its investment in ORBCOMM Development Partners, L.P. on substantially the terms reflected in the Master Agreement dated June 30, 1993 between Orbital, Orbital Communications Corporation, Teleglobe, Inc. and Teleglobe Mobile or on such other terms as do not have an Orbital Material Adverse Effect.

(f) By the Board of Directors of MDA, if the Effective Time shall not have occurred by December 31, 1995 other than as a result of the failure of MDA to satisfy its obligations hereunder.

(g) By the Board of Directors of Orbital, if the Effective Time shall not have occurred by December 31, 1995 other than as a result of the failure of Orbital to satisfy its obligations hereunder.

(h) By Orbital, if Spar has not executed the voting agreement and affiliate agreements, in substantially the forms attached as Exhibits 7.1(h) and 6.2.4(b), respectively, by September 6, 1995.

In the event of both (i) a termination by EarthWatch, in whole or in part, of its agreement with MDA pursuant to which MDA is to build a portion of EarthWatch's image data archival and processing facility, which termination was solely as a result of the public announcement of MDA's and Orbital's agreement to consummate the Arrangement, and (ii) a termination of this Agreement because of (a) the failure to satisfy the conditions precedent to Closing set forth in Section 6.1.3 or Section 6.2.7, or (b) either party has exercised its right to terminate pursuant to paragraph (f) or (g) of this Section 7.1; then Orbital shall (x) use all commercially reasonable efforts to notify MDA as soon as practicable at any time Orbital (or any entity that was a Subsidiary of Orbital on July 31, 1995) has determined to solicit third party bids for the construction of satellite ground stations and (y) afford MDA the opportunity to participate in such bidding; provided, however, such actions would not be required if to do so would result in the breach of a currently existing contract or if otherwise prohibited by any applicable rules or regulations, including, but not limited to, rules or regulations governing bidding procedures with respect to Government Contracts and export controls; and provided further that this obligation to provide notice and afford MDA an opportunity to bid shall terminate three years from the earlier of (A) the date of termination of such EarthWatch agreement and (B) December 31, 1995. In the event of termination and abandonment under this Section 7.1, this Agreement shall forthwith become null and void and there shall be no liability on the part of any of MDA, Orbital or Acquisition or any of their respective officers and directors; provided, however, that the provisions of the immediately preceding sentence, Section 7.3 and Section 7.4 hereof shall survive any termination of this Agreement as provided therein and in the event of a termination pursuant to Section 7.1(b) (i) the breaching party shall be liable for all out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby.

7.2. Amendments and Supplements. At any time before or after approval and adoption of this Agreement and the Plan of Arrangement by the shareholders of MDA and the holders of the MDA 1988 Options and prior to the Effective Time, this Agreement and the Plan of Arrangement may be amended or supplemented (including without limitation, any amendment to the Plan of Arrangement required to be made pursuant to Section 5.4 hereof) by a written instrument signed by MDA, Orbital and approved by their respective Boards of Directors, except that, after the shareholders of MDA and the holders of the MDA 1988 Options shall have approved the Plan of Arrangement, there shall be no amendment that (i) changes the consideration into which the MDA Common Shares or the MDA Options are entitled to be converted upon consummation of the Arrangement as provided in the Plan of

Arrangement or (ii) otherwise would require the approval of the shareholders of MDA or the holders of the 1988 MDA Options in accordance with the CBCA.

7.3. Survival of Representations, Warranties and Agreements. The respective representations, warranties and agreements of MDA, Orbital and Acquisition contained in Articles 3 and 4 hereof and except with respect to Sections 5.10, 5.11 5.12 and 5.13, their respective agreements contained in Article 5 hereof shall expire with, and be terminated by, the consummation of the Arrangement, and neither Orbital nor MDA shall have any liability whatsoever with respect to such representations, warranties or agreements after the Effective Time.

7.4 Other Payments. MDA covenants and agrees that if MDA terminates this Agreement pursuant to Section 7.1(d) hereof and the transaction that gives rise to such termination is completed, then MDA shall pay to Orbital a fee of \$750,000.

7.5. Expenses. Subject to the provisions of Section 7.1 and 7.4, whether or not the Arrangement is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

7.6. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic substantive laws of the province of British Columbia without giving effect to any choice or conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

7.7. Notice. All notices and other communications required or permitted hereunder shall be in writing (including any facsimile transmission or similar writing), and shall be sent either by telecopy, hand delivery, or reputable overnight courier, addressed as follows or to such other address or addresses of which the respective party shall have notified the other party. Each such notice or other communication shall be effective (i) if given by telecopy, when such telecopy is transmitted and the appropriate answerback is received, (ii) if given by reputable overnight courier, one business day after being delivered to such courier or (iii) if given by any other means, when received at the address specified in this Section.

To Orbital or Acquisition:

21700 Atlantic Boulevard
Dulles, Virginia 20166
Telecopier: (703) 406-5572
Attention: General Counsel

With a copy to:

Ropes & Gray
One International Place
Boston, Massachusetts 02110
Telecopier: (617) 951-7050
Attention: Daniel S. Evans, Esq.

To MDA:

13800 Commerce Parkway
Richmond, British Columbia V6V 2J3
Canada
Telecopier: (604) 273-9830
Attention: President

With a copy to:

Farris, Vaughan, Wells & Murphy
26th Floor, 700 West Georgia Street
Vancouver, British Columbia V7Y 1B3
Canada
Telecopier: (604) 661-9349
Attention: Elizabeth J. Harrison, Q.C.

7.8a. Entire Agreement, Assignability, Etc. This Agreement (including the Schedules and Exhibits attached hereto) and together with the confidentiality agreement dated June 23, 1995 and paragraph 9 of the letter of intent dated July 31, 1995, each entered into by Orbital and MDA, (i) constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the Arrangement, (ii) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder and (iii) shall not be assignable by operation of law or otherwise.

7.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

Attest:

ORBITAL SCIENCES CORPORATION

/s/ Susan Herlick

By: /s/ Carlton B. Crenshaw

Name: Susan Herlick
Title: Assistant Secretary

Name: Carlton B. Crenshaw
Title: Senior Vice President/Finance
and Administration

Attest:

3173623 CANADA INC.

/s/ Susan Herlick
Name: Susan Herlick
Title: Assistant Secretary

By /s/ Carlton B. Crenshaw
Name: Carlton B. Crenshaw
Title: Vice President

Attest:

MACDONALD, DETTWILER AND
ASSOCIATES LTD.

/s/ Robert B. Wallis
Name: Robert B. Wallis
Title: Secretary

By /s/ Daniel E. Friedmann
Name: Daniel E. Friedmann
Title: President and Chief Executive
Officer

PLAN OF ARRANGEMENT
UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1

INTERPRETATION

1.1 Definitions

In this Plan of Arrangement unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "Affiliate" of any person means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any person, means the possession by another person, directly or indirectly, of the power to direct or cause the direction of the management and policies of that first mentioned person, whether through the ownership of voting securities, by contract or otherwise;

(b) "Arrangement" means the arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments thereto made in accordance with section 6.1 or made at the direction of the Court in the Final Order;

(c) "Automatic Redemption Date" means November , 2000, unless such date shall be accelerated at any time to a specified earlier date by the Board of Directors upon at least 75 days prior written notice to the registered holders of Exchangeable Shares, in which case the Automatic Redemption Date shall be such earlier date; provided, however, that the Board of Directors may so accelerate the Automatic Redemption Date only at such time as there are outstanding fewer than 400,000 Exchangeable Shares held by holders other than Orbital and its Affiliates;

(d) "Average Closing Price" means the average closing sales price of Orbital Common Shares for the 20 trading days ending on the date four trading days prior to the Effective Date, as reported on NASDAQ;

(e) "Board of Directors" means the board of directors of the Corporation;

(f) "Business Day" means any day other than a Saturday, a Sunday or a day when banks are not open for business in either or both of the Commonwealth of Virginia, and Vancouver, British Columbia;

(g) "Canadian Dollar Equivalent" means in respect of an amount expressed in a foreign currency (the "Foreign Currency Amount") at any date the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose;

(h) "Capital Reorganization" has the meaning ascribed thereto in section 5.7;

(i) "CBCA" means the Canada Business Corporations Act, as amended from time to time;

(j) "Class B Preferred Shares" means the Class B Preferred Shares of the Corporation having the rights, privileges, restrictions and conditions set out in Appendix A annexed hereto.

(k) "Combination Agreement" means the agreement by and among Orbital, the Corporation and MDA, dated as of August 31, 1995, as the same may be amended and restated, providing for, among other things, the Arrangement;

(l) "Corporation" means 3173623 Canada Inc., a corporation existing under the CBCA;

(m) "Court" means the Supreme Court of British Columbia;

(n) "Current Market Price" means, in respect of an Orbital Common Share on any date, the Canadian Dollar Equivalent of the closing sale price of Orbital Common Shares on such day (or, if no trades of Orbital Common Shares occurred on such day, on the last trading day prior thereto on which such trades occurred) reported on NASDAQ, or, if the Orbital Common Shares are not then quoted on NASDAQ, on such other stock exchange or automated quotation system on which the Orbital Common Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or

trading activity of Orbital Common Shares during such period does not create a market that reflects the fair market value of an Orbital Common Share, then the Current Market Price of an Orbital Common Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

(o) "Current Orbital Common Share Equivalent" means, on any date, the equivalent as at such date of one Orbital Common Share as at the Effective Date, expressed to four decimal places, determined by applying on a cumulative basis the following adjustments, to the extent applicable by reason of any transactions occurring in respect of Orbital Common Shares between the Effective Date and such date, the Current Orbital Common Share Equivalent as at the Effective Date being 1.0000:

(i) if Orbital shall (A) subdivide, redivide or change its then outstanding Orbital Common Shares into a greater number of Orbital Common Shares, unless the Corporation is permitted under applicable law without a vote of its shareholders to make, and shall simultaneously make, the same or an economically equivalent change to the rights of the holders of Exchangeable Shares, (B) reduce, combine, consolidate or change its then outstanding Orbital Common Shares into a lesser number of Orbital Common Shares, unless the Corporation is permitted under applicable law without a vote of its shareholders to make, and shall simultaneously make, the same or an economically equivalent change to the rights of the holders of Exchangeable Shares, or (C) issue Orbital Common Shares (or securities exchangeable or convertible into Orbital Common Shares) to the holders of all or substantially all of its then outstanding Orbital Common Shares by way of stock dividend or other distribution (other than to holders of Orbital Common Shares who exercise an option to receive stock dividends in lieu of receiving cash dividends), unless the Corporation is permitted under applicable law without a vote of its shareholders to issue or distribute, and shall simultaneously issue and distribute, equivalent numbers of Orbital Common Shares or other securities (adjusted if necessary in accordance with the Current Orbital Common Share Equivalent), or the economic equivalent on a per share basis,

to the holders of the Exchangeable Shares (any of such events being herein called an "Orbital Common Share Reorganization"), the Current Orbital Common Share Equivalent shall be adjusted effective immediately after the record date at which the holders of Orbital Common Shares are determined for the purpose of the Orbital Common Share Reorganization by multiplying the Current Orbital Common Share Equivalent in effect on such record date by the quotient obtained when:

(I) the number of Orbital Common Shares outstanding after the completion of such Orbital Common Share Reorganization (but before giving effect to the issue of any Orbital Common Shares issued after such record date otherwise than as part of such Orbital Common Share Reorganization) including, in the case where securities exchangeable or convertible into Orbital Common Shares are distributed, the number of Orbital Common Shares that would have been outstanding had such securities been exchanged for or converted into Orbital Common Shares on such record date,

is divided by

(II) the number of Orbital Common Shares outstanding on such record date before giving effect to the Orbital Common Share Reorganization;

(ii) if at any time Orbital shall fix a record date for the issuance of rights, options or warrants to the holders of all or substantially all of the Orbital Common Shares entitling them to subscribe for or to purchase Orbital Common Shares (or securities of Orbital convertible into Orbital Common Shares) at a price per Orbital Common Share (or having a conversion price per Orbital Common Share) of less than the Pre-Dilution Market Price on such record date, unless the Corporation is permitted under applicable law without a vote of its shareholders to issue, and shall simultaneously issue, equivalent numbers of such rights, options or warrants, adjusted if necessary in accordance with the Current Orbital Common Share Equivalent at such record date, or the economic equivalent thereof on a per share basis, to the holders of

Exchangeable Shares (any such event being herein referred to as a "Rights Offering"), then the Current Orbital Common Share Equivalent then in effect shall be adjusted immediately after such record date by multiplying the Current Orbital Common Share Equivalent in effect on such record date by the quotient obtained when:

(A) the sum of the number of Orbital Common Shares outstanding on such record date and the number of additional Orbital Common Shares offered for subscription or purchase under the Rights Offering (or the number of Orbital Common Shares into which the securities so offered are convertible)

is divided by

(B) the sum of the number of Orbital Common Shares outstanding on such record date and the number determined by dividing the aggregate price of the total number of additional Orbital Common Shares offered for subscription or purchase under the Rights Offering (or the aggregate conversion price of the convertible securities so offered) by the Pre-Dilution Market Price on such record date.

Any Orbital Common Share owned by or held for the account of Orbital shall be deemed not to be outstanding for the purpose of any such computation. If such rights, options or warrants are not so issued or if, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Current Orbital Common Share Equivalent shall be readjusted effective immediately after the date of expiry to the Current Orbital Common Share Equivalent which would have been in effect if such record date had not been fixed or to the Current Orbital Common Share Equivalent which would then be in effect on the date of expiry if the only rights, options or warrants issued had been those that were exercised, as the case may be;

(iii) if Orbital shall fix a record date for the making of a distribution (including a distribution by way of stock dividend) to the holders of all or substantially all its outstanding Orbital Common Shares of

(A) shares of Orbital of any class other than Orbital Common Shares (or shares convertible into Orbital Common Shares referred to in (i) (C) above),

(B) rights, options or warrants (excluding a Rights Offering),

(C) evidences of its indebtedness (excluding indebtedness convertible into Orbital Common Shares referred to in (i) (C) above) or

(D) any other assets (other than any of the distributions referred to in (A), (B) or (C), dividends paid in the ordinary course or an Orbital Common Share Reorganization)

unless the Corporation is permitted under applicable law without a vote of its shareholders to distribute, and shall simultaneously distribute, the same number of shares, rights, options or warrants, evidences of indebtedness or other assets, as the case may be, adjusted if necessary in accordance with the Current Orbital Common Share Equivalent as at such record date, or the economic equivalent thereof on a per share basis, to the holders of Exchangeable Shares (any such event being herein referred to as a "Special Distribution") then, in each such case, the Current Orbital Common Share Equivalent shall be adjusted effective immediately after the record date at which the holders of Orbital Common Shares are determined for the purposes of the Special Distribution by multiplying the Current Orbital Common Share Equivalent in effect on such record date by the quotient obtained when:

(I) the product obtained when the number of Orbital Common Shares outstanding on the record date is multiplied by the Pre-Dilution Market Price on such date,

is divided by

(II) the difference obtained when the amount by which the aggregate fair market value (as determined by the Board of Directors, which determination shall be conclusive) of the shares, rights, options, warrants, evidences of indebtedness or assets, as the case may be, distributed in the Special Distribution exceeds the fair market value (as determined by the Board of Directors, which determination shall be conclusive) of the consideration, if any, received therefor by Orbital, is subtracted from the product obtained when the number of Orbital Common Shares outstanding on the record date is multiplied by the Pre-Dilution Market Price on such date,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Current Orbital Common Share Equivalent in effect immediately before such record date. Any Orbital Common Share owned by or held for the account of Orbital shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Current Orbital Common Share Equivalent shall be readjusted effective immediately to the Current Orbital Common Share Equivalent which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed;

(p) "Depository" means Montreal Trust Company at its principal offices in Vancouver, British Columbia and Toronto, Ontario;

(q) "Effective Date" means the date shown on the certificate of arrangement issued by the Director under the CBCA giving effect to the Arrangement;

(r) "Effective Time" means 12:01 a.m. on the Effective Date;

(s) "Exchange Ratio" is equal to U.S. \$5.41 divided by the Average Closing Price, provided that in no event shall it be less than 0.2705 or greater than 0.3607;

(t) "Exchangeable Share Provisions" means the rights,

privileges, restrictions and conditions attaching to the Exchangeable Shares, which are set forth in Appendix A hereto;

(u) "Exchangeable Shares" means the Exchangeable Non-Voting Shares of the Corporation having the rights, privileges, restrictions and conditions set forth in the Exchangeable Share Provisions;

(v) "Final Order" means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Time;

(w) "Lien" means any lien, pledge, adverse claim, security interest, mortgage, claim, charge or encumbrance;

(x) "Liquidation Call Purchase Price" has the meaning ascribed thereto in subsection 5.2(a);

(y) "Liquidation Call Right" has the meaning ascribed thereto in subsection 5.2(a);

(z) "Liquidation Date" has the meaning ascribed thereto in section 4.1 of the Exchangeable Share Provisions;

(aa) "MDA" means MacDonald, Dettwiler and Associates Ltd., a corporation existing under the CBCA;

(bb) "MDA Common Shares" means the common shares in the capital of MDA, including all rights associated therewith, including without limitation all rights associated with such common shares pursuant to the Shareholder Protection Rights Plan Agreement dated as of August 27, 1992 between MDA and Montreal Trust Company of Canada, as Rights Agent, as amended from time to time;

(cc) "MDA 1988 Options" has the meaning ascribed thereto in subsection 2.1(1);

(dd) "Meeting" means the Special Meeting of the shareholders of MDA (voting together as one class) and the holders of MDA 1988 Options (voting separately from the shareholders of MDA as a second class) to be held to consider the Arrangement;

(ee) "NASDAQ" means the NASDAQ National Market System;

(ff) "Options" means options, whether vested or unvested, granted by MDA prior to the Effective Date to purchase MDA Common Shares pursuant to the 1988 Key Employee Share Option Plan ("KESOP 88"), the 1988 Employee Share Option Plan ("ESOP 88"), the Key Employee Share Option Plan and the Amended and Restated Key Employee Share Option Plan;

(gg) "Orbital" means Orbital Sciences Corporation, a corporation existing under the laws of the State of Delaware;

(hh) "Orbital Call Notice" has the meaning ascribed thereto in subsection 5.1(b);

(ii) "Orbital Common Share Reorganization" has the meaning ascribed thereto in subsection 1.1(o);

(jj) "Orbital Common Shares" means the common stock, par value \$.01 per share, of Orbital;

(kk) "Pre-Dilution Market Price" means, in respect of an Orbital Common Share on any date, the Canadian Dollar Equivalent of the average of the closing sale prices as reported on NASDAQ of such shares during a period of 20 consecutive trading days ending on the fourth trading day prior to such date, or, if the Orbital Common Shares are not then quoted on NASDAQ, on such other stock exchange or automated quotation system on which the Orbital Common Shares are listed or quoted as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of Orbital Common Shares during such period does not create a market that reflects the fair market value of an Orbital Common Share, then the Pre-Dilution Market Price of an Orbital Common Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

(ll) "Qualifying Holdco" means a corporation that shall have become a party to this Plan of Arrangement prior to the date of the Meeting pursuant to subsection 6.1(b) hereof and that is listed in Appendix B;

(mm) "Redemption Call Purchase Price" has the meaning ascribed thereto in subsection 5.3(a);

(nn) "Redemption Call Right" has the meaning ascribed thereto in subsection 5.3(a);

(oo) "Retracted Shares" has the meaning ascribed thereto in section 5.1 of the Exchangeable Share Provisions;

(pp) "Retraction Call Purchase Price" has the meaning ascribed thereto in subsection 5.1(a);

(qq) "Retraction Call Right" has the meaning ascribed

thereto in subsection 5.1(a);

(rr) "Retraction Date" has the meaning ascribed thereto in section 5.2 of the Exchangeable Share Provisions;

(ss) "Retraction Request" has the meaning ascribed thereto in section 5.1 of the Exchangeable Share Provisions;

(tt) "Revised Exercise Price" of an Option means the exercise price of such Option in effect immediately prior to the Effective Time divided by the Exchange Ratio;

(uu) "Transfer Agent" means Montreal Trust Company of Canada or such other person as may from time to time be the Registrar and Transfer Agent for the Exchangeable Shares; and

(vv) "Voting and Exchange Trust Agreement" means the Voting and Exchange Trust Agreement between the Corporation, Orbital and State Street Bank and Trust Company, made as of the Effective Date.

1.2 Sections and Headings

The division of this Plan of Arrangement into sections and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Plan of Arrangement. Unless otherwise indicated, any reference in this Plan of Arrangement to a section or an Appendix refers to the specified section of or Appendix to this Plan of Arrangement.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular number include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind.

1.4 Withholding Tax

All amounts required to be paid, deposited or delivered under this Plan of Arrangement shall be paid, deposited or delivered after deduction of any amount required by applicable law to be deducted or withheld on account of tax and the deduction of such amounts and remittance to the applicable tax authorities shall, to the extent thereof, satisfy such requirement to pay, deposit or deliver hereunder.

ARTICLE 2

ARRANGEMENT

2.1 Arrangement

At the Effective Time on the Effective Date, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

(a) The authorized share capital of the Corporation shall be amended to authorize an unlimited number of Exchangeable Shares and 10,000 Class B Preferred Shares; as a result of such amendment the Corporation shall have three classes of authorized share capital, namely, an unlimited number of Common Shares, an unlimited number of Exchangeable Shares and 10,000 Class B Preferred Shares, the rights, privileges, restrictions and conditions attaching to each of which classes shall be as set out in Appendix A.

(b) The Corporation shall issue 10,000 Class B Preferred Shares to Canadian Imperial Bank of Commerce in partial consideration for services rendered to the Corporation in connection with the Arrangement.

(c) The Corporation shall add to its stated capital account in respect of the Class B Preferred Shares an amount in respect of the Class B Preferred Shares issued pursuant to subsection 2.1(b) equal to \$10,000.

(d) Schedule A and paragraphs 1 and 2 of Schedule B to the Articles of the Corporation shall be deleted and the sentence "The annexed Schedule A is incorporated in this form." contained in paragraph 4 of the Articles of the Corporation shall be deleted and replaced with the words "not applicable".

(e) All of the outstanding MDA Common Shares, except MDA Common Shares owned beneficially and of record by the Qualifying Holdcos and MDA Common Shares held by holders who have exercised their rights of dissent in accordance with section 3.1 hereof and who are ultimately entitled to be paid fair value for such shares (hereinafter, "Dissenters") shall be exchanged by the holders thereof for Exchangeable Shares, the number of which shall be the product of such number of MDA Common Shares being exchanged and the Exchange Ratio. Each former holder of MDA Common Shares (other than the Qualifying Holdcos and Dissenters) shall receive the whole number of Exchangeable Shares

resulting from the exchange of such holder's MDA Common Shares for the consideration set out in the foregoing sentence. In lieu of fractional Exchangeable Shares, each holder of an MDA Common Share who otherwise would be entitled to receive a fraction of an Exchangeable Share on the exchange shall be paid an amount determined as set forth in section 4.3 hereto.

(f) Upon the exchange referred to in subsection 2.1(e) above, each holder of exchanged MDA Common Shares shall cease to be such a holder, shall have his name removed from the register of holders of MDA Common Shares and shall become a holder of the number of fully paid Exchangeable Shares to which he is entitled as a result of such exchange and such holder's name shall be added to the register of holders of Exchangeable Shares accordingly.

(g) All of the outstanding shares of each of the Qualifying Holdcos shall be exchanged by the holders thereof for Exchangeable Shares, the number of which shall be the product of the number of MDA Common Shares owned beneficially and of record by each respective Qualifying Holdco and the Exchange Ratio. Each former holder of shares of a Qualifying Holdco shall receive the whole number of Exchangeable Shares resulting from the exchange of all such holder's shares of a Qualifying Holdco for the consideration set out in the foregoing sentence. In lieu of fractional Exchangeable Shares, each holder of shares of a Qualifying Holdco who otherwise would be entitled to receive a fraction of an Exchangeable Share on the exchange shall be paid an amount determined as set forth in section 4.3 hereto.

(h) Upon the exchange referred to in subsection 2.1(g) above, each holder of exchanged Qualifying Holdco shares shall cease to be such a holder, shall have his name removed from the register of holders of Qualifying Holdco shares and shall become a holder of the number of fully paid Exchangeable Shares to which he is entitled as a result of such exchange and such holder's name shall be added to the register of holders of Exchangeable Shares accordingly.

(i) The Corporation shall add to its stated capital account in respect of Exchangeable Shares issued pursuant to subsections 2.1(e) and (g) an amount equal to the aggregate fair market value of the MDA Common Shares exchanged pursuant to subsection 2.1(e) and the shares of Qualifying Holdcos exchanged pursuant to

subsection 2.1(g) and immediately thereafter such stated capital shall be reduced to an amount equal to the aggregate of (i) the cost, for purposes of the Income Tax Act (Canada), to the Corporation of the shares of the Qualifying Holdcos exchanged pursuant to subsection (g) and, (ii) the paid-up capital, for purposes of the Income Tax Act (Canada), of the MDA Common Shares exchanged pursuant to subsection (e), all as determined by the Board of Directors of the Corporation.

(j) Each of the Qualifying Holdcos shall be dissolved into and its assets distributed to the Corporation and for the purposes of such dissolution each of the Qualifying Holdcos is authorized and directed to file articles of dissolution with the Director under the CBCA at such time as the board of directors of the Corporation shall determine. The Corporation, and each of the Qualifying Holdcos are authorized and directed to create and deliver all such documents and instruments as may be necessary or appropriate to implement the dissolution.

(k) The name of each of the Qualifying Holdcos shall be removed from the register of holders of MDA Common Shares and the Corporation shall be registered as the holder of all of the issued and outstanding MDA Common Shares.

(l) Except for Options granted pursuant to the KESOP 88 or the ESOP 88 ("MDA 1988 Options") to holders who have exercised their rights of dissent in accordance with section 3.1 hereof and who are ultimately entitled to be paid fair value for the MDA Common Shares subject to such MDA 1988 Options, each outstanding Option shall become an option to purchase a number of Orbital Common Shares equal to the product (rounded to the nearest whole number) of the Exchange Ratio times the number of MDA Common Shares subject to such Option and having an exercise price equal to the Revised Exercise Price and having the same vesting, expiration and other terms as in effect immediately prior to the Effective Time, subject to subsection (m).

(m) The KESOP 88 and the ESOP 88 shall be amended by deleting the words in subsection 9.1 of the KESOP 88 and the words in subsection 8.1 of the ESOP 88 and replacing each of them with the words following:

"In the event that the outstanding Shares of the Company shall be changed into

or exchanged for a different number or of kind of securities of the Company or of another corporation, whether through an arrangement, amalgamation or other similar statutory procedure, or a share capitalization, sub-division or consolidation, then there shall be substituted for each Share subject to any such Option, for each share authorized for issuance pursuant to the Plan but not yet covered by an Option and for the maximum number of Shares issuable under the Plan with respect to any year, the number and kind of securities into which each outstanding Share shall be so changed or for which each such Share shall be exchanged.

In the event that there shall be any change, other than as specified in this subsection, in the number or kind of outstanding Shares of the Company or of any securities into which such Shares shall have been changed or for which Shares shall have been exchanged, then an equitable adjustment shall be made in the number or kind of Shares or any such securities theretofore authorized for issuance pursuant to the Plan but not yet covered by an Option, of the Shares or any such securities then subject to an Option or Options, and the maximum of Shares or any such securities issuable under the Plan with respect to any year, such adjustment to be reasonably determined by the Directors and to be effective and binding for all purposes.

In the case of any such substitution or adjustment as provided for in this subsection, the Option price for each share option agreement for each Share covered thereby prior to such substitution or adjustment will be proportionately and appropriately varied. Such variation shall generally require that the number of securities covered by the Option after the relevant event multiplied by the revised Option price shall equal the number of shares covered by the Option prior to the relevant event multiplied by the original Option price. No adjustment or substitution provided for in this subsection shall require the Company in any share option agreement to

issue a fractional Share and the total substitution or adjustment with respect to each share option agreement shall be limited accordingly."

(n) The name of the Corporation shall be changed to "MacDonald Dettwiler Holdings Inc."

ARTICLE 3

RIGHTS OF DISSENT

3.1 Rights of Dissent

Holders of MDA Common Shares or of MDA 1988 Options may exercise rights of dissent with respect to such MDA Common Shares or the MDA Common Shares subject to such MDA 1988 Options, as the case may be ("Dissenters' Shares"). In order to dissent with respect to MDA 1988 Options, such MDA 1988 Options shall be deemed to have been exercised for the purpose of exercising such dissent rights and the exercise price under each such MDA 1988 Option shall be deemed to be satisfied by set-off against the fair value paid for the Dissenters' Shares subject thereto, provided that if the holder of any such MDA 1988 Option is ultimately not entitled to be paid fair value for the Dissenters' Shares subject thereto, such MDA 1988 Option shall be deemed not to have been exercised and shall become an option to purchase Orbital Common Shares in accordance with subsection 2.1(1). All such rights of dissent shall be exercised pursuant to and in the manner set forth in section 190 of the CBCA and this section 3.1 (the "Dissent Procedures") in connection with the Arrangement and holders who duly exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Dissenters' Shares shall be deemed to have transferred such Dissenters' Shares to MDA for cancellation on the Effective Date; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Dissenters' Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting holder of MDA Common Shares or Options, as the case may be, and shall receive Exchangeable Shares on the basis determined in accordance with subsection 2.1(e) or options on the basis provided in subsection 2.1(1), as the case may be.

In no case shall MDA be required to recognize such holders as holders of MDA Common Shares or MDA 1988 Options, as the case may

be, on and after the Effective Date, and the names of such holders of MDA Common Shares or MDA 1988 Options, as the case may be, shall be deleted from the register of holders of MDA Common Shares and all records of Options maintained by the Corporation, respectively, on the Effective Date.

ARTICLE 4

CERTIFICATES AND FRACTIONAL SHARES

4.1 Issuance of Certificates Representing Exchangeable Shares

At or promptly after the Effective Time, the Corporation shall deposit with the Depositary, for the benefit of the holders of MDA Common Shares exchanged pursuant to subsection 2.1(e) and the holders of shares of the Qualifying Holdcos exchanged pursuant to subsection 2.1(g), certificates representing the Exchangeable Shares issued pursuant to subsections 2.1(f) and (h). Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding MDA Common Shares exchanged pursuant to subsection 2.1(e) or outstanding shares of Qualifying Holdcos exchanged pursuant to subsection 2.1(g), as the case may be, together with such other documents and instruments as would have been required to effect the transfer of the shares formerly represented by such certificate under the CBCA and the articles and by-laws of MDA or of the relevant Qualifying Holdco, as the case may be, and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, a certificate representing that number (rounded down to the nearest whole number) of Exchangeable Shares which such holder has the right to receive (together with any dividends or distributions with respect thereto pursuant to section 4.2 and any cash in lieu of fractional Exchangeable Shares pursuant to section 4.3), and the certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of MDA Common Shares which is not registered in the transfer records of MDA, a certificate representing the proper number of Exchangeable Shares may be issued to a transferee if the certificate representing such MDA Common Shares is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer. Until surrendered as contemplated by this section 4.1, each certificate which immediately prior to the Effective Time represented outstanding MDA Common Shares or outstanding shares of Qualifying Holdcos, as the case may be, that were purchased for consideration consisting of Exchangeable Shares shall be deemed at any time after the Effective Time to represent only the right

to receive upon such surrender (i) the certificate representing Exchangeable Shares as contemplated by this section 4.1, (ii) a cash payment in lieu of any fractional Exchangeable Shares as contemplated by section 4.3 and (iii) any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to Exchangeable Shares as contemplated by section 4.2.

4.2 Distributions with Respect to Unsurrendered Certificates

No dividends or other distributions declared or made after the Effective Time with respect to Exchangeable Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate which, immediately prior to the Effective Time, represented outstanding MDA Common Shares or shares of Qualifying Holdcos that were exchanged pursuant to section 2.1, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to section 4.3, unless and until such certificate shall be surrendered in accordance with section 4.1. Subject to applicable law and to section 4.5, at the time of such surrender of any such certificate (or, in the case of clause (iii) below, at the appropriate payment date), there shall be paid to the record holder of the certificate representing whole Exchangeable Shares into which the shares represented by the surrendered certificate were exchanged, without interest, (i) the amount of any cash payable in lieu of a fractional Exchangeable Share to which such holder is entitled pursuant to section 4.3, (ii) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole Exchangeable Shares, and (iii) the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole Exchangeable Shares.

4.3 No Fractional Shares

No certificates or scrip representing fractional Exchangeable Shares shall be issued upon the surrender for exchange of certificates pursuant to section 4.1 and no dividend, stock split or other change in the capital structure of the Corporation shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to vote or to exercise any rights as a security holder of the Corporation. In lieu of any such fractional securities, each person entitled to a fractional interest in an Exchangeable Share will receive an amount of cash (rounded to the nearest whole cent), without interest, equal to the Canadian Dollar Equivalent as of the Effective Date of the product of (i) such fraction, multiplied by (ii) the Average Closing Price.

4.4 Lost Certificates

If any certificate that immediately prior to the Effective Time represented outstanding MDA Common Shares that were exchanged pursuant to section 2.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, certificates representing Exchangeable Shares (and any dividends or distributions with respect thereto and any cash pursuant to section 4.3) deliverable in respect thereof as determined in accordance with section 2.1. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom certificates representing Exchangeable Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to MDA or the Corporation, as the case may be, in such sum as MDA or the Corporation may direct or otherwise indemnify MDA or the Corporation in a manner satisfactory to the Corporation and MDA against any claim that may be made against MDA or the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 Extinguishment of Rights

Any certificate that immediately prior to the Effective Time represented outstanding MDA Common Shares or outstanding shares of a Qualifying Holdco that were purchased pursuant to section 2.1 and not deposited, with all other instruments required by section 4.1, on or prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a shareholder of MDA, the relevant Qualifying Holdco or the Corporation. On such date, the Exchangeable Shares to which the former registered holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to the Corporation together with all entitlements to dividends, distributions and interests thereon held for such former registered holder for no consideration.

ARTICLE 5

CERTAIN RIGHTS OF ORBITAL TO ACQUIRE EXCHANGEABLE SHARES

5.1 Orbital Retraction Call Right

(a) Orbital shall have the overriding right (the "Retraction Call Right"), notwithstanding the proposed redemption of Retracted Shares by the Corporation on a Retraction Date, to purchase from the holder of the Retracted Shares on the

Retraction Date the Retracted Shares upon payment by Orbital to the holder of an amount per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the Retraction Date, which shall be satisfied in full in respect of the Retracted Shares by causing to be delivered to such holder such whole number of Orbital Common Shares as is equal to the product obtained by multiplying the number of Retracted Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 5.5), plus (b) the aggregate of all dividends declared and unpaid on such Retracted Share (collectively the "Retraction Call Purchase Price"). In the event of the exercise of the Retraction Call Right by Orbital, the holder of the Retracted Shares shall be obligated to sell to Orbital, and Orbital shall be obligated to purchase, the Retracted Shares on the Retraction Date upon payment by Orbital to such holder of the Retraction Call Purchase Price for each Retracted Share.

(b) In order to exercise the Retraction Call Right, Orbital must notify the Transfer Agent in writing of its determination to do so (the "Orbital Call Notice") prior to the expiry of the third Business Day after the receipt by the Transfer Agent of the Retraction Request. If Orbital does not so notify the Transfer Agent, the Transfer Agent will notify the holder as soon as possible thereafter that Orbital will not exercise the Retraction Call Right. If Orbital delivers the Orbital Call Notice before the end of such three Business Day period, the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to Orbital in accordance with the Retraction Call Right. In such event, the Corporation shall not redeem the Retracted Shares and Orbital shall purchase from such holder and such holder shall sell to Orbital on the Retraction Date the Retracted Shares for the Retraction Call Purchase Price for each Retracted Share.

(c) For the purposes of completing a purchase of the Retracted Shares pursuant to the Retraction Call Right, Orbital shall deposit with the Transfer Agent, on or before the Retraction Date, certificates representing the Orbital Common Shares to be delivered to the holder of the Retracted Shares in payment of the total Retraction Call Purchase Price for the Retracted Shares (or the portion thereof payable in Orbital Common Shares, as the case may be) and a cheque in the amount of the remaining portion, if any, of the total Retraction Call Purchase Price (or, if any part of the Retraction Call Purchase Price consists of dividends payable in property, such property or property that is the same as or economically equivalent to such property). Provided that such total Retraction Call Purchase Price has been so deposited with the Transfer Agent, the closing

of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as of the close of business on the Retraction Date and, for greater certainty, no redemption by the Corporation of such Retracted Shares shall take place on the Retraction Date. Orbital shall cause the Transfer Agent to deliver to the holder of the Retracted Shares, at the address of such holder recorded in the securities register of the Corporation for the Exchangeable Shares or at the address specified in the holder's Retraction Request or by holding for pick-up by the holder at the office of the Transfer Agent to which the Retraction Request was delivered, in payment of such total Retraction Call Purchase Price, certificates representing the Orbital Common Shares to be delivered in respect of such payment (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens) registered in the name of the holder or in such other name as the holder may request in payment of such and, if applicable, a cheque of Orbital payable at par and in Canadian dollars at any branch of the bankers of Orbital or the Corporation in Canada (or, if any part of the Retraction Call Purchase Price consists of dividends payable in property, such property or property that is the same as or economically equivalent to such property), and such delivery of such certificates and cheque (and property, if any) to the holder on behalf of Orbital by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the total Retraction Call Purchase Price to the extent that the same is represented by such share certificates and cheque (and property, if any), unless such cheque is not paid on due presentation. On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the Retraction Call Purchase Price, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the total Retraction Call Purchase Price shall not be made, in which case the rights of such holder shall remain unaffected until the total Retraction Call Purchase Price has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the total Retraction Call Purchase Price has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so purchased by Orbital shall thereafter be considered and deemed for all purposes to be a holder of the Orbital Common Shares delivered to such holder.

5.2 Orbital Liquidation Call Right

(a) Orbital shall have the overriding right (the "Liquidation Call Right"), in the event of and notwithstanding

the proposed liquidation, dissolution or winding-up of the Corporation, to purchase from all but not less than all of the holders (other than Orbital and its Affiliates) of Exchangeable Shares on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Orbital of an amount per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the Liquidation Date, which shall be satisfied in full in respect of all of the Exchangeable Shares held by such holder by Orbital causing to be delivered to such holder such whole number of Orbital Common Shares as is equal to the product obtained by multiplying the number of such Exchangeable Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 5.5), plus (b) the aggregate of all dividends declared and unpaid on such Exchangeable Share up to the Liquidation Date (collectively the "Liquidation Call Purchase Price"). In the event of the exercise of the Liquidation Call Right by Orbital, each holder shall be obligated to sell all the Exchangeable Shares held by the holder to Orbital on the Liquidation Date on payment by Orbital to the holder of the Liquidation Call Purchase Price for each such share.

(b) To exercise the Liquidation Call Right, Orbital must notify the Transfer Agent and the Corporation of Orbital's intention to exercise such right at least 30 days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding up of the Corporation and at least five Business Days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding up of the Corporation. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not Orbital has exercised the Liquidation Call Right forthwith after the expiry of the date by which the same may be exercised by Orbital. If Orbital exercises the Liquidation Call Right, on the Liquidation Date Orbital will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Liquidation Call Purchase Price.

(c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Liquidation Call Right, Orbital shall deposit with the Transfer Agent, on or before the Liquidation Date, certificates representing the aggregate number of Orbital Common Shares deliverable by Orbital (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens) in payment of the total Liquidation Call Purchase Price (or the portion thereof payable in Orbital Common Shares, as the case may be) and a cheque or cheques in the amount of the remaining portion, if any, of the total Liquidation Call Purchase Price (or, if any part of the

Liquidation Call Purchase Price consists of dividends payable in property, such property or property that is the same as or economically equivalent to such property). Provided that such total Liquidation Call Purchase Price has been so deposited with the Transfer Agent, on and after the Liquidation Date the rights of each holder of Exchangeable Shares will be limited to receiving such holder's proportionate part of the total Liquidation Call Purchase Price payable by Orbital upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Liquidation Date be considered and deemed for all purposes to be the holder of the Orbital Common Shares delivered to it. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the CBCA and the articles and by-laws of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Orbital shall deliver to such holder, certificates representing the Orbital Common Shares to which the holder is entitled and a cheque or cheques of Orbital payable at par and in Canadian dollars at any branch of the bankers of Orbital or of the Corporation in Canada in payment of the remaining portion, if any, of the total Liquidation Call Purchase Price (or, if any part of the Liquidation Call Purchase Price consists of dividends payable in property, such property or property that is the same as or economically equivalent to such property). If Orbital does not exercise the Liquidation Call Right in the manner described above, on the Liquidation Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the Liquidation Amount otherwise payable by the Corporation in connection with the liquidation, dissolution or winding-up of the Corporation pursuant to sections 4.1 to 4.3 of the Exchangeable Share Provisions.

5.3 Orbital Redemption Call Right

(a) Orbital shall have the overriding right (the "Redemption Call Right"), notwithstanding the proposed redemption of the Exchangeable Shares by the Corporation on the Automatic Redemption Date, to purchase from all but not less than all of the holders (other than Orbital or its Affiliates) of Exchangeable Shares on the Automatic Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Orbital to the holder of an amount per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the Automatic Redemption Date, which shall be satisfied in full in respect of all of the Exchangeable Shares held by such holder by causing to

be delivered to such holder such number of Orbital Common Shares as is equal to the product obtained by multiplying the number of such Exchangeable Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 5.5), plus (b) the aggregate of all dividends declared and unpaid on such Exchangeable Share (collectively the "Redemption Call Purchase Price"). In the event of the exercise of the Redemption Call Right by Orbital, each holder shall be obligated to sell to Orbital, and Orbital shall be obligated to purchase, all the Exchangeable Shares held by the holder on the Automatic Redemption Date on payment by Orbital to the holder of the Redemption Call Purchase Price for each such share.

(b) To exercise the Redemption Call Right, Orbital must notify the Transfer Agent, as agent for the holders of the Exchangeable Shares, and the Corporation of Orbital's intention to exercise such right at least 75 days before the Automatic Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not Orbital has exercised the Redemption Call Right forthwith after the date by which the same may be exercised by Orbital. If Orbital exercises the Redemption Call Right, on the Automatic Redemption Date Orbital will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Redemption Call Purchase Price.

(c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Redemption Call Right, Orbital shall deposit with the Transfer Agent, on or before the Automatic Redemption Date, certificates representing the aggregate number of Orbital Common Shares deliverable by Orbital (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens) in payment of the total Redemption Call Purchase Price (or the portion thereof payable in Orbital Common Shares, as the case may be) and a cheque or cheques in the amount of the remaining portion, if any, of the total Redemption Call Purchase Price (or, if part of the Redemption Call Purchase Price consists of dividends payable in property, such property or property the same as or economically equivalent to such property). Provided that such total Redemption Call Purchase Price has been so deposited with the Transfer Agent, on and after the Automatic Redemption Date the rights of each holder of Exchangeable Shares will be limited to receiving such holder's proportionate part of the total Redemption Call Purchase Price payable by Orbital upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Automatic Redemption Date be considered and deemed for all purposes to be the holder of the

Orbital Common Shares delivered to such holder. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the CBCA and the articles and by-laws of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Orbital shall deliver to such holder, certificates representing the Orbital Common Shares to which the holder is entitled and a cheque or cheques of Orbital payable at par and in Canadian dollars at any branch of the bankers of Orbital or of the Corporation in Canada in payment of the remaining portion, if any, of the total Redemption Call Purchase Price (or, if part of the Redemption Call Purchase Price consists of dividends payable in property, such property or property the same as or economically equivalent to such property). If Orbital does not exercise the Redemption Call Right in the manner described above, on the Automatic Redemption Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the redemption price otherwise payable by the Corporation in connection with the redemption of the Exchangeable Shares pursuant to sections 6.1 and 6.2 of the Exchangeable Share Provisions.

5.4 Consideration for Call Rights of Orbital

The Retraction Call Right, the Liquidation Call Right and the Redemption Call Right are granted to Orbital by the holders of Exchangeable Shares in consideration of the grant by Orbital of the Voting Rights, Automatic Exchange Rights and Exchange Right (as such terms are respectively defined in the Voting and Exchange Trust Agreement) to the Trustee (as defined in the Exchangeable Share Provisions) for the benefit of the holders of Exchangeable Shares.

5.5 Fractional Orbital Common Shares

No certificates or scrip representing fractional Orbital Common Shares shall be delivered to holders of Exchangeable Shares pursuant to the provisions hereof. In lieu of any such fractional security, each person entitled to a fractional interest in an Orbital Common Share will receive an amount of cash (rounded to the nearest whole cent), without interest, equal to the Canadian Dollar Equivalent as of the fourth Business Day prior to the relevant date of delivery of certificates representing Orbital Common Shares (the "Fractional Share Calculation Date") of the product of (i) such fraction, multiplied by (ii) the closing sale price of Orbital Common Shares as reported on NASDAQ on the Fractional Share Calculation

Date.

5.6 Economic Equivalence

The Board of Directors shall determine, in good faith and in its sole discretion (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the Board of Directors may require) economic equivalence for the purposes of any provision herein that requires such a determination and each such determination shall be conclusive and binding on Orbital and the holders of Exchangeable Shares, where applicable.

5.7 Capital Reorganization of Orbital

If at any time there is a capital reorganization of Orbital that is not provided for in subsection 1.1(o) or a consolidation, merger, arrangement or amalgamation (statutory or otherwise) of Orbital with or into another entity (any such event being called a "Capital Reorganization"), any holder of Exchangeable Shares whose Exchangeable Shares have not been exchanged for Orbital Common Shares in accordance with the provisions hereof prior to the record date for such Capital Reorganization shall be entitled to receive and shall accept, upon any such exchange occurring pursuant to the provisions hereof at any time after the record date for such Capital Reorganization, in lieu of the Orbital Common Shares that he would otherwise have been entitled to receive pursuant to the provisions hereof, the number of shares or other securities of Orbital or of the body corporate resulting, surviving or continuing from the Capital Reorganization, or other property, that such holder would have been entitled to receive as a result of such Capital Reorganization if, on the record date, he had been the registered holder of the number of Orbital Common Shares to which he was then entitled upon any exchange of his Exchangeable Shares into Orbital Common Shares in accordance with the provisions hereof, subject to adjustment thereafter in the same manner, as nearly as may be possible, as is provided for in subsection 1.1(o); provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that each holder of Exchangeable Shares shall thereafter be entitled to receive, upon any exchange of his Exchangeable Shares pursuant to the provisions hereof, such number of shares or other securities of Orbital or of the body corporate resulting, surviving or continuing from the Capital Reorganization, or other property.

5.8 Other Change in Orbital Common Shares

In the case of any reclassification of, or other change in, the outstanding Orbital Common Shares other than a Common

Share Reorganization or a Capital Reorganization, such changes shall be made in the rights attaching to the Exchangeable Shares, without any action on the part of the Corporation or the holders of the Exchangeable Shares to the extent permitted by applicable law, effective immediately following the record date for such reclassification or other change, to the extent necessary to ensure that holders of Exchangeable Shares shall be entitled to receive, upon the occurrence at any time after such record date of any event whereby they would receive Orbital Common Shares pursuant to the provisions hereof, such shares, securities or rights as they would have received if their Exchangeable Shares had been exchanged for Orbital Common Shares pursuant to the provisions hereof immediately prior to such record date, subject to adjustment thereafter in the same manner, as nearly as may be possible, as is provided for in subsection 1.1(o).

ARTICLE 6

AMENDMENT

6.1 Plan of Arrangement Amendment

(a) By instrument in writing the Corporation and MDA may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time provided that any such amendment, modification, or supplement must be (i) agreed to by Orbital, (ii) filed with the Court and, if made following the Meeting, approved by the Court and (iii) communicated to holders of MDA Common Shares and Options in the manner required by the Court (if so required).

(b) Notwithstanding subsection 6.1(a), by instrument in writing the Corporation and MDA may modify this Plan up to, but not after, the termination of the Meeting to add as Qualifying Holdcos any corporations that, in the sole judgment of the Corporation, meet the requirements of Section 2.1.2 of the Combination Agreement, such modification to be evidenced by adding the name of each such Qualifying Holdco to Appendix B hereto.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if (i) it is consented to by each of the Corporation, MDA and Orbital and (ii) it is consented to by the holders of the MDA Common Shares, the holders of the MDA 1988 Options and the holders of the shares of any Qualifying Holdcos, in each case to the extent so required by the Court.

APPENDIX A TO PLAN OF ARRANGEMENT

PROVISIONS ATTACHING TO THE EXCHANGEABLE SHARES

The Exchangeable Shares in the capital of the Corporation shall have the following rights, privileges, restrictions and conditions.

ARTICLE 1

INTERPRETATION

1.1 For the purposes of these share provisions:

(a) "Affiliate" of any person means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any person, means the possession by another person, directly or indirectly, of the power to direct or cause the direction of the management and policies of that first mentioned person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Automatic Redemption Date" means November , 2000, unless such date shall be accelerated at any time to a specified earlier date by the Board of Directors upon at least 75 days prior written notice to the registered holders of Exchangeable Shares, in which case the Automatic Redemption Date shall be such earlier date; provided, however, that the Board of Directors may so accelerate the Automatic Redemption Date only at such time as there are outstanding fewer than 400,000 Exchangeable Shares held by holders other than Orbital and its Affiliates.

(c) "Board of Directors" means the board of directors of the Corporation.

(d) "Business Day" means any day other than a Saturday, a Sunday or a day when banks are not open for business in one or both of the Commonwealth of Virginia and Vancouver, British Columbia.

(e) "Canadian Dollar Equivalent" means in respect of an amount expressed in a foreign currency (the "Foreign Currency Amount") at any date the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose.

(f) "Capital Reorganization" has the meaning ascribed thereto in section 9.2 of these share provisions.

(g) "CBCA" means the Canada Business Corporations Act, as amended from time to time.

(h) "Corporation" means MacDonald Dettwiler Holdings Inc. (formerly known as 3173623 Canada Inc.), a corporation incorporated under the CBCA.

(i) "Current Market Price" means, in respect of an Orbital Common Share on any date, the Canadian Dollar Equivalent of the closing sale price of Orbital Common Shares on such day (or, if no trades of Orbital Common Shares occurred on such day, on the last trading day prior thereto on which such trades occurred) reported on NASDAQ, or, if the Orbital Common Shares are not then quoted on NASDAQ, on such other stock exchange or automated quotation system on which the Orbital Common Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of Orbital Common Shares during such period does not create a market that reflects the fair market value of an Orbital Common Share, then the Current Market Price of an Orbital Common Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding.

(j) "Current Orbital Common Share Equivalent" means, on any date, the equivalent as at such date of one Orbital Common Share as at the Effective Date, expressed to four decimal places, determined by applying on a cumulative basis the following

adjustments, to the extent applicable by reason of any transactions occurring in respect of Orbital Common Shares between the Effective Date and such date, the Current Orbital Common Share Equivalent as at the Effective Date being 1.0000:

(i) if Orbital shall (A) subdivide, redivide or change its then outstanding Orbital Common Shares into a greater number of Orbital Common Shares, unless the Corporation is permitted under applicable law without a vote of its shareholders to make, and shall simultaneously make, the same or an economically equivalent change to the rights of the holders of Exchangeable Shares, (B) reduce, combine, consolidate or change its then outstanding Orbital Common Shares into a lesser number of Orbital Common Shares, unless the Corporation is permitted under applicable law without a vote of its shareholders to make, and shall simultaneously make, the same or an economically equivalent change to the rights of the holders of Exchangeable Shares, or (C) issue Orbital Common Shares (or securities exchangeable or convertible into Orbital Common Shares) to the holders of all or substantially all of its then outstanding Orbital Common Shares by way of stock dividend or other distribution (other than to holders of Orbital Common Shares who exercise an option to receive stock dividends in lieu of receiving cash dividends), unless the Corporation is permitted under applicable law without a vote of its shareholders to issue or distribute, and shall simultaneously issue and distribute, equivalent numbers of Orbital Common Shares or other securities (adjusted if necessary in accordance with the Current Orbital Common Share Equivalent), or the economic equivalent on a per share basis, to the holders of the Exchangeable Shares (any of such events being herein called an "Orbital Common Share Reorganization"), the Current Orbital Common Share Equivalent shall be adjusted effective immediately after the record date at which the holders of Orbital Common Shares are determined for the purpose of the Orbital Common Share Reorganization by multiplying the Current Orbital Common Share Equivalent in effect on such record date by the quotient obtained when:

(I) the number of
Orbital Common Shares outstanding after the

completion of such Orbital Common Share Reorganization (but before giving effect to the issue of any Orbital Common Shares issued after such record date otherwise than as part of such Orbital Common Share Reorganization) including, in the case where securities exchangeable or convertible into Orbital Common Shares are distributed, the number of Orbital Common Shares that would have been outstanding had such securities been exchanged for or converted into Orbital Common Shares on such record date,

is divided by

(II) the number of Orbital Common Shares outstanding on such record date before giving effect to the Orbital Common Share Reorganization;

(ii) if at any time Orbital shall fix a record date for the issuance of rights, options or warrants to the holders of all or substantially all of the Orbital Common Shares entitling them to subscribe for or to purchase Orbital Common Shares (or securities of Orbital convertible into Orbital Common Shares) at a price per Orbital Common Share (or having a conversion price per Orbital Common Share) of less than the Pre-Dilution Market Price on such record date, unless the Corporation is permitted under applicable law without a vote of its shareholders to issue, and shall simultaneously issue, equivalent numbers of such rights, options or warrants, adjusted if necessary in accordance with the Current Orbital Common Share Equivalent at such record date, or the economic equivalent thereof on a per share basis, to the holders of Exchangeable Shares (any such event being herein referred to as a "Rights Offering"), then the Current Orbital Common Share Equivalent then in effect shall be adjusted immediately after such record date by multiplying the Current Orbital Common Share Equivalent in effect on such record date by the quotient obtained when:

(A) the sum of the number of Orbital Common Shares outstanding on such record date and the number of additional Orbital Common Shares offered for subscription or purchase under the Rights

Offering (or the number of Orbital Common Shares into which the securities so offered are convertible)

is divided by

(B) the sum of the number of Orbital Common Shares outstanding on such record date and the number determined by dividing the aggregate price of the total number of additional Orbital Common Shares offered for subscription or purchase under the Rights Offering (or the aggregate conversion price of the convertible securities so offered) by the Pre-Dilution Market Price on such record date.

Any Orbital Common Share owned by or held for the account of Orbital shall be deemed not to be outstanding for the purpose of any such computation. If such rights, options or warrants are not so issued or if, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Current Orbital Common Share Equivalent shall be readjusted effective immediately after the date of expiry to the Current Orbital Common Share Equivalent which would have been in effect if such record date had not been fixed or to the Current Orbital Common Share Equivalent which would then be in effect on the date of expiry if the only rights, options or warrants issued had been those that were exercised, as the case may be;

(iii) if Orbital shall fix a record date for the making of a distribution (including a distribution by way of stock dividend) to the holders of all or substantially all its outstanding Orbital Common Shares of

(A) shares of Orbital of any class other than Orbital Common Shares (or shares convertible into Orbital Common Shares referred to in (i) (C) above),

(B) rights, options or warrants (excluding a Rights Offering),

(C) evidences of its indebtedness (excluding indebtedness

convertible into Orbital Common Shares referred to in (i) (C) above) or

(D) any other assets (other than any of the distributions referred to in (A), (B) or (C), dividends paid in the ordinary course or an Orbital Common Share Reorganization)

unless the Corporation is permitted under applicable law without a vote of its shareholders to distribute, and shall simultaneously distribute, the same number of shares, rights, options or warrants, evidences of indebtedness or other assets, as the case may be, adjusted if necessary in accordance with the Current Orbital Common Share Equivalent as at such record date, or the economic equivalent thereof on a per share basis, to the holders of Exchangeable Shares (any such event being herein referred to as a "Special Distribution") then, in each such case, the Current Orbital Common Share Equivalent shall be adjusted effective immediately after the record date at which the holders of Orbital Common Shares are determined for the purposes of the Special Distribution by multiplying the Current Orbital Common Share Equivalent in effect on such record date by the quotient obtained when:

(I) the product obtained when the number of Orbital Common Shares outstanding on the record date is multiplied by the Pre-Dilution Market Price on such date,

is divided by

(II) the difference obtained when the amount by which the aggregate fair market value (as determined by the Board of Directors, which determination shall be conclusive) of the shares, rights, options, warrants, evidences of indebtedness or assets, as the case may be, distributed in the Special Distribution exceeds the fair market value (as determined by the Board of Directors, which determination shall be conclusive) of the consideration, if any, received therefor by Orbital, is subtracted from the product obtained when the number of Orbital Common Shares outstanding on the

record date is multiplied by the Pre-Dilution Market Price on such date,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Current Orbital Common Share Equivalent in effect immediately before such record date. Any Orbital Common Share owned by or held for the account of Orbital shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Current Orbital Common Share Equivalent shall be readjusted effective immediately to the Current Orbital Common Share Equivalent which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed.

(k) "Effective Date" has the meaning ascribed thereto in the Plan of Arrangement.

(l) "Exchangeable Shares" mean the Exchangeable Non-Voting Shares of the Corporation having the rights, privileges, restrictions and conditions set forth herein.

(m) "Lien" has the meaning ascribed thereto in the Plan of Arrangement.

(n) "Liquidation Amount" has the meaning ascribed thereto in section 4.1 of these share provisions.

(o) "Liquidation Call Right" has the meaning ascribed thereto in section 5.2 of the Plan of Arrangement.

(p) "NASDAQ" means the NASDAQ National Market System;

(q) "Liquidation Date" has the meaning ascribed thereto in section 4.1 of these share provisions.

(r) "Orbital" means Orbital Sciences Corporation, a corporation organized and existing under the laws of the State of Delaware, and any successor corporation.

(s) "Orbital Call Notice" has the meaning ascribed thereto in subsection 5.1(b) of the Plan of Arrangement.

(t) "Orbital Common Share Reorganization" has the meaning ascribed thereto in subsection 1.1(j) of these

share provisions.

(u) "Orbital Common Shares" mean the shares of common stock of Orbital, with a par value of U.S.\$0.01 per share and having one vote per share, and any other securities into which such shares may be changed.

(v) "Orbital Dividend Declaration Date" means the date on which the Board of Directors of Orbital declares any dividend on the Orbital Common Shares.

(w) "Orbital Special Share" means the one share of Special Voting Preferred Stock of Orbital with a par value of U.S.\$0.01 and having voting rights at meetings of holders of Orbital Common Shares equal to the number of Exchangeable Shares outstanding from time to time (other than Exchangeable Shares held by Orbital and its Affiliates) to be issued to, and voted by, the Trustee pursuant to the Voting Trust and Exchange Agreement.

(x) "Plan of Arrangement" means the plan of arrangement relating to the arrangement of the Corporation under section 192 of the CBCA, to which plan these share provisions are attached.

(y) "Pre-Dilution Market Price" means, in respect of an Orbital Common Share on any date, the Canadian Dollar Equivalent of the average of the closing sale prices as reported on NASDAQ of such shares during a period of 20 consecutive trading days ending on the fourth trading day prior to such date, or, if the Orbital Common Shares are not then quoted on NASDAQ, on such other stock exchange or automated quotation system on which the Orbital Common Shares are listed or quoted as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of Orbital Common Shares during such period does not create a market that reflects the fair market value of an Orbital Common Share, then the Pre-Dilution Market Price of an Orbital Common Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

(z) "Redemption Call Right" has the meaning ascribed thereto in section 5.3 of the Plan of Arrangement.

(aa) "Redemption Price" has the meaning ascribed thereto in section 6.1 of these share provisions.

(bb) "Retracted Shares" has the meaning ascribed thereto in section 5.1 of these share provisions.

(cc) "Retraction Call Right" has the meaning ascribed thereto in section 5.1 of the Plan of Arrangement.

(dd) "Retraction Date" has the meaning ascribed thereto in section 5.2 of these share provisions.

(ee) "Retraction Price" has the meaning ascribed thereto in section 5.1 of these share provisions.

(ff) "Retraction Request" has the meaning ascribed thereto in section 5.1 of these share provisions.

(gg) "Rights Offering" has the meaning ascribed thereto in subsection 1.1(j) of these share provisions.

(hh) "Special Distribution" has the meaning ascribed thereto in subsection 1.1(j) of these share provisions.

(ii) "Support Agreement" means the Support Agreement between Orbital and the Corporation, made as of the Effective Date.

(jj) "Transfer Agent" means Montreal Trust Company of Canada or such other person as may from time to time be the registrar and transfer agent for the Exchangeable Shares.

(kk) "Trustee" means State Street Bank and Trust Company, and any successor trustee appointed under the Voting and Exchange Trust Agreement.

(ll) "Voting and Exchange Trust Agreement" means the Voting and Exchange Trust Agreement between the Corporation, Orbital and the Trustee, made as of the Effective Date.

1.2 All amounts required to be paid, deposited or delivered hereunder shall be paid, deposited or delivered after deduction of any amount required by applicable law to be deducted or withheld on account of tax and the deduction of such amounts and remittance to the applicable tax authorities shall, to the extent thereof, satisfy such requirement to pay, deposit or deliver hereunder.

ARTICLE 2

RANKING OF EXCHANGEABLE SHARES

2.1 The Exchangeable Shares shall rank senior to the Class B Preferred Shares and the Common Shares and any other shares ranking junior to the Exchangeable Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

ARTICLE 3

DIVIDENDS

3.1 A holder of an Exchangeable Share shall be entitled to receive and the Board of Directors shall, subject to applicable law, declare a dividend on each Exchangeable Share (a) in the case of a cash dividend declared on the Orbital Common Shares, in an amount in cash for each Exchangeable Share equal to the Canadian Dollar Equivalent on the Orbital Dividend Declaration Date of the cash dividend declared on such number of Orbital Common Shares as is equal to the Current Orbital Common Share Equivalent on the Orbital Dividend Declaration Date or (b) in the case of a stock dividend declared on the Orbital Common Shares to be paid in Orbital Common Shares, in such whole number of Exchangeable Shares for the Exchangeable Shares held by each holder as is equal to the number of Orbital Common Shares to be paid as a dividend per Orbital Common Shares (if such calculation results in a fraction of an Exchangeable Share, the holder shall receive in lieu of such fraction an amount in cash equal to the product obtained by multiplying the amount that would be payable in respect of an equal fraction of an Orbital Common Share as at the Orbital Dividend Declaration Date, calculated in accordance with section 9.4, by the Current Orbital Common Share Equivalent as at such date) or (c) in the case of a dividend declared on the Orbital Common Shares to be paid in property other than cash or Orbital Common Shares (including without limitation other securities of Orbital), in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent (as determined by the Board of Directors in accordance with section 9.1) to the type and amount of property to be paid as a dividend on such number of Orbital Common Shares as is equal to the Current Orbital Common Share Equivalent on the Orbital Dividend Declaration Date. Such dividends shall be paid out of money, assets or property of the Corporation properly applicable to the payment of dividends, or out of authorized but unissued Exchangeable Shares.

3.2 Cheques of the Corporation payable at par at any branch of the bankers of the Corporation shall be issued in respect of any cash dividends contemplated by subsection 3.1(a) hereof or in respect of any cash amount payable in lieu of a fractional Exchangeable Share in connection with any stock dividends contemplated by subsection 3.1(b) hereof and the sending of such a cheque to each holder of an Exchangeable Share shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation. Certificates registered in the name of the registered holder of Exchangeable Shares shall be issued or transferred in respect of any stock dividends contemplated by subsection 3.1(b) hereof and the sending of such a certificate to each holder of an Exchangeable Share shall satisfy the stock dividend represented thereby. Such other type and amount of property in respect of any dividends contemplated by subsection 3.1(c) hereof shall be issued, distributed or transferred by the Corporation in such manner as it shall determine and the issuance, distribution or transfer thereof by the Corporation to each holder of an Exchangeable Share shall satisfy the dividend represented thereby. No holder of an Exchangeable Share shall be entitled to recover by action or other legal process against the Corporation any dividend that is represented by a cheque that has not been duly presented to the Corporation's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend was payable.

3.3 The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on the Exchangeable Shares under section 3.1 hereof shall be the same dates as the record date and payment date, respectively, for the corresponding dividend declared on the Orbital Common Shares.

3.4 If on any payment date for any dividends declared on the Exchangeable Shares under section 3.1 hereof the dividends are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends that remain unpaid shall be paid on a subsequent date or dates determined by the Board of Directors on which the Corporation shall have sufficient moneys, assets or property properly applicable to the payment of such dividends.

3.5 So long as any of the Exchangeable Shares are outstanding, the Corporation shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in section 8.2 of these share provisions:

- (a) pay any dividends on the Class B Preferred Shares

or the Common Shares, or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in Common Shares or any such other shares ranking junior to the Exchangeable Shares, as the case may be;

(b) redeem or purchase or make any capital distribution in respect of Class B Preferred Shares or Common Shares or any other shares ranking junior to the Exchangeable Shares;

(c) redeem or purchase any other shares of the Corporation ranking equally with the Exchangeable Shares with respect to the payment of dividends or on any liquidation distribution;

(d) issue any Exchangeable Shares other than (i) by way of stock dividends to the holders of such Exchangeable Shares, (ii) otherwise pro rata to holders of Exchangeable Shares, (iii) as contemplated by the Support Agreement or (iv) pursuant to any agreements or rights in existence at the Effective Date; or

(e) issue any other shares of the Corporation ranking equally with or senior to the Exchangeable Shares;

provided that the restrictions in subsections 3.5(a), 3.5(b) and 3.5(c) shall not apply if all dividends on the outstanding Exchangeable Shares corresponding to dividends declared to date on the Orbital Common Shares shall have been declared on the Exchangeable Shares and paid in full.

ARTICLE 4

DISTRIBUTION ON LIQUIDATION

4.1 In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, a holder of Exchangeable Shares shall be entitled, subject to applicable law, to receive from the assets of the Corporation in respect of each Exchangeable Share held by such holder on the effective date (the "Liquidation Date") of such liquidation, dissolution or winding-up, before any distribution of any part of the assets of the Corporation among the holders of the Class B Preferred Shares, the Common Shares or any other shares ranking junior to the Exchangeable Shares, an amount per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the Liquidation Date, which shall be satisfied in

full in respect of all of the Exchangeable Shares held by such holder by the Corporation causing to be delivered to such holder such whole number of Orbital Common Shares as is equal to the product obtained by multiplying the number of such Exchangeable Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 9.4), plus (b) the aggregate of all declared and unpaid dividends on each such Exchangeable Share up to the Liquidation Date (collectively the "Liquidation Amount").

4.2 On or promptly after the Liquidation Date, and subject to the exercise by Orbital of the Liquidation Call Right, the Corporation shall cause to be delivered to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the CBCA and the by-laws of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of the Exchangeable Shares. Payment of the total Liquidation Amount for such Exchangeable Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation for the Exchangeable Shares or by holding for pick-up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares, on behalf of the Corporation of certificates representing the Orbital Common Shares to be delivered in payment thereof (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens) and a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of any fractional Orbital Common Share and all declared and unpaid dividends comprising part of the total Liquidation Amount (or, if any of such dividends were payable in property, such property or property that is the same as or economically equivalent to such property). On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive the total Liquidation Amount in respect of their Exchangeable Shares, unless payment of the total Liquidation Amount for such Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Liquidation Amount has been paid in the manner hereinbefore provided. The

Corporation shall have the right at any time on or after the Liquidation Date to deposit or cause to be deposited the total Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof in a custodial account with any chartered bank or trust company in Canada. Upon such deposit being made, the rights of the holders of Exchangeable Shares after such deposit shall be limited to receiving the total Liquidation Amount (without interest) for such Exchangeable Shares so deposited, against presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Liquidation Amount, the holders of the Exchangeable Shares shall thereafter be considered and deemed for all purposes to be the holders of the Orbital Common Shares delivered to them.

4.3 After the Corporation has satisfied its obligations to pay the holders of the Exchangeable Shares the Liquidation Amount per Exchangeable Share pursuant to section 4.1 of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

ARTICLE 5

RETRACTION OF EXCHANGEABLE SHARES BY HOLDER

5.1 A holder of Exchangeable Shares shall be entitled at any time, subject to the exercise by Orbital of the Retraction Call Right and otherwise upon compliance with the provisions of this Article 5, to require the Corporation to redeem any or all of the Exchangeable Shares registered in the name of such holder (the "Retracted Shares") for an amount for each Retracted Share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the Retraction Date, which shall be satisfied in full in respect of the Retracted Shares by the Corporation causing to be delivered to such holder such whole number of Orbital Common Shares as is equal to the product obtained by multiplying the number of Retracted Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 9.4), plus (b) the aggregate of all dividends declared and unpaid on each Retracted Share up to the Retraction Date (collectively the "Retraction Price", provided that if the record date for any such declared and unpaid dividend occurs on or after the Retraction Date the Retraction Price shall not include such declared and unpaid dividends). To effect such redemption, the holder shall present and surrender at any office of the Transfer Agent listed on Schedule A hereto the certificate or certificates representing the Exchangeable Shares which the holder desires to

have the Corporation redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the CBCA and the by-laws of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, and together with a duly executed statement (the "Retraction Request") in the form of Schedule A hereto or in such other form as may be acceptable to the Transfer Agent:

(a) specifying that the holder desires to have the Retracted Shares represented by such certificate or certificates redeemed by the Corporation; and

(b) acknowledging the Retraction Call Right of Orbital to purchase all but not less than all the Retracted Shares directly from the holder and that the Retraction Request shall be deemed to be an irrevocable offer by the holder to sell the Retracted Shares to Orbital in accordance with the Retraction Call Right.

5.2 Subject to the exercise by Orbital of the Retraction Call Right, upon receipt by the Transfer Agent in the manner specified in section 5.1 hereof of a certificate or certificates representing the number of Exchangeable Shares which the holder desires to have the Corporation redeem, together with such other documents and instruments as may be required pursuant to section 5.1 and a Retraction Request, the Corporation shall redeem the Retracted Shares effective at the close of business on the sixth Business Day after the Retraction Request is received (the "Retraction Date") and shall cause to be delivered to such holder the total Retraction Price with respect to such shares. If only a part of the Exchangeable Shares represented by any certificate are redeemed (or purchased by Orbital pursuant to the Retraction Call Right), a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of the Corporation.

5.3 Upon receipt by the Transfer Agent of a Retraction Request, the Transfer Agent shall forthwith notify Orbital thereof. In order to exercise the Retraction Call Right, Orbital must deliver an Orbital Call Notice to the Transfer Agent prior to the expiry of the third Business Day after the receipt by the Transfer Agent of the Retraction Request. If Orbital does not so notify the Transfer Agent, the Transfer Agent will notify the holder as soon as possible thereafter that Orbital will not exercise the Retraction Call Right. If Orbital delivers the Orbital Call Notice before the end of such three Business Day period, the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to Orbital in accordance with the Retraction Call Right. In such event, the Corporation shall not redeem the Retracted Shares and

Orbital shall purchase from such holder and such holder shall sell to Orbital on the Retraction Date the Retracted Shares pursuant to the Retraction Call Right.

5.4 If a Retraction Request is received by the Transfer Agent pursuant to section 5.1 and Orbital has not exercised the Retraction Call Right, the Corporation shall cause the Transfer Agent to deliver to the holder of the Retracted Shares, at the address of the holder recorded in the securities register of the Corporation for the Exchangeable Shares or at the address specified in the holder's Retraction Request or by holding for pick-up by the holder at the office of the Transfer Agent to which the Retraction Request was delivered, certificates representing the Orbital Common Shares to be delivered to the holder in payment of the total Retraction Price for the Retracted Shares (or the portion thereof payable in Orbital Common Shares, as the case may be) (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens) registered in the name of the holder or in such other name as the holder may request and a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in payment of the remaining portion, if any, of the total Retraction Price (or, if any part of the Retraction Price consists of dividends payable in property, such property or property that is the same as or economically equivalent to such property), and such delivery of such certificates and cheque (and property, if any) on behalf of the Corporation by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the total Retraction Price, to the extent that the same is represented by such share certificates and cheque (and property, if any), unless such cheque is not paid on due presentation.

5.5 On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive his proportionate part of the total Retraction Price, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the total Retraction Price shall not be made, in which case the rights of such holder shall remain unaffected until the total Retraction Price has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the total Retraction Price has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by the Corporation shall thereafter be considered and deemed for all purposes to be a holder of the Orbital Common Shares delivered to it.

5.6 Notwithstanding any other provision of this Article 5,

the Corporation shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law. If the Corporation believes that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, and provided that Orbital shall not have exercised the Retraction Call Right with respect to the Retracted Shares, the Corporation shall be obligated to redeem Retracted Shares specified by a holder in a Retraction Request only to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions on a pro rata basis and shall notify the holder at least two Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by the Corporation and the Corporation shall issue to each holder of Retracted Shares a new certificate, at the expense of the Corporation, representing the Retracted Shares not redeemed by the Corporation pursuant to section 5.2 hereof. The holder of any such Retracted Shares not redeemed by the Corporation pursuant to section 5.2 of these share provisions as a result of solvency requirements of applicable law shall be deemed by giving the Retraction Request to require Orbital to purchase such Retracted Shares from such holder pursuant to the Exchange Right (as defined in the Voting and Exchange Trust Agreement).

ARTICLE 6

REDEMPTION OF EXCHANGEABLE SHARES

6.1 Subject to applicable law and if Orbital does not exercise the Redemption Call Right, the Corporation shall on the Automatic Redemption Date redeem the whole of the then outstanding Exchangeable Shares for an amount per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the Automatic Redemption Date, which shall be satisfied in full in respect of all of the Exchangeable Shares held by each holder of Exchangeable Shares by the Corporation causing to be delivered to such holder such whole number of Orbital Common Shares as is equal to the product obtained by multiplying the number of such Exchangeable Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 9.4), plus (b) the aggregate of all declared and unpaid dividends thereon up to the Automatic Redemption Date (collectively the "Redemption Price").

6.2 On or after the Automatic Redemption Date and subject

to the exercise by Orbital of the Redemption Call Right, the Corporation shall cause to be delivered to the holders of the Exchangeable Shares the Redemption Price for each such Exchangeable Share upon presentation and surrender at any office of the Transfer Agent of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the CBCA and the by-laws of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require. Payment of the total Redemption Price for such Exchangeable Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation or by holding for pick up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation in such notice, on behalf of the Corporation of certificates representing the Orbital Common Shares to be delivered to the holder in payment of the Redemption Price (or the portion thereof payable in Orbital Common Shares, as the case may be) (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens) and a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of any fractional Orbital Common Share and all declared and unpaid dividends comprising part of the total Redemption Price (or, if any of such dividends are payable in property, such property). On and after the Automatic Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive the total Redemption Price for their Exchangeable Shares, unless payment of the total Redemption Price for such Exchangeable Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Redemption Price has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time to deposit or cause to be deposited the total Redemption Price of the Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice. Upon the later of such deposit being made and the Automatic Redemption Date, the Exchangeable Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Automatic Redemption Date, as the case may be, shall be limited to receiving the total Redemption Price for such Exchangeable Shares so deposited, against presentation and surrender of the said certificates held

by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Redemption Price, the holders of the Exchangeable Shares shall thereafter be considered and deemed for all purposes to be holders of the Orbital Common Shares delivered to them.

ARTICLE 7

VOTING RIGHTS

7.1 Except as required by applicable law and the provisions of sections 3.5, 8.1 and 10.2, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

ARTICLE 8

AMENDMENT AND APPROVAL

8.1 The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed but only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.

8.2 Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable law subject to a minimum requirement that such approval be evidenced by resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 50% of the outstanding Exchangeable Shares at that time are present or represented by proxy. If at any such meeting the holders of at least 50% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than 10 days thereafter and to such time and place as may be designated by the Chairman of such meeting. At such adjourned meeting the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

ARTICLE 9

ECONOMIC EQUIVALENCE; CHANGES RELATING TO ORBITAL

9.1 The Board of Directors shall determine, in good faith and in its sole discretion (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the Board of Directors may require) economic equivalence for the purposes of any provision herein that requires such a determination and each such determination shall be conclusive and binding on Orbital, where applicable.

9.2 If at any time there is a capital reorganization of Orbital that is not provided for in subsection 1.1(j) or a consolidation, merger, arrangement or amalgamation (statutory or otherwise) of Orbital with or into another entity (any such event being called a "Capital Reorganization"), any holder of Exchangeable Shares whose Exchangeable Shares have not been exchanged for Orbital Common Shares in accordance with the provisions hereof prior to the record date for such Capital Reorganization shall be entitled to receive and shall accept, upon any such exchange occurring pursuant to the provisions hereof at any time after the record date for such Capital Reorganization, in lieu of the Orbital Common Shares that he would otherwise have been entitled to receive pursuant to the provisions hereof, the number of shares or other securities of Orbital or of the body corporate resulting, surviving or continuing from the Capital Reorganization, or other property, that such holder would have been entitled to receive as a result of such Capital Reorganization if, on the record date, he had been the registered holder of the number of Orbital Common Shares to which he was then entitled upon any exchange of his Exchangeable Shares into Orbital Common Shares in accordance with the provisions hereof, subject to adjustment thereafter in the same manner, as nearly as may be possible, as is provided for in subsection 1.1(j); provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that each holder of Exchangeable Shares shall thereafter be entitled to receive, upon any exchange of his Exchangeable Shares pursuant to the provisions hereof, such number of shares or other securities of Orbital or of the body corporate resulting, surviving or continuing from the Capital Reorganization, or other property.

9.3 In the case of any reclassification of, or other change in, the outstanding Orbital Common Shares other than a Common Share Reorganization or a Capital Reorganization, such changes shall be made in the rights attaching to the Exchangeable Shares, without any action on the part of the Corporation or the holders

of the Exchangeable Shares to the extent permitted by applicable law, effective immediately following the record date for such reclassification or other change, to the extent necessary to ensure that holders of Exchangeable Shares shall be entitled to receive, upon the occurrence at any time after such record date of any event whereby they would receive Orbital Common Shares pursuant to the provisions hereof, such shares, securities or rights as they would have received if their Exchangeable Shares had been exchanged for Orbital Common Shares pursuant to the provisions hereof immediately prior to such record date, subject to adjustment thereafter in the same manner, as nearly as may be possible, as is provided for in subsection 1.1(j).

9.4 No certificates or scrip representing fractional Orbital Common Shares shall be delivered to holders of Exchangeable Shares pursuant to the provisions hereof. In lieu of any such fractional security, each person entitled to a fractional interest in an Orbital Common Share will receive an amount of cash (rounded to the nearest whole cent), without interest, equal to the Canadian Dollar Equivalent as of the fourth Business Day prior to the relevant date of delivery of certificates representing Orbital Common Shares (the "Fractional Share Calculation Date") of the product of (i) such fraction, multiplied by (ii) the closing sale price of Orbital Common Shares as reported on NASDAQ on the Fractional Share Calculation Date.

ARTICLE 10

ACTIONS BY THE CORPORATION UNDER SUPPORT AGREEMENT

10.1 The Corporation will take all such actions and do all such things as shall be necessary or advisable to perform and comply with and to ensure performance and compliance by Orbital with all provisions of the Support Agreement and the Voting and Exchange Trust Agreement applicable to the Corporation and Orbital, respectively, in accordance with the terms thereof including, without limitation, taking all such actions and doing all such things as shall be necessary or advisable to enforce to the fullest extent possible for the direct benefit of the Corporation and the holders of Exchangeable Shares all rights and benefits in favour of the Corporation under or pursuant to such agreements.

10.2 The Corporation shall not propose, agree to or otherwise give effect to any amendment to, or waiver or forgiveness of its rights or obligations under, the Support Agreement and the Voting and Exchange Trust Agreement without the approval of the holders of the Exchangeable Shares given in accordance with section 8.2 of these share provisions other than

such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:

(a) adding to the covenants of the other party or parties to such agreement for the protection of the Corporation or the holders of Exchangeable Shares; or

(b) making such provisions or modifications not inconsistent with such agreements as may be necessary or desirable with respect to matters or questions arising thereunder which, in the opinion of the Board of Directors, it may be expedient to make, provided that the Board of Directors shall be of the opinion, after consultation with counsel, that such provisions and modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or

(c) making such changes in or corrections to such agreements which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein, provided that the Board of Directors shall be of the opinion, after consultation with counsel, that such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

ARTICLE 11

LEGEND

11.1 The certificates evidencing the Exchangeable Shares shall contain or have affixed thereto a legend, in form and on terms approved by the Board of Directors, with respect to the Support Agreement, the provisions of the Plan of Arrangement relating to the Retraction Call Right, the Liquidation Call Right and the Redemption Call Right, and the Voting and Exchange Trust Agreement (including the provisions with respect to the voting rights, exchange right and automatic exchange thereunder).

ARTICLE 12

NOTICES

12.1 Any notice, request or other communication to be given to the Corporation by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by telecopy or by delivery to the registered

office of the Corporation and addressed to the attention of the President. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by the Corporation.

12.2 Any presentation and surrender by a holder of Exchangeable Shares to the Corporation or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding up of the Corporation or the retraction or redemption of Exchangeable Shares shall be made by registered mail (postage prepaid) or by delivery to the registered office of the Corporation or to such office of the Transfer Agent as may be specified by the Corporation, in each case addressed to the attention of the President of the Corporation. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by the Corporation or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail shall be at the sole risk of the holder mailing the same.

12.3 Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of the Corporation shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by delivery to the address of the holder recorded in the securities register of the Corporation or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by the Corporation pursuant thereto.

PROVISIONS ATTACHING TO THE CLASS B PREFERRED SHARES

The Class B Preferred Shares in the capital of the Corporation shall have attached thereto the following rights, privileges, restrictions and conditions:

Dividends

Subject to the prior rights of the holders of the Exchangeable Shares and any other shares ranking senior to the Class B Preferred Shares with respect to priority in the payment

of dividends, the holders of Class B Preferred Shares shall be entitled to receive dividends and the Corporation shall pay dividends thereon, as and when declared by the Board of Directors, in the amount of \$0.10 per share per annum payable quarterly on March 31, June 30, September 30 and December 31 in each year (each a "Dividend Payment Date") in arrears. Such dividends shall be cumulative dividends and shall accrue from the date of issue, or from the most recent Dividend Payment Date on which dividends were paid, to and including the date to which the computation of dividends is to be made. A cheque for the amount of the dividend less any required deduction shall be mailed by first class mail to the addresses of the registered holders thereof.

Redemption by the Corporation

The Corporation may, upon giving notice as hereinafter provided, redeem at any time the whole, but not a part only, of the then outstanding Class B Preferred Shares on payment for each share to be redeemed of a sum of \$1.00 together with all accrued unpaid preferential cumulative cash dividends thereon whether or not declared (the "Redemption Amount").

In the case of redemption of Class B Preferred Shares under the provisions of the foregoing paragraph hereof, the Corporation shall at least 20 days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Class B Preferred Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Class B Preferred Shares. Such notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at his address as it appears on the records of the Corporation; provided, however, that accidental failure to give any such notice to one or more of such shareholders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount and the date on which redemption is to take place. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class B Preferred Shares to be redeemed the Redemption Amount thereof on presentation and surrender of the certificates representing the Class B Preferred Shares called for redemption at the registered office of the Corporation, or any other place or places designated in the notice of redemption. On and after the date specified for redemption in any such notice the Class B Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Amount shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the shareholders shall remain

unaffected.

The Corporation shall have the right at any time after the mailing of notice of its intention to redeem any Class B Preferred Shares as aforesaid to deposit the Redemption Amount for the shares so called for redemption or for such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in a specified chartered bank in Canada, named in such notice of redemption, to be paid without interest to or to the order of the respective holders of such Class B Preferred Shares called for redemption upon presentation and surrender to such bank of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class B Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation. Redemption moneys that are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation.

Redemption at the Option of the Holders of the Class B Preferred Shares

Every registered holder of Class B Preferred Shares may, at his option and in the manner hereinafter provided, require the Corporation to redeem at any time after the fifth anniversary of the Effective Date all, but not part only, of the Class B Preferred Shares held by such holder upon payment for each share to be redeemed of the Redemption Amount.

In the case of the redemption of Class B Preferred Shares under the provisions of this paragraph, the holder thereof shall surrender the certificate or certificates representing such Class B Preferred Shares at the registered office of the Corporation accompanied by a notice in writing (hereinafter called a "redemption notice") signed by such holder requiring the Corporation to redeem all, but not part only, of the Class B Preferred Shares represented thereby. As soon as is practicable following receipt of a redemption notice, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Class B Preferred Shares to be redeemed the Redemption Amount thereof.

Dissolution

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of the Exchangeable Shares and any other shares ranking senior to the Class B Preferred Shares with respect to priority in the distribution of assets upon dissolution, liquidation or winding-up, the holders of the Class B Preferred Shares shall be entitled to receive an amount equal to the Redemption Amount in respect of the Class B Preferred Shares and any cumulative dividends remaining unpaid, whether or not declared. After payment to the holders of the Class B Preferred Shares of such amounts, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

Voting Rights

Except where specifically provided by the Canada Business Corporations Act, the holders of the Class B Preferred Shares shall not be entitled to receive notice of or to attend meetings of the shareholders of the Corporation and shall not be entitled to vote at any meeting of shareholders of the Corporation.

PROVISIONS ATTACHING TO THE COMMON SHARES OF THE CORPORATION

The common shares in the capital of the Corporation shall have attached thereto the following rights, privileges, restrictions and conditions:

Dividends

Subject to the prior rights of the holders of the Exchangeable Shares, the Class B Preferred Shares and any other shares ranking senior to the common shares with respect to priority in the payment of dividends, the holders of common shares shall be entitled to receive dividends and the Corporation shall pay dividends thereon, as and when declared by the Board of Directors out of moneys properly applicable to the payment of dividends, in such amount and in such form as the Board of Directors may from time to time determine and all dividends which the Board of Directors may declare on the common shares shall be declared and paid in equal amounts per share on all common shares at the time outstanding.

Dissolution

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of the Exchangeable Shares, the Class B Preferred Shares and any other shares ranking senior to the common shares with respect to priority in the distribution of assets upon dissolution, liquidation or winding-up, the holders of the common shares shall be entitled to receive the remaining property and assets of the Corporation.

Voting Rights

The holders of the common shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall have one vote for each common share held at all meetings of the shareholders of the Corporation, except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

SCHEDULE A

NOTICE OF RETRACTION

To MacDonald Dettwiler Holdings Inc. (the "Corporation") and Orbital Sciences Corporation ("Orbital")

This notice is given pursuant to Article 5 of the provisions (the "Share Provisions") attaching to the share(s) represented by this certificate and all capitalized words and expressions used in this notice that are defined in the Share Provisions have the meanings ascribed to such words and expressions in such Share Provisions.

The undersigned hereby notifies the Corporation that, subject to the Retraction Call Right referred to below, the undersigned desires to have the Corporation redeem in accordance with Article 5 of the Share Provisions:

all share(s) represented by this certificate; or

_____ share(s) only.

The undersigned acknowledges the Retraction Call Right

of Orbital to purchase all but not less than all the Retracted Shares from the undersigned and that this notice shall be deemed to be an irrevocable offer (subject as hereinafter provided) by the undersigned to sell the Retracted Shares to Orbital in accordance with the Retraction Call Right on the Retraction Date for the Retraction Call Purchase Price and on the other terms and conditions set out in section 5.1 of the Plan of Arrangement. If Orbital determines not to exercise the Retraction Call Right, the Corporation will notify the undersigned of such fact as soon as possible.

The undersigned acknowledges that if, as a result of solvency provisions of applicable law or otherwise, the Corporation fails to redeem all Retracted Shares, the undersigned will be deemed to have exercised the Exchange Right (as defined in the Voting and Exchange Trust Agreement) so as to require Orbital to purchase the unredeemed Retracted Shares.

The undersigned hereby represents and warrants to the Corporation and Orbital:

(i) that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by the Corporation or Orbital, as the case may be, free and clear of all Liens; AND

(ii) either

the undersigned is a resident of Canada for purposes of the Income Tax Act (Canada); OR

the undersigned is not a resident of Canada for purposes of the Income Tax Act (Canada).

The undersigned hereby acknowledges that, if the undersigned is not a resident of Canada, and has not submitted with this notice a certificate issued by Revenue Canada under section 116 of the Income Tax Act (Canada) in respect of the Retracted Shares, the amount of any securities or cash resulting from the retraction or the purchase of the Retracted Shares will be reduced by the amount of withholdings required under the Income Tax Act (Canada).

(Date)

(Signature of Share
holder)

(Guarantee of Signat
ure)

Please check box if the securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder at the principal transfer office of Montreal Trust Company of Canada (the "Transfer Agent") at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 failing which the securities and any cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

NOTE: This panel must be completed and this certificate, together with such additional documents as the Transfer Agent may require, must be deposited with the Transfer Agent at its principal transfer office in Vancouver. The securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of the Corporation and the securities and cheque(s) resulting from such retraction or purchase will be delivered to such shareholder as indicated above, unless the form appearing immediately below is duly completed.

Name of Person in Whose Name Securities
or
Cheque(s) Are To Be Registered, Issued
or
Delivered (please print)

Date

Street Address or P.O. Box

Signature of
Shareholder

City-Province

Signature Guaranteed
by

NOTE: If the notice of retraction is for less than all of the

share(s) represented by this certificate, a certificate representing the remaining shares of the Corporation will be issued and registered in the name of the shareholder as it appears on the register of the Corporation, unless the Share Transfer Power on the share certificate is duly completed in respect of such shares.

EXHIBIT 2.2

VOTING AND EXCHANGE TRUST AGREEMENT

MEMORANDUM OF AGREEMENT made as of the day of
, 1995.

B E T W E E N:

ORBITAL SCIENCES CORPORATION,
a corporation existing under
the laws of the State of
Delaware,

(hereinafter referred to as "Orbital"),

- and -

MacDONALD DETTWILER HOLDINGS INC.,
(formerly known as 3173623 Canada Inc.)
a corporation existing under
the laws of Canada,

(hereinafter referred to as "Corporation"),

- and -

STATE STREET BANK AND TRUST COMPANY,
a ! existing under the laws
of the United States,

(hereinafter referred to as "Trustee").

WHEREAS pursuant to a combination agreement dated as of August 31, 1995 (the "Combination Agreement"), by and between Orbital, the Corporation and MacDonald, Dettwiler and Associates Ltd. ("MDA"), the parties agreed that on the Effective Date (as defined in the Combination Agreement), Orbital and the Corporation would execute and deliver a Voting and Exchange Trust

Agreement containing the terms and conditions set forth in Exhibit 2.2 to the Combination Agreement together with such other terms and conditions as may be agreed to by the parties to the Combination Agreement acting reasonably;

AND WHEREAS pursuant to an arrangement (the "Arrangement") effected by articles of arrangement dated , 1995 filed pursuant to the Canada Business Corporations Act, each issued and outstanding common share of MDA (an "MDA Common Share") was exchanged directly or indirectly for 0.# of an issued and outstanding Exchangeable Non-Voting Share of the Corporation (the "Exchangeable Shares");

AND WHEREAS the aforesaid articles of arrangement set forth the rights, privileges, restrictions and conditions (collectively the "Exchangeable Share Provisions") attaching to the Exchangeable Shares;

AND WHEREAS Orbital is to provide voting rights in Orbital to each holder (other than Orbital and its Affiliates) from time to time of Exchangeable Shares, such voting rights per Exchangeable Share to be equivalent to the voting rights per share of the common stock, par value U.S. \$.01 per share, of Orbital (the "Orbital Common Shares");

AND WHEREAS Orbital is to grant to and in favour of the holders (other than Orbital and its Affiliates) from time to time of Exchangeable Shares the right, in the circumstances set forth herein, to require Orbital to purchase from each such holder all or any part of the Exchangeable Shares held by the holder;

AND WHEREAS the parties desire to make appropriate provision and to establish a procedure whereby voting rights in Orbital shall be exercisable by holders (other than Orbital and its Affiliates) from time to time of Exchangeable Shares by and through the Trustee, which will hold legal title to one share of Orbital Special Voting Preferred Stock, U.S. \$.01 par value (the "Orbital Special Voting Stock"), to which voting rights attach for the benefit of such holders and whereby the rights to require Orbital to purchase Exchangeable Shares from the holders thereof shall be exercisable by such holders from time to time of Exchangeable Shares by and through the Trustee, which will hold legal title to such rights for the benefit of such holders;

AND WHEREAS these recitals and any statements of fact in this Agreement are made by Orbital and the Corporation and not by the Trustee;

NOW THEREFORE in consideration of the respective covenants and agreements provided in this Agreement and for other good and valuable consideration (the receipt and sufficiency of

which are hereby acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement, the following terms shall have the following meanings:

"Affiliate" of any person means any other person directly or indirectly controlling, controlled by, or under common control of, that person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control of"), as applied to any person, means the possession by another person, directly or indirectly, of the power to direct or cause the direction of the management and policies of that first mentioned person, whether through the ownership of voting securities, by contract or otherwise.

"Arrangement" has the meaning ascribed thereto in the recitals hereto.

"Automatic Exchange Rights" means the benefit of the obligation of Orbital to effect the automatic exchange of shares of Orbital Common Shares for Exchangeable Shares pursuant to subsection 5.12(c) hereof.

"Board of Directors" means the Board of Directors of the Corporation.

"Business Day" means a day other than a Saturday, a Sunday or a day when banks are not open for business in one or both of Vancouver, British Columbia and the Commonwealth of Virginia.

"Call Rights" means collectively the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right.

"Canadian Dollar Equivalent" means in respect of an amount expressed in a foreign currency (the "Foreign Currency Amount") at any date the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose.

"CBCA" means the Canada Business Corporations Act, as amended;

"Current Market Price" means, in respect of Orbital Common Shares on any date, the Canadian Dollar Equivalent of the closing sale price of Orbital Common Shares on such date (or, if no trades of any Orbital Common Shares occurred on such date, on the last trading day prior thereto on which such trades occurred) reported on the NASDAQ National Market System, or, if the Orbital Common Shares are not then quoted on the NASDAQ National Market System, on such other stock exchange or automated quotation system on which the Orbital Common Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of Orbital Common Shares during such period does not create a market that reflects the fair market value of Orbital Common Shares, then the Current Market Price of Orbital Common Shares shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding.

"Current Orbital Common Share Equivalent" has the meaning ascribed thereto in the Exchangeable Share Provisions.

"Default Event" means any failure, other than by reason of an Insolvency Event, of the Corporation to perform any of its obligations pursuant to the Exchangeable Share Provisions, including without limitation its obligation to redeem any Retracted Shares.

"Exchange Right" has the meaning ascribed thereto in section 5.1 hereof.

"Exchangeable Share Provisions" has the meaning ascribed thereto in the recitals hereto.

"Exchangeable Shares" has the meaning ascribed thereto in the recitals hereto.

"Holder Votes" has the meaning ascribed thereto in section 4.2 hereof.

"Holders" means the registered holders from time to time of Exchangeable Shares, other than Orbital and its Affiliates.

"Insolvency Event" means the institution by the Corporation of any proceeding to be adjudicated a bankrupt or

insolvent or to be dissolved or wound up, or the consent of the Corporation to the institution of bankruptcy, insolvency, dissolution or winding up proceedings against it, or the filing of a petition, answer or consent seeking dissolution or winding up under any bankruptcy, insolvency or analogous laws, including without limitation the Companies Creditors' Arrangement Act (Canada) and the Bankruptcy and Insolvency Act (Canada), and the failure by the Corporation to contest in good faith any such proceedings commenced in respect of the Corporation within 15 days of becoming aware thereof, or the consent by the Corporation to the filing of any such petition or to the appointment of a receiver, or the making by the Corporation of a general assignment for the benefit of creditors, or the admission in writing by the Corporation of its inability to pay its debts generally as they become due, or the Corporation not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to section 5.6 of the Exchangeable Share Provisions.

"Lien" has the meaning ascribed thereto in the Plan of Arrangement.

"Liquidation Call Right" has the meaning ascribed thereto in the Plan of Arrangement.

"Liquidation Event" has the meaning ascribed thereto in subsection 5.12(a) hereof.

"Liquidation Event Effective Date" has the meaning ascribed thereto in subsection 5.12(c) hereof.

"List" has the meaning ascribed thereto in section 4.6 hereof.

"Officer's Certificate" means, with respect to Orbital or the Corporation, as the case may be, a certificate signed by any one of the Chairman of the Board, the President, any Vice-President or any other senior officer of Orbital or the Corporation, as the case may be.

"Orbital Common Shares" has the meaning ascribed thereto in the recitals hereto.

"Orbital Consent" has the meaning ascribed thereto in section 4.2 hereof.

"Orbital Meeting" has the meaning ascribed thereto in section 4.2 hereof.

"Orbital Special Voting Stock" has the meaning ascribed thereto in the recitals hereto.

"Orbital Successor" has the meaning ascribed thereto in subsection 10.1(a) hereof.

"Person" includes an individual, partnership, corporation, company, unincorporated syndicate or organization, trust, trustee, executor, administrator and other legal representative.

"Plan of Arrangement" means the plan of arrangement of the Corporation providing for the Arrangement.

"Redemption Call Right" has the meaning ascribed thereto in the Plan of Arrangement.

"Retracted Shares" has the meaning ascribed thereto in section 5.7 hereof.

"Retraction Call Right" has the meaning ascribed thereto in the Plan of Arrangement.

"Support Agreement" means that certain support agreement made as of even date herewith between the Corporation and Orbital.

"Trust" means the trust created by this Agreement.

"Trust Estate" means the Voting Share, any other securities, the Exchange Right, the Automatic Exchange Rights and any money or other property that may be held by the Trustee from time to time pursuant to this Agreement.

"Voting Rights" means the voting rights attached to the Voting Share.

"Voting Share" means the one share of Orbital Special Voting Stock, issued by Orbital to and deposited with the Trustee, which entitles the holder of record to a number of votes at meetings of holders of Orbital Common Shares equal to the number of Exchangeable Shares outstanding from time to time, other than Exchangeable Shares held by Orbital and its Affiliates, multiplied by the Current Orbital Common Share Equivalent at the relevant time.

1.2 Interpretation not Affected by Headings, etc. The division of this Agreement into articles, sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Number, Gender, etc. Words importing the singular

number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

1.4 Date for any Action. If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

1.5 Withholding of Tax. All amounts required to be paid, deposited or delivered hereunder shall be paid, deposited or delivered after deduction of any amount required by applicable law to be deducted or withheld on account of tax and the deduction of such amounts and remittance to the applicable tax authorities shall, to the extent thereof, satisfy such requirement to pay, deposit or deliver hereunder.

ARTICLE 2

PURPOSE OF AGREEMENT

2.1 Establishment of Trust. The purpose of this Agreement is to create the Trust for the benefit of the Holders, as herein provided. The Trustee will hold the Voting Share in order to enable the Trustee to exercise the Voting Rights and will hold the Exchange Right and the Automatic Exchange Rights in order to enable the Trustee to exercise such rights, in each case as trustee for and on behalf of the Holders as provided in this Agreement.

ARTICLE 3

VOTING SHARE

3.1 Issue and Ownership of the Voting Share. In consideration of the granting of the Call Rights to Orbital, Orbital hereby issues to and deposits with the Trustee the Voting Share to be hereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the Holders and in accordance with the provisions of this Agreement. Orbital hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Holders of good and valuable consideration (and the adequacy thereof) for the issuance of the Voting Share by Orbital to the Trustee. During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Voting Share and shall be entitled to exercise all of the rights and powers of an owner with respect to the Voting Share, provided that the Trustee shall:

(a) hold the Voting Share and the legal title thereto as trustee solely for the use and benefit of the Holders in accordance with the provisions of this Agreement; and

(b) except as specifically authorized by this Agreement, have no power or authority to sell, transfer, vote or otherwise deal in or with the Voting Share and the Voting Share shall not be used or disposed of by the Trustee for any purpose other than the purposes for which this Trust is created pursuant to this Agreement.

3.2 Legended Share Certificates. The Corporation shall cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Holders of their right to instruct the Trustee with respect to the exercise of the Voting Rights with respect to the Exchangeable Shares held by Holders.

3.3 Safe Keeping of Certificate. The certificate representing the Voting Share shall at all times be held in safe keeping by the Trustee.

ARTICLE 4

VOTING RIGHTS

4.1 Voting Rights. The Trustee, as the holder of record of the Voting Share, shall be entitled to all of the Voting Rights, including the right to consent to or to vote in person or by proxy the Voting Share, on any matter, question or proposition whatsoever that may properly come before the stockholders of Orbital for their vote at an Orbital Meeting or in connection with an Orbital Consent. The Voting Rights shall be and remain vested in and exercised by the Trustee. Subject to section 6.15 hereof, the Trustee shall exercise the Voting Rights only on the basis of instructions received pursuant to this Article 4 from Holders entitled to instruct the Trustee as to the voting thereof at the time at which an Orbital Consent is sought or an Orbital Meeting is held. To the extent that no instructions are received from a Holder with respect to the Voting Rights to which such Holder is entitled, the Trustee shall not exercise or permit the exercise of such Holder's Voting Rights.

4.2 Number of Votes. With respect to all meetings of stockholders of Orbital at which holders of Orbital Common Shares are entitled to vote (an "Orbital Meeting") and with respect to all written consents sought from the holders of Orbital Common Shares (an "Orbital Consent"), each Holder shall be entitled to instruct the Trustee to cast and exercise, in the manner

instructed, such number of votes comprised in the Voting Rights as is equal to the Current Orbital Common Share Equivalent on the record date established by Orbital or by applicable law for such Orbital Meeting or Orbital Consent, as the case may be, for each Exchangeable Share owned of record by such Holder on such record date (the "Holder Votes") in respect of each matter, question or proposition to be voted on at such Orbital Meeting or to be consented to in connection with such Orbital Consent.

4.3 Mailings to Shareholders. With respect to each Orbital Meeting and Orbital Consent, the Trustee shall mail or cause to be mailed (or otherwise communicate in the same manner as Orbital utilizes in communications to holders of Orbital Common Shares) to each of the Holders named in the List on the same day as the initial mailing of notice (or other communication) with respect thereto is given by Orbital or any third party to its stockholders:

(a) a copy of such notice, together with any proxy or information statement and related materials to be provided to stockholders of Orbital;

(b) a statement that such Holder is entitled to instruct the Trustee as to the exercise of the Holder Votes with respect to such Orbital Meeting or Orbital Consent, as the case may be, or, pursuant to section 4.7 hereof, to attend such Orbital Meeting and to exercise personally the Holder Votes thereat;

(c) a statement as to the manner in which such instructions may be given to the Trustee, including an express indication that instructions may be given to the Trustee to give:

(d) a proxy to such Holder or his designee to exercise personally the Holder Votes; or

(i) a proxy to a designated agent or other representative of the management of Orbital to exercise such Holder Votes;

(e) a statement that if no such instructions are received from the Holder, the Holder Votes to which such Holder is entitled will not be exercised;

(f) a form of direction whereby the Holder may so direct and instruct the Trustee as

contemplated herein; and

(g) a statement of (i) the time and date by which such instructions must be received by the Trustee in order to be binding upon it, which in the case of a Orbital Meeting shall not be earlier than the close of business on the second Business Day prior to such meeting, and (ii) the method for revoking or amending such instructions.

For the purpose of determining Holder Votes to which a Holder is entitled in respect of any such Orbital Meeting or Orbital Consent, the number of Exchangeable Shares owned of record by the Holder shall be determined at the close of business on the record date established by Orbital or by applicable law for purposes of determining stockholders entitled to vote at such Orbital Meeting or to give written consent in connection with such Orbital Consent. Orbital shall notify the Trustee of any decision of the board of directors of Orbital with respect to the calling of any such Orbital Meeting or the seeking by Orbital of any such Orbital Consent and shall provide all necessary information and materials to the Trustee in each case promptly and in any event in sufficient time to enable the Trustee to perform its obligations contemplated by this section 4.3.

4.4 Copies of Stockholder Information. Orbital shall deliver to the Trustee copies of all proxy materials, (including notices of Orbital Meetings but excluding proxies to vote Orbital Common Shares), information statements, reports (including without limitation all interim and annual financial statements) and other written communications that are to be distributed by Orbital from time to time to holders of Orbital Common Shares in sufficient quantities and in sufficient time so as to enable the Trustee to send those materials to each Holder at the same time as such materials are first sent to holders of Orbital Common Shares. The Trustee shall mail or otherwise send to each Holder, at the expense of Orbital, copies of all such materials (and all materials specifically directed to the Holders or to the Trustee for the benefit of the Holders by Orbital) received by the Trustee from Orbital at the same time as such materials are first sent to holders of Orbital Common Shares. The Trustee shall make copies of all such materials available for inspection by any Holder at the Trustee's principal office.

4.5 Other Materials. Immediately after receipt by Orbital or any stockholder of Orbital of any material sent or given generally to the holders of Orbital Common Shares by or on behalf of a third party, including without limitation dissident proxy and information circulars (and related information and material) and tender and exchange offer circulars (and related information and material), Orbital shall use all commercially reasonable

efforts to obtain and deliver to the Trustee copies thereof in sufficient quantities so as to enable the Trustee to forward such material (unless the same has been provided directly to Holders by such third party) to each Holder as soon as possible thereafter. As soon as practicable after receipt thereof, the Trustee shall mail or otherwise send to each Holder, at the expense of Orbital, copies of all such materials received by the Trustee from Orbital. The Trustee shall also make copies of all such materials available for inspection by any Holder at the Trustee's principal office.

4.6 List of Persons Entitled to Vote. The Corporation shall, (a) prior to each annual, general and special Orbital Meeting or the seeking of any Orbital Consent and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a "List") of the names and addresses of the Holders arranged in alphabetical order and showing the number of Exchangeable Shares held of record by each such Holder, in each case at the close of business on the date specified by the Trustee in such request or, in the case of a List prepared in connection with an Orbital Meeting or an Orbital Consent, at the close of business on the record date established by Orbital or pursuant to applicable law for determining the holders of Orbital Common Shares entitled to receive notice of and/or to vote at such Orbital Meeting or to give consent in connection with such Orbital Consent. Each such List shall be delivered to the Trustee promptly after receipt by the Corporation of such request or the record date for such meeting or seeking of consent, as the case may be, and in any event within sufficient time as to enable the Trustee to perform its obligations under this Agreement. Orbital agrees to give the Corporation notice (with a copy to the Trustee) of the calling of any Orbital Meeting or the seeking of any Orbital Consent, together with the record dates therefor, sufficiently prior to the date of the calling of such meeting or seeking of such consent so as to enable the Corporation to perform its obligations under this section 4.6.

4.7 Entitlement to Direct Votes. Any Holder named in a List prepared in connection with any Orbital Meeting or any Orbital Consent shall be entitled (a) to instruct the Trustee in the manner described in section 4.3 hereof with respect to the exercise of the Holder Votes to which such Holder is entitled or (b) to attend such meeting and personally to exercise thereat (or to exercise with respect to any written consent), as the proxy of the Trustee, the Holder Votes to which such Holder is entitled.

4.8 Voting by Trustee, and Attendance of Trustee Representative, at Meeting.

(a) In connection with each Orbital Meeting

and Orbital Consent, the Trustee shall exercise, either in person or by proxy, in accordance with the instructions received from a Holder pursuant to section 4.3 hereof, the Holder Votes as to which such Holder is entitled to direct the vote (or any lesser number thereof as may be set forth in the instructions); provided, however, that such written instructions are received by the Trustee from the Holder prior to the time and date fixed by it for receipt of such instructions in the notice given by the Trustee to the Holder pursuant to section 4.3 hereof.

(b) The Trustee shall cause such representatives as are empowered by it to sign and deliver, on behalf of the Trustee, proxies for Voting Rights to attend each Orbital Meeting. Upon submission by a Holder (or its designee) of identification satisfactory to the Trustee's representatives, and at the Holder's request, such representatives shall sign and deliver to such Holder (or its designee) a proxy to exercise personally the Holder Votes as to which such Holder is otherwise entitled hereunder to direct the vote, if such Holder either (i) has not previously given the Trustee instructions pursuant to section 4.3 hereof in respect of such meeting, or (ii) submits to the Trustee's representatives written revocation of any such previous instructions. At such meeting, the Holder exercising such Holder Votes shall have the same rights as the Trustee to speak at the meeting in respect of any matter, question or proposition, to vote by way of ballot at the meeting in respect of any matter, question or proposition and to vote at such meeting by way of a show of hands in respect of any matter, question or proposition.

4.9 Distribution of Written Materials. Any written materials to be distributed by the Trustee to the Holders pursuant to this Agreement shall be delivered or sent by mail (or otherwise communicated in the same manner as Orbital utilizes in communications to holders of Orbital Common Shares) to each Holder at its address as shown on the books of the Corporation. The Corporation shall provide or cause to be provided to the Trustee for this purpose, on a timely basis and without charge or other expense:

(a) a List; and

(b) upon the request of the Trustee, mailing

labels to enable the Trustee to carry out its duties under this Agreement.

4.10 Termination of Voting Rights. Except with respect to an Orbital Meeting or Orbital Consent for which the record date has occurred, all of the rights of a Holder with respect to the Holder Votes exercisable in respect of the Exchangeable Shares held by such Holder, including the right to instruct the Trustee as to the voting of or to vote personally such Holder Votes, shall be deemed to be surrendered by the Holder to Orbital and such Holder Votes and the Voting Rights represented thereby shall cease immediately upon the delivery by such Holder to the Trustee of the certificates representing such Exchangeable Shares in connection with the exercise by the Holder of the Exchange Right or the occurrence of the automatic exchange pursuant to the Automatic Exchange Rights (unless in either case Orbital shall not have delivered the requisite Orbital Common Shares issuable in exchange therefor to the Trustee for delivery to the Holders), or upon the redemption of Exchangeable Shares pursuant to Article 5 or Article 6 of the Exchangeable Share Provisions, or upon the effective date of the liquidation, dissolution or winding-up of the Corporation pursuant to Article 4 of the Exchangeable Share Provisions, or upon the purchase of Exchangeable Shares from the holder thereof by Orbital pursuant to the exercise by Orbital of the Retraction Call Right, the Redemption Call Right or the Liquidation Call Right.

4.11 Issue of Additional Shares. During the term of this Agreement, Orbital will not issue any shares of Orbital Special Voting Stock, in addition to the Voting Share.

ARTICLE 5

EXCHANGE RIGHT AND AUTOMATIC EXCHANGE

5.1 Grant and Ownership of the Exchange Right. In consideration of the granting of the Call Rights to Orbital, Orbital hereby grants to the Trustee as trustee for and on behalf of, and for the use and benefit of, the Holders (a) the right (the "Exchange Right"), upon the occurrence and during the continuance of an Insolvency Event or Default Event, to require Orbital to purchase from each Holder all or any part of the Exchangeable Shares held by such Holder and (b) the Automatic Exchange Rights, all in accordance with the provisions of this agreement. Orbital hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Holders of good and valuable consideration (and the adequacy thereof) for the grant of the Exchange Right and the Automatic Exchange Rights by Orbital to the Trustee. During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess

and be vested with full legal ownership of the Exchange Right and the Automatic Exchange Rights and shall be entitled to exercise all of the rights and powers of an owner with respect to the Exchange Right and the Automatic Exchange Rights, provided that the Trustee shall:

(a) hold the Exchange Right and the Automatic Exchange Rights and the legal title thereto as trustee solely for the use and benefit of the Holders in accordance with the provisions of this Agreement; and

(b) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Exchange Right or the Automatic Exchange Rights, and the Trustee shall not exercise any such rights for any purpose other than the purposes for which this Trust is created pursuant to this Agreement.

5.2 Legended Share Certificates. The Corporation shall cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Holders of:

(a) their right to instruct the Trustee with respect to the exercise of the Exchange Right in respect of the Exchangeable Shares held by a Holder; and

(b) the Automatic Exchange Rights.

5.3 General Exercise of Exchange Right. The Exchange Right shall be and remain vested in and exercisable by the Trustee. Subject to section 6.15 hereof, the Trustee shall exercise the Exchange Right only on the basis of instructions received pursuant to this Article 5 from Holders entitled to instruct the Trustee as to the exercise thereof. To the extent that no instructions are received from a Holder with respect to the Exchange Right, the Trustee shall not exercise or permit the exercise of the Exchange Right.

5.4 Purchase Price. The purchase price payable by Orbital for each Exchangeable Share to be purchased by Orbital under the Exchange Right shall be an amount per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent, in each case determined on the day of closing of the purchase and sale of such Exchangeable Share under the Exchange Right, which shall be satisfied in full in respect of the Exchangeable Shares in regard to which a Holder has exercised the Exchange Right by causing to be delivered to such Holder such whole number of Orbital Common Shares as is equal to the product

obtained by multiplying the number of such Exchangeable Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 9.4 of the Exchangeable Share Provisions), plus (b) the aggregate of all dividends declared and unpaid on each such Exchangeable Share (provided that if the record date for any such declared and unpaid dividends occurs on or after the day of closing of such purchase and sale the purchase price shall not include such declared and unpaid dividends).

5.5 Exercise Instructions. Subject to the terms and conditions herein set forth, a Holder shall be entitled, upon the occurrence and during the continuance of an Insolvency Event, to instruct the Trustee to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of such Holder on the books of the Corporation. To cause the exercise of the Exchange Right by the Trustee, the Holder shall deliver to the Trustee, in person or by certified or registered mail, at its principal office or at such other place as the Trustee may from time to time designate by written notice to the Holders, the certificates representing the Exchangeable Shares that such Holder desires Orbital to purchase, duly endorsed in blank, and accompanied by such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the CBCA and the by-laws of the Corporation and such additional documents and instruments as the Trustee may reasonably require together with (a) a duly completed form of notice of exercise of the Exchange Right, contained on the reverse of or attached to the Exchangeable Share certificates, stating (i) that the Holder thereby instructs the Trustee to exercise the Exchange Right so as to require Orbital to purchase from the Holder the number of Exchangeable Shares specified therein, (ii) that such Holder has good title to and owns all such Exchangeable Shares to be acquired by Orbital free and clear of all Liens, (iii) the names in which the certificates representing Orbital Common Shares issuable in connection with the exercise of the Exchange Right are to be issued and (iv) the names and addresses of the persons to whom such new certificates should be delivered and (b) payment (or evidence satisfactory to the Trustee, the Corporation and Orbital of payment) of the taxes (if any) payable as contemplated by section 5.8 of this Agreement. If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to the Trustee are to be purchased by Orbital under the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of the Corporation.

5.6 Delivery of Orbital Common Shares: Effect of Exercise. Promptly after receipt of the certificates representing the Exchangeable Shares that the Holder desires Orbital to purchase

under the Exchange Right (together with such documents and instruments of transfer and a duly completed form of notice of exercise of the Exchange Right (and payment of taxes, if any, or evidence thereof in accordance with section 5.8)), duly endorsed for transfer to Orbital, the Trustee shall notify Orbital and the Corporation of its receipt of the same, which notice to Orbital and the Corporation shall constitute exercise of the Exchange Right by the Trustee on behalf of the holder of such Exchangeable Shares, and Orbital shall immediately thereafter deliver or cause to be delivered to the Trustee, for delivery to the Holder of such Exchangeable Shares (or to such other persons, if any, properly designated by such Holder), the certificates for the number of Orbital Common Shares issuable in connection with the exercise of the Exchange Right, which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens, and cheques for the balance, if any, of the total purchase price therefor (or, if part of the purchase price consists of dividends payable in property, such property or property the same as or economically equivalent to such property). Immediately upon the giving of notice by the Trustee to Orbital and the Corporation of the exercise of the Exchange Right, as provided in this section 5.6, the closing of the transaction of purchase and sale contemplated by the Exchange Right shall be deemed to have occurred, and the Holder of such Exchangeable Shares shall be deemed to have transferred to Orbital all of its right, title and interest in and to such Exchangeable Shares and in the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the purchase price therefor, unless the requisite number of Orbital Common Shares (together with a cheque for the balance, if any, of the purchase price therefor or, if part of the purchase price consists of dividends payable in property, such property or property the same as or economically equivalent to such property) is not allotted, issued and delivered by Orbital to the Trustee for delivery to such Holder (or to other persons, if any, properly designated by such Holder) within five Business Days of the date of the giving of such notice by the Trustee, in which case the rights of the Holder shall remain unaffected until such Orbital Common Shares are so allotted, issued and delivered by Orbital and any such cheque is so delivered and paid. Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the Orbital Common Shares delivered to it pursuant to the Exchange Right.

5.7 Exercise of Exchange Right Subsequent to Retraction. In the event that a Holder has exercised its right under Article 5 of the Exchangeable Share Provisions to require the Corporation to redeem any or all of the Exchangeable Shares held by the

Holder (the "Retracted Shares") and is notified by the Corporation pursuant to section 5.6 of the Exchangeable Share Provisions that the Corporation is not permitted as a result of solvency requirements of applicable law to redeem all of such Retracted Shares, and provided that Orbital shall not have exercised the Retraction Call Right with respect to the Retracted Shares, the retraction request shall constitute and shall be deemed to constitute notice from the Holder to the Trustee instructing the Trustee to exercise the Exchange Right with respect to those Retracted Shares that the Corporation is unable to redeem. In any such event, the Corporation hereby agrees with the Trustee and in favour of the Holder immediately to notify the Trustee of such prohibition against the Corporation redeeming all of the Retracted Shares and immediately to forward or cause to be forwarded to the Trustee all relevant materials delivered by the Holder to the Corporation or to the transfer agent of the Exchangeable Shares (including without limitation a copy of the retraction request delivered pursuant to section 5.1 of the Exchangeable Share Provisions) in connection with such proposed redemption of the Retracted Shares and the Trustee shall thereupon exercise the Exchange Right with respect to the Retracted Shares that the Corporation is not permitted to redeem and will require Orbital to purchase such shares in accordance with the provisions of this Article 5.

5.8 Stamp or Other Transfer Taxes. Upon any sale of Exchangeable Shares to Orbital pursuant to the Exchange Right or the Automatic Exchange Rights, the share certificate or certificates representing Orbital Common Shares to be delivered in connection with the payment of the purchase price therefor shall be issued in the name of the Holder of the Exchangeable Shares so sold or in such names as such Holder may otherwise direct in writing without charge to the holder of the Exchangeable Shares so sold, provided, however, that such Holder (a) shall pay (and neither Orbital, the Corporation nor the Trustee shall be required to pay) any documentary, stamp, transfer or other similar taxes that may be payable in respect of any transfer involved in the issuance or delivery of such shares to a person other than such Holder or (b) shall establish to the satisfaction of the Trustee, Orbital and the Corporation that such taxes, if any, have been paid.

5.9 Notice of Insolvency Event or Default Event. Immediately upon the occurrence of an Insolvency Event or Default Event or any event that with the giving of notice or the passage of time or both would be an Insolvency Event or Default Event, the Corporation and Orbital shall give written notice thereof to the Trustee. As soon as practicable after receiving notice from the Corporation and Orbital or from any other person of the occurrence of an Insolvency Event or Default Event, the Trustee shall mail to each Holder, at the expense of Orbital, a notice of

such Insolvency Event or Default Event, which notice shall contain a brief statement of the right of the Holders with respect to the Exchange Right.

5.10 Qualification of Orbital Common Shares. Unless the staff of the United States Securities and Exchange Commission (the "SEC") has confirmed the availability of an exemption from registration under the United States Securities Act of 1933, as amended (the "Securities Act") as to the issuance of the Orbital Common Shares in exchange for the Exchangeable Shares pursuant to the Plan of Arrangement, the Exchangeable Share Provisions or this Agreement, in response to the No Action Request (as defined in the Combination Agreement) or Orbital has received an opinion of counsel reasonably satisfactory to the Corporation to such effect, then Orbital shall cause such issuance to be registered under the Securities Act, and shall file a registration statement covering such issuance with the SEC and use all commercially reasonable efforts to cause such registration statement to become effective as soon as practicable and remain effective throughout the period during which the Exchangeable Shares may be exchanged in accordance with the Plan of Arrangement, the Exchangeable Share Provisions or this Agreement. Orbital agrees to file any such required registration statement as soon as reasonably practicable. Orbital shall use all reasonable efforts to obtain all orders required from the applicable Canadian securities authorities to permit the issuance of the Orbital Common Shares upon any such exchange of the Exchangeable Shares without registration or qualification with or approval of or the filing of any document including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Canadian federal or provincial law or regulation or pursuant to the rules and regulations of any regulatory authority or the fulfilment of any other legal requirement before such Orbital Common Shares may be issued and delivered by the Corporation or Orbital to the holder thereof or in order that such Orbital Common Shares may be freely traded thereafter (other than any restrictions on transfer by reason of a holder being a "control person" of the Corporation or Orbital for purposes of Canadian federal or provincial securities law or an "affiliate" for purposes of United States Federal or state securities law).

5.11 Reservation of Orbital Common Shares. Orbital hereby represents and warrants that it has irrevocably reserved for issuance out of its authorized and unissued capital stock such number of Orbital Common Shares as is equal to the number of Exchangeable Shares outstanding at the date hereof and covenants that it will at all times keep available, free from pre-emptive and other rights, out of its authorized and unissued capital stock such number of Orbital Common Shares (or other shares or securities into which Orbital Common Shares may be reclassified

or changed) as is necessary to enable Orbital and the Corporation to perform their respective obligations pursuant to this Agreement, the Exchangeable Share Provisions and the Support Agreement.

5.12 Automatic Exchange on Liquidation of Orbital.

(a) Orbital shall give the Trustee notice of each of the following events (a "Liquidation Event") at the time set forth below:

(i) in the event of any determination by the Board of Directors of Orbital to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Orbital or to effect any other distribution of assets of Orbital among its stockholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and

(ii) immediately, upon the earlier of (A) receipt by Orbital of notice of and (B) Orbital otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of Orbital or to effect any other distribution of assets of Orbital among its stockholders for the purpose of winding up its affairs.

(b) Immediately following receipt by the Trustee from Orbital of notice of any Liquidation Event, the Trustee shall give notice thereof to the Holders. Such notice shall include a brief description of the automatic exchange of Exchangeable Shares for Orbital Common Shares provided for in subsection 5.12(c) below.

(c) In order that the Holders will be able to participate on a pro rata basis with the holders of Orbital Common Shares in the distribution of assets of Orbital in connection with a Liquidation Event, on the fifth Business Day prior to the effective date of a Liquidation Event (the "Liquidation Event Effective Date") all of the then outstanding Exchangeable Shares shall be automatically exchanged for Orbital Common Shares. To effect such automatic exchange, Orbital shall purchase each Exchangeable Share outstanding on the fifth Business Day prior to the Liquidation Event Effective Date and

held by Holders, and each Holder shall sell the Exchangeable Shares held by it at such time, for a purchase price per share equal to (a) the Current Market Price multiplied by the Current Orbital Common Share Equivalent on such fifth Business Day prior to the Liquidation Event Effective Date, which shall be satisfied in full in respect of the Exchangeable Shares held by each Holder by Orbital issuing to such Holder such whole number of Orbital Common Shares as is equal to the product obtained by multiplying the number of such Exchangeable Shares by the Current Orbital Common Share Equivalent (together with an amount in lieu of any fractional Orbital Common Share resulting from such calculation payable in accordance with section 9.4 of the Exchangeable Share Provisions), plus (b) an additional amount equal to the aggregate of all dividends declared and unpaid on each such Exchangeable Share (provided that if the record date for any such declared and unpaid dividends occurs on or after the day of closing of such purchase and sale, the purchase price shall not include such additional amount equal to such declared and unpaid dividends).

(d) On the fifth Business Day prior to the Liquidation Event Effective Date, the closing of the transaction of purchase and sale contemplated by the automatic exchange of Exchangeable Shares for Orbital Common Shares shall be deemed to have occurred, and each Holder of Exchangeable Shares shall be deemed to have transferred to Orbital all of the Holder's right, title and interest in and to such Exchangeable Shares and the related interest in the Trust Estate and shall cease to be a Holder of such Exchangeable Shares and Orbital shall issue to the Holder the Orbital Common Shares issuable upon the automatic exchange of Exchangeable Shares for Orbital Common Shares and shall deliver to the Trustee for delivery to the Holder a cheque for the balance, if any, of the purchase price for such Exchangeable Shares (or, if any part of the purchase price consists of dividends payable in property, such property or property that is the same as or economically equivalent to such property). Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the Orbital Common Shares issued to it pursuant to the automatic exchange of Exchangeable Shares for Orbital Common Shares and the certificates held by the Holder previously representing the Exchangeable Shares exchanged by the Holder with Orbital pursuant to such automatic exchange shall thereafter be deemed to represent the Orbital Common Shares issued to the Holder by Orbital pursuant to such automatic exchange. Upon the request of a Holder and the surrender by the Holder of Exchangeable Share certificates deemed to represent Orbital Common Shares, duly endorsed in blank and accompanied by such instruments of transfer as Orbital may reasonably require, Orbital shall deliver or cause to be delivered to the Holder certificates representing the Orbital Common Shares of which the Holder is the holder.

ARTICLE 6

CONCERNING THE TRUSTEE

6.1 Powers and Duties of the Trustee. The rights, powers and authorities of the Trustee under this Agreement, in its capacity as trustee of the Trust, shall include:

(a) purchasing the Voting Share from Orbital as trustee for and on behalf of the Holders in accordance with the provisions of this Agreement;

(b) granting proxies and distributing materials to Holders as provided in this Agreement;

(c) voting the Holder Votes in accordance with the provisions of this Agreement;

(d) receiving the grant of the Exchange Right and the Automatic Exchange Rights from Orbital as trustee for and on behalf of the Holders in accordance with the provisions of this Agreement;

(e) exercising the Exchange Right and enforcing the benefit of the Automatic Exchange Rights, in each case in accordance with the provisions of this Agreement and in connection therewith receiving from Holders Exchangeable Shares and other requisite documents and distributing to such Holders the Orbital Common Shares and cheques, if any, to which such Holders are entitled upon the exercise of the Exchange Right or pursuant to the Automatic Exchange Rights, as the case may be;

(f) holding title to the Trust Estate;

(g) investing any moneys forming, from time to time, a part of the Trust Estate as provided in this Agreement;

(h) taking action on its own initiative or at the direction of a Holder or Holders to enforce the obligations of Orbital under this Agreement; and

(i) taking such other actions and doing such

other things as are specifically provided in this Agreement.

In the exercise of such rights powers and authorities the Trustee shall have (and is granted) such incidental and additional rights, powers and authority not in conflict with any of the provisions of this Agreement as the Trustee, acting in good faith and in the reasonable exercise of its discretion, may deem necessary, appropriate or desirable to effect the purpose of the Trust. Any exercise of such discretionary rights, powers and authorities by the Trustee shall be final, conclusive and binding upon all persons. For greater certainty, the Trustee shall have only those duties as are set out specifically in this Agreement.

The Trustee in exercising its rights, powers, duties and authorities hereunder shall act honestly and in good faith with a view to the best interests of the Holders and shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

6.2 No Conflict of Interest. The Trustee represents to the Corporation and Orbital that at the date of execution and delivery of this Agreement there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder and the role of the Trustee in any other capacity. The Trustee shall, within 30 days after it becomes aware that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 9 hereof. If, notwithstanding the foregoing provisions of this section 6.2, the Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Trustee contravenes the foregoing provisions of this section 6.2, any interested party may apply to the Supreme Court of British Columbia (Trial Division) for an order that the Trustee be replaced as trustee hereunder.

6.3 Dealings with Transfer Agents, Registrars, etc. The Corporation and Orbital irrevocably authorize the Trustee, from time to time, to:

(a) consult, communicate and otherwise deal with the respective registrars and transfer agents, and with any such subsequent registrar or transfer agent, of the Exchangeable Shares and Orbital Common Shares; and

(b) requisition, from time to time, (i) from any such registrar or transfer agent any information readily available from the records

maintained by it which the Trustee may reasonably require for the discharge of its duties and responsibilities under this Agreement and (ii) from the transfer agent of Orbital Common Shares, and any subsequent transfer agent of such shares, the share certificates issuable upon the exercise from time to time of the Exchange Right and pursuant to the Automatic Exchange Rights in the manner specified in Article 5 hereof.

The Corporation and Orbital irrevocably authorize their respective registrars and transfer agents to comply with all such requests. Orbital covenants that it will supply its transfer agent with duly executed share certificates for the purpose of completing the exercise from time to time of the Exchange Right and the Automatic Exchange Rights, in each case pursuant to Article 5 hereof.

6.4 Books and Records. The Trustee shall keep available for inspection by Orbital and the Corporation, at the Trustee's principal office, correct and complete books and records of account relating to the Trustee's actions under this Agreement, including without limitation all information relating to mailings and instructions to and from Holders and all transactions pursuant to the Voting Rights, the Exchange Right and the Automatic Exchange Rights for the term of this Agreement. On or before March 31, 1996, and on or before March 31 in every year thereafter, so long as the Voting Share is on deposit with the Trustee, the Trustee shall transmit to Orbital and the Corporation a brief report, dated as of the preceding December 31, with respect to:

(a) the property and funds comprising the Trust Estate as of that date;

(b) the number of exercises of the Exchange Right, if any, and the aggregate number of Exchangeable Shares received by the Trustee on behalf of Holders in consideration of the issue and delivery by Orbital of Orbital Common Shares in connection with the Exchange Right, during the calendar year ended on such date; and

(c) all other actions taken by the Trustee in the performance of its duties under this Agreement that it had not previously reported.

6.5 Income Tax Returns and Reports. The Trustee shall, to the extent necessary, prepare and file on behalf of the Trust appropriate United States and Canadian income tax returns and any other returns or reports as may be required by applicable law or

pursuant to the rules and regulations of any securities exchange or other trading system through which the Exchangeable Shares are traded and, in connection therewith, may obtain the advice and assistance of such experts as the Trustee may consider necessary or advisable.

6.6 Indemnification Prior to Certain Actions by Trustee. The Trustee shall exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the request, order or direction of any Holder upon such Holder furnishing to the Trustee reasonable funding, security and indemnity against the costs, expenses and liabilities that may be incurred by the Trustee therein or thereby, provided that no Holder shall be obligated to furnish to the Trustee any such funding, security or indemnity in connection with the exercise by the Trustee of any of its rights, duties, powers and authorities with respect to (i) the Voting Share pursuant to Article 4 hereof, subject to section 6.15 hereof, (ii) the Exchange Right pursuant to Article 5 hereof, subject to section 6.15 hereof, and (iii) the Automatic Exchange Rights pursuant to Article 5 hereof.

None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties or authorities unless funded and given security and indemnity as aforesaid.

6.7 Actions by Holders. No Holder shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust or power hereunder unless the Holder has requested the Trustee to take or institute such action, suit or proceeding and furnished the Trustee with the funding, security and indemnity referred to in section 6.6 hereof and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Holder shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken, it being understood and intended that no one or more Holders shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder or under the Voting Rights, the Exchange Right or the Automatic Exchange Rights except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Trustee, except only as herein provided, and in any event for the equal benefit of all Holders.

6.8 Reliance upon Declarations. The Trustee shall not be considered to be in contravention of any of its rights, powers,

duties and authorities hereunder if, when required, it acts and relies in good faith upon lists, mailing labels, notices, statutory declarations, certificates, opinions, reports or other papers or documents furnished pursuant to the provisions hereof or required by the Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder and such lists, mailing labels, notices, statutory declarations, certificates, opinions, reports or other papers or documents comply with the provisions of section 6.9 hereof, if applicable, and with any other applicable provisions of this Agreement.

6.9 Evidence and Authority to Trustee. The Corporation and/or Orbital shall furnish to the Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by the Corporation and/or Orbital or the Trustee under this Agreement or as a result of any obligation imposed under this Agreement, including, without limitation, in respect of the Voting Rights, the Exchange Right or the Automatic Exchange Rights and the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation and/or Orbital forthwith if and when:

(a) such evidence is required by any other section of this Agreement to be furnished to the Trustee in accordance with the terms of this section 6.9; or

(b) the Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, gives the Corporation and/or Orbital written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of an Officer's Certificate of the Corporation and/or Orbital or a statutory declaration or a certificate made by persons entitled to sign an Officer's Certificate stating that any such condition has been complied with in accordance with the terms of this Agreement.

Whenever such evidence relates to a matter other than the Voting Rights, the Exchange Right or the Automatic Exchange Rights, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, appraiser, valuer, engineer or other expert or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of the Corporation and/or Orbital it shall be in the form of an Officer's Certificate or a statutory declaration.

Each statutory declaration, certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this Agreement shall include a statement by the person giving the evidence:

(a) declaring that he has read and understands the provisions of this Agreement relating to the condition in question;

(b) describing the nature and scope of the examination or investigation upon which he based the statutory declaration, certificate, statement or opinion; and

(c) declaring that he has made such examination or investigation as he believes is necessary to enable him to make the statements or give the opinions contained or expressed therein.

6.10 Experts, Advisers and Agents.

The Trustee may:

(a) in relation to this Agreement act and rely on the opinion or advice of or information obtained from any solicitor, auditor, accountant, appraiser, valuer, engineer or other expert, whether retained by the Trustee or by the Corporation and/or Orbital or otherwise, and may employ such assistants as may be necessary to the proper discharge of its powers and duties and determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and

(b) employ such agents and other assistants as it may reasonably require for the proper discharge of its powers and duties hereunder, and may pay reasonable remuneration for all services performed for it in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the Trust.

6.11 Investment of Moneys Held By Trustee. Unless otherwise provided in this Agreement, any moneys held by or on behalf of the Trustee that under the terms of this Agreement may or ought to be invested or which may be on deposit with the Trustee or

that may be in the hands of the Trustee may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Commonwealth of Massachusetts, trustees are authorized to invest trust moneys, provided that such securities are stated to mature within two years after their purchase by the Trustee, and the Trustee shall so invest such moneys on the written direction of the Corporation. Pending the investment of any moneys as hereinbefore provided, such moneys may be deposited in the name of the Trustee in any bank in the United States approved by the Corporation or, with the consent of the Corporation, in the deposit department of the Trustee at the rate of interest then current on similar deposits.

6.12 Trustee Not Required to Give Security. The Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, powers and authorities of this Agreement.

6.13 Trustee Not Bound to Act on Corporation's Request. Except as in this Agreement otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Corporation and/or Orbital or of the directors thereof until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act and rely upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

6.14 Authority to Carry on Business. The Trustee represents to the Corporation and Orbital that at the date of execution and delivery by it of this Agreement it is authorized to perform its obligations pursuant to this Agreement under all applicable laws but if, notwithstanding the provisions of this section 6.14, it ceases to be so authorized, the validity and enforceability of this Agreement and the Voting Rights, the Exchange Right and the Automatic Exchange Rights shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 30 days after ceasing to be so authorized, either become so authorized or resign in the manner and with the effect specified in Article 9 hereof.

6.15 Conflicting Claims. If conflicting claims or demands are made or asserted with respect to any interest of any Holder in any Exchangeable Shares, including any disagreement between the heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Holder in any Exchangeable Shares resulting in conflicting claims or demands being made in connection with such interest, then the Trustee shall be entitled, at its sole discretion, to refuse to recognize or to comply with any such claim or demand. In so refusing, the

Trustee may elect not to exercise any Voting Rights, Exchange Right or Automatic Exchange Rights subject to such conflicting claims or demands and, in so doing, the Trustee shall not be or become liable to any person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Trustee shall be entitled to continue to refrain from acting and to refuse to act until:

(a) the rights of all adverse claimants with respect to the Voting Rights, Exchange Right or Automatic Exchange Rights subject to such conflicting claims or demands have been adjudicated by a final judgment of a court of competent jurisdiction; or

(b) all differences with respect to the Voting Rights, Exchange Right or Automatic Exchange Rights subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Trustee shall have been furnished with an executed copy of such agreement.

If the Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond or other security satisfactory to the Trustee as it shall deem appropriate fully to indemnify it as between all conflicting claims or demands.

6.16 Acceptance of Trust. The Trustee hereby accepts the Trust created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Holders, subject to all the terms and conditions herein set forth.

ARTICLE 7

COMPENSATION

7.1 Fees and Expenses of the Trustee. Orbital and the Corporation jointly and severally agree to pay to the Trustee reasonable compensation for all of the services rendered by it under this Agreement and will reimburse the Trustee for all reasonable expenses and disbursements, including the cost and expense of any suit or litigation of any character and any proceedings before any governmental agency reasonably incurred by the Trustee in connection with its rights and duties under this

Agreement; provided that Orbital and the Corporation shall have no obligation to reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee in any suit or litigation in which the Trustee is determined to have acted fraudulently, in bad faith or with negligence or wilful misconduct.

ARTICLE 8

INDEMNIFICATION AND LIMITATION OF LIABILITY

8.1 Indemnification of the Trustee. Orbital and the Corporation jointly and severally agree to indemnify and hold harmless the Trustee and each of its directors, officers, employees and agents appointed and acting in accordance with this Agreement (collectively the "Indemnified Parties") against all claims, losses, damages, costs, penalties, fines and reasonable expenses (including reasonable expenses of the Trustee's legal counsel) which, without fraud, negligence, wilful misconduct or bad faith on the part of such Indemnified Party, may be paid, incurred or suffered by the Indemnified Party by reason of or as a result of the Trustee's acceptance or administration of the Trust, its compliance with its duties set forth in this Agreement, or any written or oral instructions delivered to the Trustee by Orbital or the Corporation pursuant hereto. In no case shall Orbital or the Corporation be liable under this indemnity for any claim against any of the Indemnified Parties unless Orbital and the Corporation shall be notified by the Trustee of the written assertion of a claim or of any action commenced against the Indemnified Parties, promptly after any of the Indemnified Parties shall have received any such written assertion of a claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. Subject to (ii), below, Orbital and the Corporation shall be entitled to participate at their own expense in the defense and, if Orbital or the Corporation so elect at any time after receipt of such notice, either of them may assume the defence of any suit brought to enforce any such claim. The Trustee shall have the right to employ separate counsel in any such suit and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the Trustee unless: (i) the employment of such counsel has been authorized by Orbital or the Corporation; or (ii) the named parties to any such suit include both the Trustee and Orbital or the Corporation and the Trustee shall have been advised by counsel acceptable to Orbital or the Corporation that there may be one or more legal defences available to the Trustee that are different from or in addition to those available to Orbital or the Corporation and that an actual or potential conflict of interest exists (in which case Orbital and the Corporation shall not have the right to

assume the defence of such suit on behalf of the Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Trustee).

8.2 Limitation of Liability. The Trustee shall not be held liable for any loss that may occur by reason of depreciation of the value of any part of the Trust Estate or any loss incurred on any investment of funds pursuant to this Agreement, except to the extent that such loss is attributable to the fraud, negligence, wilful misconduct or bad faith on the part of the Trustee.

ARTICLE 9

CHANGE OF TRUSTEE

9.1 Resignation. The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to Orbital and the Corporation specifying the date on which it desires to resign, provided that such notice shall never be given less than 60 days before such desired resignation date unless Orbital and the Corporation otherwise agree and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, Orbital and the Corporation shall promptly appoint a successor trustee by written instrument in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. Failing acceptance by a successor trustee, a successor trustee may be appointed by an order of the Supreme Court of British Columbia upon application of one or more of the parties hereto.

9.2 Removal. The Trustee, or any trustee hereafter appointed, may be removed with or without cause, at any time on 60 days' prior notice by written instrument executed by Orbital and the Corporation, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee.

9.3 Successor Trustee. Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to Orbital and the Corporation and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as trustee in this Agreement. However, on the written request of Orbital and the Corporation or of the successor trustee, the trustee ceasing

to act shall, upon payment of any amounts then due it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, Orbital, the Corporation and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

9.4 Notice of Successor Trustee. Upon acceptance of appointment by a successor trustee as provided herein, Orbital and the Corporation shall cause to be mailed notice of the succession of such trustee hereunder to each Holder specified in a List. If Orbital or the Corporation shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of Orbital and the Corporation.

ARTICLE 10

ORBITAL SUCCESSORS

10.1 Certain Requirements in Respect of Combination, etc. Orbital shall not enter into any transaction (whether by way of reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, unless:

(a) such other person or continuing corporation is a corporation (herein called the "Orbital Successor") incorporated under the laws of any state of the United States or the laws of Canada or any province thereof; and

(b) Orbital Successor, by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction an agreement supplemental hereto and such other instruments (if any) as are satisfactory to the Trustee acting reasonably to evidence the assumption by Orbital Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Orbital Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and

obligations of Orbital under this Agreement.

10.2 Vesting of Powers in Successor. Whenever the conditions of section 10.1 hereof have been duly observed and performed, the Trustee, if required, by section 10.1 hereof, Orbital Successor and the Corporation shall execute and deliver the supplemental agreement provided for in Article 11 hereof and thereupon Orbital Successor shall possess and from time to time may exercise each and every right and power of Orbital under this Agreement in the name of Orbital or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of Orbital or any officers of Orbital may be done and performed with like force and effect by the directors or officers of such Orbital Successor.

10.3 Wholly-Owned Subsidiaries. Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned subsidiary of Orbital with or into Orbital.

ARTICLE 11

AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS

11.1 Amendments, Modifications, etc. This Agreement may not be amended or modified except by an agreement in writing executed by the Corporation, Orbital and the Trustee and approved by the Holders in accordance with section 8.2 of the Exchangeable Share Provisions.

11.2 Ministerial Amendments. Notwithstanding the provisions of section 11.1 hereof, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders, amend or modify this Agreement for the purposes of:

(a) adding to the covenants of any or all of the parties hereto for the protection of the Holders hereunder;

(b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions that, in the opinion of the Board of Directors of each of Orbital and Corporation and in the opinion of the Trustee, having in mind the best interests of the Holders as a whole, it may be expedient to make, provided that such boards of directors and the Trustee shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Holders as a

whole; or

(c) making such changes or corrections required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Trustee and the Board of Directors of each of the Corporation and Orbital shall be of the opinion that such changes or corrections will not be prejudicial to the interests of the Holders as a whole.

11.3 Meeting to Consider Amendments. The Corporation, at the request of Orbital, shall call a meeting or meetings of the Holders for the purpose of considering any proposed amendment or modification requiring approval pursuant hereto. Any such meeting or meetings shall be called and held in accordance with the by-laws of the Corporation, the Exchangeable Share Provisions and all applicable laws.

11.4 Changes in Capital of Orbital and the Corporation. Notwithstanding section 11.1, at all times after the occurrence of any Orbital Common Share Reorganization or Capital Reorganization (as such terms are respectively defined in the Exchangeable Share Provisions) or other change in either the Orbital Common Shares or the Exchangeable Shares or both, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which Orbital Common Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver a supplemental agreement giving effect to and evidencing such necessary amendments and modifications.

11.5 Execution of Supplemental Trust Agreements. Notwithstanding section 11.1, from time to time the Corporation (when authorized by a resolution of the Board of Directors), Orbital (when authorized by a resolution of its board of directors) and the Trustee may, subject to the provisions hereof, and they shall, when so directed by these presents, execute and deliver by their proper officers, Agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

(a) evidencing the succession of Orbital Successors to Orbital and the covenants of and obligations assumed by each such Orbital Successor in accordance with the provisions of Article 10 and the succession of any successor trustee in accordance with the provisions of Article 9;

(b) making any additions to, deletions from or alterations of the provisions of this Agreement or the Voting Rights, the Exchange Right or the Automatic Exchange Rights that, in the opinion of the Trustee acting reasonably will not be prejudicial to the interests of the Holders as a whole or are in the opinion of counsel to the Trustee necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to Orbital, the Corporation, the Trustee or this Agreement; and

(c) for any other purposes not inconsistent with the provisions of this Agreement including, without limitation, to make or evidence any amendment or modification to this Agreement as contemplated hereby, provided that, in the opinion of the Trustee acting reasonably, the rights of the Trustee and the Holders as a whole will not be prejudiced thereby.

ARTICLE 12

TERMINATION

12.1 Term. The Trust created by this Agreement shall continue until the earliest to occur of the following events:

(a) no outstanding Exchangeable Shares are held by any Holder;

(b) each of the Corporation and Orbital elects in writing to terminate the Trust and such termination is approved by the Holders of the Exchangeable Shares in accordance with Section 8.2 of the Exchangeable Share Provisions; and

(c) 21 years after the death of the last survivor of the descendants of His Majesty King George VI of the United Kingdom of Great Britain and Northern Ireland living on the date of the creation of the Trust.

12.2 Survival. The provisions of Articles 7 and 8 hereof shall survive any termination of the Trust pursuant to section 12.1.

ARTICLE 13

GENERAL

13.1 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby and this Agreement shall be carried out as nearly as possible in accordance with its original terms and conditions; provided, however, that if the provision or provisions so held to be invalid, in the reasonable judgment of the parties, is or are so fundamental to the intent of the parties and the operation of this Agreement that the enforcement of the other provisions hereof, in the absence of such invalid provision or provisions, would damage irreparably the intent of the parties in entering into this Agreement, the parties shall agree (i) to terminate this Agreement, or (ii) to amend or otherwise modify this Agreement so as to carry out the intent and purposes hereof and the transactions contemplated hereby.

13.2 Inurement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns and to the benefit of the Holders.

13.3 Notices to Parties. All notices and other communications between the parties hereunder shall be in writing and shall be deemed to have been given if delivered personally or by confirmed telecopy to the parties at the following addresses (or at such other address for such party as shall be specified in like notice):

(a) if to Orbital at:

Orbital Sciences Corporation
21700 Atlantic Boulevard
Dulles, Virginia 20166
U.S.A.

Attention: General Counsel

Telecopy: (703) 406-5572

(b) if to the Corporation at:

MacDonald Dettwiler Holdings Inc.
13800 Commerce Parkway
Vancouver, British Columbia
V6V 2J3

Attention: #

Telecopy: (604) #

(a) (with a copy to Orbital at the address set out in

(c) if to the Trustee at:

#

Attention: #

Telecopy: (#) #

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by telecopy shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day in which case it shall be deemed to have been given and received upon the immediately following Business Day.

13.4 Notice to Holders. Any and all notices to be given and any documents to be sent to any Holders may be given or sent to the address of such Holder shown on the register of Holders in any manner permitted by the by-laws of the Corporation from time to time in force in respect of notices to shareholders and shall be deemed to be received (if given or sent in such manner) at the time specified in such by-laws, the provisions of which bylaws shall apply mutatis mutandis to notices or documents as aforesaid sent to such Holders.

13.5 Risk of Payments by Post. Whenever payments are to be made or documents are to be sent to any Holder by the Trustee or by the Corporation, or by such Holder to the Trustee or to Orbital or the Corporation, the making of such payment or sending of such document sent through the post shall be at the risk of the Corporation, in the case of payments made or documents sent by the Trustee or the Corporation, and the Holder, in the case of payments made or documents sent by the Holder.

13.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

13.7 Jurisdiction. This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

13.8 Attornment. Orbital agrees that any action or proceeding arising out of or relating to this Agreement may be

instituted in the courts of the Province of British Columbia, waives any objection that it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and agrees not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and hereby appoints the Corporation at its registered office as Orbital's attorney for service of process.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ORBITAL SCIENCES CORPORATION

by _____

MACDONALD DETTWILER HOLDINGS
INC.

by _____

STATE STREET BANK AND TRUST
COMPANY

by _____

EXHIBIT 2.3

SUPPORT AGREEMENT

MEMORANDUM OF AGREEMENT made as of the day of
1995.

B E T W E E N:

ORBITAL SCIENCES CORPORATION,
a corporation existing under
the laws of the State of
Delaware,

(hereinafter referred to as "Orbital"),

- and -

MACDONALD DETTWILER HOLDINGS INC.
(formerly known as 3173623 Canada Inc.),
a corporation existing under
the laws of Canada.

(hereinafter referred to as "Corporation").

WHEREAS pursuant to a combination agreement dated as of August 31, 1995 (the "Combination Agreement") by and between Orbital, the Corporation and MacDonald, Dettwiler and Associates Ltd. ("MDA") the parties agreed that on the Effective Date (as defined in the Combination Agreement), Orbital and the Corporation would execute and deliver a Support Agreement containing the terms and conditions set forth in Exhibit 2.3 to the Combination Agreement together with such other terms and conditions as may be agreed to by the parties to the Combination Agreement acting reasonably;

AND WHEREAS pursuant to an arrangement (the "Arrangement") effected by articles of arrangement filed pursuant to the Canada Business Corporations Act on #, 1995, each issued and outstanding common share of MDA (an "MDA Common Share") was exchanged directly or indirectly with the Corporation for 0.# issued and outstanding Exchangeable Shares of the Corporation (the "Exchangeable Shares");

AND WHEREAS the aforesaid articles of arrangement set forth the rights, privileges, restrictions and conditions (collectively the "Exchangeable Share Provisions") attaching to the Exchangeable Shares;

AND WHEREAS the parties hereto desire to make appropriate provision and to establish a procedure whereby Orbital will take certain actions and make certain payments and deliveries necessary to ensure that the Corporation will be able to make certain payments and to deliver or cause to be delivered shares of Orbital Common Shares in satisfaction of the obligations of the Corporation under the Exchangeable Share Provisions with respect to the payment and satisfaction of dividends, Liquidation Amounts, Retraction Prices and Redemption Prices all in accordance with the Exchangeable Share Provisions;

NOW THEREFORE in consideration of the respective covenants in this agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Defined Terms. Each term denoted herein by initial capital letters and not otherwise defined herein shall have the meaning ascribed thereto in the Exchangeable Share Provisions, unless the context requires otherwise.

1.2 Interpretation not Affected by Headings, etc. The division of this agreement into articles, sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.3 Number, Gender, etc. Words importing the singular number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

1.4 Date for any Action. If any date on which any action is required to be taken under this agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

ARTICLE 2

COVENANTS OF ORBITAL AND THE Corporation

2.1 Covenants of Orbital Regarding Exchangeable Shares. So long as any Exchangeable Shares are outstanding, Orbital will:

(a) not declare or pay any dividend on Orbital Common Shares unless (i) the Corporation shall have sufficient assets, funds and other property (including, where applicable, Orbital Common Shares or other securities of Orbital) available to enable the due declaration and the due and punctual payment in accordance with applicable law, of an equivalent dividend on the Exchangeable Shares in accordance with the Exchangeable Share Provisions and (ii) the Corporation shall simultaneously declare or pay, as the case may be, an equivalent dividend on the Exchangeable Shares in accordance with the Exchangeable Share Provisions;

(b) cause the Corporation to declare simultaneously with the declaration of any dividend on Orbital Common Shares an equivalent dividend on the Exchangeable Shares and, when such dividend is paid on Orbital Common Shares, cause the Corporation to pay simultaneously therewith such equivalent dividend on the Exchangeable Shares, in each case in accordance with the Exchangeable Share Provisions;

(c) advise the Corporation sufficiently in advance of the declaration by Orbital of any dividend on Orbital Common Shares and take all such other actions as are necessary, in cooperation with the Corporation, to ensure that the declaration date, record date and payment date for any dividend on the Exchangeable Shares shall be the same as the record date, declaration date and payment date for the corresponding dividend on Orbital Common Shares and such dates in respect of dividends on the Exchangeable Shares shall be in accordance with any requirement of the Exchangeable Share Provisions and the stock exchange on which the Exchangeable Shares are listed;

(d) ensure that the record date for any dividend declared on Orbital Common Shares, Orbital Common Share Reorganization, Rights Offering, Special Distribution or Capital Reorganization is not less than 10 Business Days after the declaration date for such dividend, Orbital Common Share Reorganization, Rights

Offering, Special Distribution or Capital Reorganization;

(e) take all such actions and do all such things as are necessary or desirable to enable and permit the Corporation, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount in respect of each issued and outstanding Exchangeable Share upon the liquidation, dissolution or winding-up of the Corporation, including without limitation all such actions and all such things as are necessary or desirable to enable and permit the Corporation to cause to be delivered shares of Orbital Common Shares to the holders of Exchangeable Shares in satisfaction of the Liquidation Amount for each such Exchangeable Share, in accordance with the provisions of Article 4 of the Exchangeable Share Provisions;

(f) take all such actions and do all such things as are necessary or desirable to enable and permit the Corporation, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of the Retraction Price and the Redemption Price, including without limitation all such actions and all such things as are necessary or desirable to enable and permit the Corporation to cause to be delivered shares of Orbital Common Shares to the holders of Exchangeable Shares, upon the retraction or redemption of the Exchangeable Shares in accordance with the provisions of Article 5 or Article 6 of the Exchangeable Share Provisions, as the case may be;

(g) not exercise its vote as a shareholder of the Corporation to initiate, consent to or approve the voluntary liquidation, dissolution or winding-up of the Corporation nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of the Corporation; and

(h) not exercise its vote as a shareholder of the Corporation to authorize the continuance or other transfer of the corporate existence of the Corporation to any jurisdiction outside Canada.

2.2 Segregation of Funds. Orbital will cause the

Corporation to deposit a sufficient amount of funds in a separate account and segregate a sufficient amount of such assets and other property as is necessary to enable the Corporation to pay or otherwise satisfy the applicable dividends, Liquidation Amount, Retraction Price or Redemption Price, in each case for the benefit of holders from time to time of the Exchangeable Shares, and will cause the Corporation to use such funds, assets and other property so segregated exclusively for the payment of dividends and the payment or other satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price, as applicable, in each case in accordance with the Exchangeable Share Provisions.

2.3 Reservation of Orbital Common Shares. Orbital hereby represents and warrants that it has irrevocably reserved for issuance out of its authorized and unissued capital stock such number of Orbital Common Shares as is equal to the number of Exchangeable Shares outstanding immediately following the Effective Date and covenants that at all times in the future while any Exchangeable Shares are outstanding it will keep available, free from pre-emptive and other rights, out of its authorized and unissued capital stock such number of Orbital Common Shares (or other shares or securities into which Orbital Common Shares may be reclassified or changed) as is necessary to enable Orbital and the Corporation to perform their respective obligations pursuant to this agreement, the Exchangeable Share Provisions and the Voting and Exchange Trust Agreement.

2.4 Notification of Certain Events. In order to assist Orbital to comply with its obligations hereunder, the Corporation will give, or cause the Transfer Agent to give, Orbital notice of each of the following events at the time set forth below:

(a) in the event of any determination by the Board of Directors of the Corporation to institute voluntary liquidation, dissolution or winding up proceedings with respect to the Corporation or to effect any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding up or other distribution;

(b) immediately, upon the earlier of (i) receipt by the Corporation of notice of, and (ii) the Corporation otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of the Corporation or to effect any other distribution of

the assets of the Corporation among its shareholders for the purpose of winding up its affairs;

(c) immediately, upon receipt by the Transfer Agent of a Retraction Request; and

(d) as soon as practicable upon the issuance by the Corporation of any Exchangeable Shares or rights to acquire Exchangeable Shares.

2.5 Delivery of Orbital Common Shares. In furtherance of its obligations under subsections 2.1(e) and (f) hereof, upon notice of any event that requires the Corporation to cause to be delivered Orbital Common Shares to any holder of Exchangeable Shares, Orbital shall forthwith issue and deliver the requisite Orbital Common Shares to or to the order of the former holder of the surrendered Exchangeable Shares, as the Corporation shall direct. All such Orbital Common Shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any Liens. In consideration of the issuance of each such Orbital Common Share by Orbital, the Corporation shall issue to Orbital, or as Orbital shall direct, such number of common shares of the Corporation as is equal to the fair value of such Orbital Common Shares.

2.6 Qualification of Orbital Common Shares. Unless the staff of the United States Securities and Exchange Commission (the "SEC") has confirmed the availability of an exemption from registration under the United States Securities Act of 1933, as amended (the "Securities Act") as to the issuance of the Orbital Common Shares in exchange for the Exchangeable Shares pursuant to the Plan of Arrangement, the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement, in response to the No Action Request (as defined in the Combination Agreement) or Orbital has received an opinion of counsel reasonably satisfactory to the Corporation to such effect, then Orbital shall cause such issuance to be registered under the Securities Act, and shall file a registration statement covering such issuance with the SEC and use all commercially reasonable efforts to cause such registration statement to become effective as soon as practicable and remain effective throughout the period during which the Exchangeable Shares may be exchanged in accordance with the Plan of Arrangement, the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement. Orbital agrees to file any such required registration statement as soon as reasonably practicable. Orbital shall use all reasonable efforts to obtain all orders required from the applicable Canadian securities authorities to permit the issuance of the Orbital Common Shares upon any such exchange of the Exchangeable Shares without registration or qualification with or approval of or the filing

of any document including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Canadian federal or provincial law or regulation or pursuant to the rules and regulations of any regulatory authority or the fulfillment of any other legal requirement before such Orbital Common Shares may be issued and delivered by the Corporation or Orbital to the holder thereof or in order that such Orbital Common Shares may be freely traded thereafter (other than any restrictions on transfer by reason of a holder being a "control person" of the Corporation or Orbital for purposes of Canadian federal or provincial securities law or an "affiliate" for purposes of United States Federal or state securities law).

2.7 Tender Offers, etc. In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Orbital Common Shares (an "Offer") is proposed by Orbital or is proposed to Orbital or its stockholders and is recommended by the Board of Directors of Orbital, or is otherwise effected or to be effected with the consent or approval of the Board of Directors of Orbital, Orbital will use all commercially reasonable efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Shares to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Orbital Common Shares, without discrimination. Without limiting the generality of the foregoing, Orbital will use all commercially reasonable efforts expeditiously and in good faith to ensure that holders of Exchangeable Shares may participate in all such Offers without being required to retract Exchangeable Shares as against the Corporation (or, if so required, to ensure that any such retraction shall be effective only upon, and shall be conditional upon, the closing of the Offer and only to the extent necessary to tender or deposit to the Offer).

2.8 Ownership of Outstanding Shares. Orbital covenants and agrees in favour of the Corporation that, as long as any outstanding Exchangeable Shares are owned by any person or entity other than Orbital or any of its Affiliates, Orbital will be and remain the direct or indirect beneficial owner of all issued and outstanding shares in the capital of the Corporation (other than Exchangeable Shares and the Class B Preferred Shares of the Corporation issued to Canadian Imperial Bank of Commerce pursuant to the Arrangement) and all outstanding securities of the Corporation carrying or otherwise entitled to voting rights in any circumstances (other than Exchangeable Shares and the Class B Preferred Shares of the Corporation issued to Canadian Imperial Bank of Commerce pursuant to the Arrangement), unless Orbital shall have obtained the prior approval of the Corporation and the holders of the Exchangeable Shares given in accordance with

section 8.2 of the Exchangeable Share Provisions.

2.9 Orbital Not To Vote Exchangeable Shares. Orbital covenants and agrees that it will appoint and cause to be appointed proxyholders with respect to all Exchangeable Shares held by Orbital and its Affiliates for the sole purpose of attending each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. Orbital further covenants and agrees that it will not, and will cause its Affiliates not to, exercise any voting rights that may be exercisable by holders of Exchangeable Shares from time to time pursuant to the Exchangeable Share Provisions or pursuant to the provisions of the CBCA with respect to any Exchangeable Shares held by it or by its Affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares, including without limitation any approval to be given by holders of Exchangeable Shares pursuant to section 8.2 of the Exchangeable Share Provision.

2.10 Due Performance. On and after the Effective Date, Orbital shall duly and timely perform all of its obligations provided for in the Plan of Arrangement, including any obligations that may arise upon the exercise of Orbital's rights under the Exchangeable Share Provisions.

2.11 Economic Equivalence. Orbital hereby acknowledges that it will be bound by any determination of economic equivalence made by the Board of Directors pursuant to section 5.6 of the Plan of Arrangement or section 9.1 of the Exchangeable Share Provisions, where applicable.

ARTICLE 3

GENERAL

3.1 Term. This agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as there are no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) held by any party other than Orbital and its Affiliates.

3.2 Changes in Capital of Orbital and the Corporation. Notwithstanding the provisions of section 3.4 hereof, at all times after the occurrence of any event effected pursuant to section 2.7 hereof as a result of which either Orbital Common Shares or the Exchangeable Shares or both are in any way changed, this agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which

Orbital Common Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

3.3 Severability. If any provision of this agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this agreement shall not in any way be affected or impaired thereby and this agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

3.4 Amendments, Modifications, etc. This agreement may not be amended or modified except by an agreement in writing executed by the Corporation and Orbital and approved by the holders of the Exchangeable Shares in accordance with section 10.2 of the Exchangeable Share Provisions.

3.5 Ministerial Amendments. Notwithstanding the provisions of section 3.4, the parties to this agreement may without the approval of the holders of the Exchangeable Shares, at any time and from time to time, amend or modify this agreement in writing for the purposes of:

(a) adding to the covenants of either or both parties for the protection of the holders of the Exchangeable Shares;

(b) making such amendments or modifications not inconsistent with this agreement as may be necessary or desirable with respect to matters or questions which, in the opinion of the Board of Directors of each of the Corporation and Orbital, it may be expedient to make, provided that each such board of directors shall be of the opinion that such amendments or modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or

(c) making such changes or corrections which, on the advice of counsel to the Corporation and Orbital, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error herein, provided that the boards of directors of each of the Corporation and Orbital shall be of the opinion that such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

3.6 Meeting to Consider Amendments. The Corporation, at the request of Orbital, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval pursuant to section 3.4 hereof. Any such meeting or meetings shall be called and held in accordance with the by-laws of the Corporation and the Exchangeable Share Provisions.

3.7 Waivers Only in Writing. No waiver of any of the provisions of this agreement otherwise permitted hereunder shall be effective unless made in writing and signed by both of the parties hereto.

3.8 Inurement. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

3.9 Orbital Successors. Orbital shall not enter into any transaction (whether by way of reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, unless:

(a) such other person or continuing corporation is a corporation (the "Orbital Successor") incorporated under the laws of any state of the United States or the laws of Canada or any province thereof; and

(b) the Orbital Successor, by operation of law, becomes, without more, bound by the terms and provisions of this agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement to be bound by the provisions hereof as if it were an original party hereto and to observe and perform all of the covenants and obligations of Orbital pursuant to this agreement, in form satisfactory to the Corporation, acting reasonably.

Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned subsidiary of Orbital with or into Orbital.

3.10 Notices to Parties. All notices and other communications between the parties shall be in writing and shall be deemed to have been given if delivered personally or by confirmed telecopy to the parties at the following addresses (or at such other address for either such party as shall be specified

in like notice):

(a) if to Orbital at:

Orbital Sciences Corporation
21700 Atlantic Boulevard
Dulles, VA 20166

Attention: General Counsel

Telecopy: (703) 406-5572

(b) if to the Corporation at:

MacDonald Dettwiler Holdings Inc.
13800 Commerce Parkway
Richmond, British Columbia
V6V 2J3

Attention: #

Telecopy: (604) #

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by telecopy shall be deemed to have been given and received on the date of confirmed receipt thereof unless such day is not a Business Day in which case it shall be deemed to have been given and received upon the immediately following Business Day.

3.11 Counterparts. This agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

3.12 Jurisdiction. This agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

3.13 Attornment. Orbital agrees that any action or proceeding arising out of or relating to this agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and hereby appoints the Corporation at its registered office as Orbital's

attorney for service of process.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the date first above written.

ORBITAL SCIENCES CORPORATION

by _____

MACDONALD DETTWILER HOLDINGS
INC.

by _____

ARRANGEMENT

INVOLVING

MacDONALD, DETTWILER AND ASSOCIATES LTD.

3173623 CANADA INC.

AND

ORBITAL SCIENCES CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS AND
HOLDERS OF THE 1988 EMPLOYEE SHARE OPTIONS AND THE
1988 KEY EMPLOYEE SHARE OPTIONS OF
MacDONALD, DETTWILER AND ASSOCIATES LTD.

AND

MANAGEMENT INFORMATION CIRCULAR

OCTOBER 6, 1995

[MDA LETTERHEAD]

October 10, 1995

Dear Shareholder or Optionholder:

You are cordially invited to attend a Special Meeting of Shareholders and holders of 1988 Employee Share Options and 1988 Key Employee Share Options (collectively, the "MDA 1988 Optionholders") of MacDonald, Dettwiler and Associates Ltd. ("MDA") to be held on Tuesday, November 14, 1995 at MDA's offices located at 13800 Commerce Parkway, Richmond, British Columbia at 10:00 a.m. local time. As described in the enclosed Proxy Circular, at the Special Meeting, the MDA Shareholders and MDA 1988 Optionholders will be asked to consider and vote upon an Arrangement under section 192 of the Canada Business Corporation Act involving MDA, Orbital Sciences Corporation ("Orbital"), and 317632 Canada Inc. ("Acquisition"), a wholly owned subsidiary of Orbital. Subject to any further order of the Supreme Court of British Columbia, the Arrangement must be approved by the affirmative

vote of 66-2/3% of the votes actually cast thereon by MDA Shareholders and by MDA 1988 Optionholders, voting as separate classes.

The MDA Board of Directors has carefully reviewed and considered the terms and conditions of the proposed Arrangement. The Board of Directors believes that the transaction is fair and in the best interests of MDA, MDA Shareholders and MDA 1988 Optionholders, and has unanimously approved the Arrangement. The Board of Directors unanimously recommends that the MDA Shareholders and MDA 1988 Optionholders vote FOR the proposed Arrangement Resolution approving the Arrangement.

Under the Plan of Arrangement, MDA will receive Exchangeable Shares of Acquisition, which will have voting, dividend and liquidation rights that are, as nearly as practicable, equivalent to those of Orbital Common Shares. The number of Exchangeable Shares to be issued will be based upon an Exchange Ratio that is to be determined by dividing U.S.\$5.41 by the average closing sale price of Orbital Common Shares for the twenty day period ending on the date four trading days prior to the Effective Date, and may not be less than .2705 or greater than .3607. The Effective Date is expected to occur shortly after the Special Meeting. MDA Shareholders will receive the number of Exchangeable Shares equal to the product of the Exchange Ratio multiplied by the number of MDA Common Shares held by them. Holders of MDA Options, including MDA 1988 Options, will receive Replacement Options entitling them to purchase such number of Orbital Common Shares equal to the product of the Exchange Ratio multiplied by the number of MDA Common Shares underlying such MDA Option, having an exercise price per share equal to the quotient of the exercise price per share of such MDA Option divided by the Exchange Ratio, and having the same vesting, expiration and other terms as such MDA Option.

The accompanying Proxy Circular provides a detailed description of the Arrangement and the business and financial information of MDA and Orbital.

MDA retained the investment banking firm of Nesbitt Burns Inc. ("Nesbitt Burns") to advise it on the acquisition transaction, including to advise it with respect to the consideration to be paid by Orbital in the Arrangement. Nesbitt Burns has advised the MDA Board of Directors that, in Nesbitt Burns' opinion, the consideration to be paid by Orbital in the Arrangement is fair to MDA Shareholders and MDA 1988 Optionholders from a financial point of view. A copy of Nesbitt Burns' opinion is attached to the Proxy Circular as Appendix "C".

Your vote on this matter is very important. We urge you to review carefully the enclosed materials and to return your proxy promptly. Shareholders with questions regarding the Arrangement or other matters described herein may contact Gordon Thiessen at (604) 278-3411.

Whether or not you plan to attend the Special Meeting, please sign and promptly return your proxy card in the enclosed postage paid envelope. If you attend the meeting, you may vote in person if you wish, even though you have previously returned your proxy.

Sincerely,

/s/ John S. MacDonald

/s/ Daniel E. Friedman

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting (the "Special Meeting") of holders of MDA Common Shares ("MDA Shareholders") and holders of options ("MDA 1988 Optionholders") under the 1988 Employee Share Option Plan and the 1988 Key Employee Share Option Plan (together, the "MDA 1988 Options") of MacDonald, Dettwiler and Associates Ltd. ("MDA") will be held at the offices of MDA at 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3, on Tuesday, November 14, 1995 at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

- (a) to consider, pursuant to an order of the Supreme Court of British Columbia dated October 6, 1995 (the "Interim Order"), and, if deemed advisable to pass, with or without variation, a special resolution (the "Arrangement Resolution") to approve an arrangement (the "Arrangement") under section 192 of the Canada Business Corporations Act; and
- (b) to transact such further or other business as may properly come before the Special Meeting or any adjournment thereof.

The texts of the Arrangement Resolution, the Plan of Arrangement and the agreements in respect of the Arrangement are set forth in Appendices "F," "A" and "B," respectively, to the accompanying Management Information Circular of MDA (the "Proxy Circular").

Pursuant to the Interim Order, MDA Shareholders and the MDA 1988 Optionholders have been granted the right to dissent with respect to the Arrangement and to be paid the fair value of their MDA Common Shares or the MDA Common Shares to which they are entitled under the MDA 1988 Options, as the case may be, in respect of the Arrangement Resolution in accordance with section 190 of the Canada Business Corporations Act. This right is described in the Proxy Circular.

The Board of Directors has fixed October 10, 1995 as the record date for determining MDA Shareholders entitled to receive notice of and to vote at the Meeting. Only holders of record of MDA Common Shares at the close of business on October 10, 1995 will be entitled to vote in respect of the matters to be voted on at the Special Meeting or any adjournment thereof, except that a person who has acquired MDA Common Shares subsequent to such record date will be entitled to vote such shares, instead of the holder of record, upon making a written request to that effect not later than 10 days preceding the date of the Special Meeting to the Secretary of MDA at the registered office of MDA at 26th floor, 700 West Georgia Street, Vancouver, British Columbia,

V7Y 1B3 and establishing that such person owns such shares. All MDA 1988 Optionholders on the date of mailing of the Proxy Circular will receive Notice of the Special Meeting and all MDA 1988 Optionholders on the date of the Special Meeting will be entitled to attend and vote at the Special Meeting.

MDA Shareholders and MDA 1988 Optionholders who are unable to attend the Special Meeting in person are requested to sign, date and return, in the envelope provided for that purpose, the enclosed instrument of proxy. In order to be valid for use at the Special Meeting, proxies must be received by Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 not less than 48 hours (excluding Saturdays, Sundays and holidays) preceding the Special Meeting or any adjournment thereof.

DATED at Richmond, British Columbia, this 6th day of October, 1995.

BY ORDER OF THE BOARD OF DIRECTORS

ROBERT B. WALLIS, Secretary

TABLE OF CONTENTS

	Page
MANAGEMENT INFORMATION CIRCULAR	1
GLOSSARY OF TERMS	2
MDA AND ORBITAL REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES	7
CANADIAN/U.S. EXCHANGE RATES	7
SUMMARY OF PROXY CIRCULAR	8
General	8
The Arrangement and The Combination Agreement	8
Certain Canadian Federal Income Tax Considerations	11
Certain United States Federal Income Tax Considerations	12
The Special Meeting	13
Business of Orbital	14
Business of MDA	16
MARKET PRICE AND DIVIDEND INFORMATION	17
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA	18
Selected Historical Consolidated Financial Data of	

MDA	18
Selected Historical Consolidated Financial Data of Orbital	19
PRO FORMA FINANCIAL INFORMATION	20
PRO FORMA CONSOLIDATED CAPITALIZATION	27
RISK FACTORS	28
Technologically Advanced Products and Services	28
Dependence on United States Government	28
Capital Requirements	28
Regulation	29
THE SPECIAL MEETING - GENERAL PROXY INFORMATION	30
General	30
Solicitation of Proxies	30
Appointment of Proxies	30
Signing of Proxies	30
Revocation of Proxies	30
Voting of Proxies	31
MDA Common Shares	31
MDA 1988 Options	31
Required Votes to Approve the Arrangement and Voting Intentions of Certain Shareholders and Optionholders	31
Principal Holders of MDA Common Shares and MDA 1988 Options	32
THE ARRANGEMENT AND THE COMBINATION AGREEMENT	32
The Arrangement - General	32
Background of the Arrangement	33
MDA's Reasons for the Arrangement and Recommendations of the MDA Board	35
Orbital's Reasons for the Arrangement	35
Operations Following the Arrangement	36
Interests of Certain Persons in the Arrangement	36
Opinion of MDA's Financial Advisor	36
Plan of Arrangement	39
Post-Combination Share Ownership	40
Qualifying Holdcos	40
Dissenting Holders	40
Description of Exchangeable Shares	40
Voting Rights	41
Dividend Rights	41
Retraction, Redemption and Exchange Right	42
Deduction and Remittance of Withholding Tax	43
Anti-dilution and Capital Reorganizations	44
Support Agreement	44
Market for Orbital Common Shares and Exchangeable Shares	45
The Combination Agreement	45
Actions to be Taken Prior to the Effective Time	45
Business of MDA Pending the Arrangement	45

Solicitation of Alternate Transactions	46
Conditions to the Arrangement	46
Termination and Amendment	47
Fees, Expenses and Indemnification	47
Confidentiality Agreement	48
Agreements of MDA Affiliates	48
Court Approval and Completion of the Arrangement	48
Accounting Treatment	49
Stock Exchange Listings	49
Exchangeable Shares	49
Orbital Common Shares	49
Eligibility for Investment in Canada	49
Exchangeable Shares	49
Voting Rights and Exchange Right	49
Orbital Common Shares	49
Resale of Exchangeable Shares and Orbital Common Shares Received in the Arrangement	50
Canada	50
United States	50
Procedures for Exchange of Share Certificates by MDA Shareholders	51
Return to Depository of Letter of Transmittal	51
Election to Immediately Exchange	
Exchangeable Shares for Orbital Common Shares	51
Fractional Shares	52
Failure to Deposit Certificates Representing MDA Common Shares	52
Confirmation of Replacement Options	52
 INCOME TAX CONSIDERATIONS TO MDA SHAREHOLDERS AND OPTIONHOLDERS	 52
Canadian Federal Income Tax Considerations	52
Holders of MDA Common Shares Resident in Canada	53
Holders of MDA Common Shares Not Resident in Canada	57
MDA 1988 Optionholders	58
United States Federal Income Tax Considerations	58
Taxation of U.S. Holders	59
Shareholders Not Resident in or Citizens of the United States	62
Information, Reporting and Backup Withholding	63
 INFORMATION CONCERNING ACQUISITION	 63
 INFORMATION CONCERNING ORBITAL	 63
Background and Recent Acquisitions	63
Description Of Orbital's Products And Services	64
Launch Systems	65
Space and Electronics Systems	66
Communications and Information Systems	67
Competition	70
Research and Development	71
Backlog and Contracts	71
Properties	72
Environmental Regulation	73
Insurance	73

Litigation	73
Management's Discussion and Analysis of Financial Condition and Results of Operations	73
Overview	73
Adoption of New Accounting Standard	74
Results of Operations for the Six-Month Periods Ended June 30, 1995 and 1994	76
Results of Operations for the Years Ended December 31, 1994, 1993 and 1992	77
Liquidity and Capital Resources	79
Management and Employees	80
Executive Officers and Directors	80
Indebtedness of Directors and Officers	81
Employees	81
Description of Capital	82
Capitalization	82
Common Shares	82
Preferred Shares	82
Dividend Policy	83
Transfer Agent	83
Independent Auditors	83

INFORMATION CONCERNING MDA	83
Business	83
Subsidiary Companies	83
General	84
Geo-Information Systems	84
Aviation Systems	85
Space and Defence Systems	86
Communications	87
Contract Pricing and Completion	87
Marketing and Sales	87
Competition	89
Research and Development	89
Patents and Licenses	89
Personnel	90
Properties	90
Management's Discussion and Analysis of Financial Condition and Results of Operations	90
Results of Operations for the Quarter ended June 30, 1995 and Quarter Ended June 30, 1994	90
Results of Operations for the Fiscal Years ended March 31, 1995 and 1994	90
Results of Operations for the Fiscal Years ended March 31, 1994 and 1993	91
Directors and Officers	92
Description of Share Capital	93
Dividend Record and Dividend Policy	93
Executive Compensation	94
Summary Compensation Table	94
Long-Term Incentive Plan Compensation	94
Pensions	95
Auditors	95
Registrar and Transfer Agent	96
Stock Exchange Listings	96

COMPARISON OF SHAREHOLDERS' RIGHTS	96
Extraordinary Transactions - Vote Required	96
Amendment to Governing Documents	97
Dissent Rights	98
Oppression Remedy	98
Derivative Action	99
Shareholder Consent in Lieu of Meeting	99
Director Qualifications	99
Fiduciary Duties of Directors	99
Indemnification of Officers and Directors	100
Director Liability	100
Anti-takeover Provisions and Interested Stockholder Transactions	100
Shareholder Protection Rights Plan	101
DISSENTING RIGHTS	101
AVAILABLE INFORMATION	104
LEGAL MATTERS	104
APPROVAL OF PROXY CIRCULAR BY MDA BOARD OF DIRECTORS	104
ANNEX "I" Orbital's Consolidated Financial Statements and Quarterly Report on Form 10-Q for the Quarter Ended June 30, 1995	F-1 (OMITTED)
ANNEX "II" MDA's Financial Statements	F-39 (OMITTED)
ANNEX "III" Excerpt of Orbital's Proxy Statement for 1995 Annual Meeting of Stockholders	P-1 (OMITTED)
APPENDIX "A" Plan of Arrangement	A-1
APPENDIX "B" Combination Agreement	B-1
APPENDIX "C" Opinion of Nesbitt Burns	C-1 (OMITTED)
APPENDIX "D" Interim Order	D-1 (OMITTED)
APPENDIX "E" Notice of Application for Final Order to the Supreme Court (British Columbia)	E-1 (OMITTED)
APPENDIX "F" Arrangement Resolution	F-1 (OMITTED)
APPENDIX "G" Section 190 of the CBCA	G-1 (OMITTED)

MacDONALD, DETTWILER and ASSOCIATES LTD.

MANAGEMENT INFORMATION CIRCULAR

This Proxy Circular is being furnished to holders of Common Shares of MDA and MDA 1988 Optionholders in connection with the solicitation of proxies by management of MDA for use at the Special Meeting to be held at 10:00 a.m., local time, on Tuesday, November 14, 1995, at the offices of MDA at 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3, and at any adjournment thereof.

At the Special Meeting, MDA Shareholders and MDA 1988 Optionholders will be asked to consider and vote upon a proposal to approve an arrangement under section 192 of the CBCA involving MDA and its shareholders and optionholders and to transact such further or other business as may properly come before the meeting or any adjournment thereof.

MDA Shareholders and MDA 1988 Optionholders are being asked to approve the Arrangement under the CBCA. Pursuant to the Arrangement, MDA will become a wholly owned subsidiary of Acquisition and each outstanding MDA Common Share will be exchanged for a number of Exchangeable Shares of Acquisition equal to the Exchange Ratio. The Exchange Ratio will be determined by dividing US\$5.41 by the average closing price of Orbital Common Shares for the 20 trading days ending on the date four trading days prior to the Effective Date of the Arrangement, provided that the Exchange Ratio will not be less than 0.2705 or greater than 0.3607. Outstanding MDA Options will become Replacement Options to acquire Orbital Common Shares on terms identical to the existing MDA Options, with appropriate adjustments in the exercise price and the number of shares subject to such options to reflect the Exchange Ratio. The Exchangeable Shares will have voting, dividend and liquidation rights that are, as nearly as practicable, equivalent to those rights of the Orbital Common Shares.

Holders of Exchangeable Shares will have the right to exchange all or any of such shares for an equal number (subject to adjustment in the event of certain capital and corporate reorganizations) of Orbital Common Shares plus the Dividend Amount attributable to such shares, at any time prior to the Automatic Redemption Date and subject to certain Call Rights of Orbital. The Exchangeable Shares will be automatically exchanged on the Automatic Redemption Date and upon the occurrence of certain events, including the liquidation, dissolution or winding-up of Orbital or Acquisition or the default by Acquisition under the Exchangeable Share Provisions. Acquisition has the right to accelerate the Automatic Redemption Date upon 75 days' written notice to the holders of Exchangeable Shares at any time when there are outstanding less than 400,000 Exchangeable Shares held by persons other than Orbital and its Affiliates.

This Proxy Circular and the accompanying forms of proxy, Letter of Transmittal and Notice of Guaranteed Delivery are first being mailed to MDA Shareholders and MDA 1988 Optionholders on or about October 11, 1995.

All information in this Proxy Circular relating to MDA has been supplied by MDA. All information relating to Orbital Sciences Corporation and Acquisition has been supplied by Orbital.

Orbital has reviewed all information relating to itself and Acquisition after its inclusion in this Proxy Circular. MDA has not made any independent investigations and assumes no responsibility for the accuracy or completeness of such information. Certain capitalized terms used in this Proxy Circular without definition have the meanings given in the Glossary of Terms found at page 2.

See "Risk Factors" for certain considerations relevant to MDA Shareholders and MDA 1988 Optionholders regarding the Arrangement and their investment in the securities referred to herein.

No person is authorized to give any information or to make any representation not contained in this Proxy Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Proxy Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation would be unlawful or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer to purchase or proxy solicitation. Neither delivery of this Proxy Circular nor any distribution of the securities referred to in this Proxy Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Proxy Circular.

GLOSSARY OF TERMS

The following terms have the following meanings when used in this Proxy Circular (including the summary). These defined terms are not used in the consolidated financial statements of either MDA or Orbital attached as annexes hereto.

"1933 Securities Act" means the United States Securities Act of 1933, including all regulations made thereunder, all amendments to such statute or regulations from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

"1934 Securities Exchange Act" means the United States Securities Exchange Act of 1934, including all regulations made thereunder, all amendments to such statute or regulations from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

"Acquisition" means 3173623 Canada Inc., a newly incorporated subsidiary of Orbital, existing under the CBCA.

"Acquisition Class B Preferred Shares" means the Class B Preferred Shares of Acquisition having the rights, privileges, restrictions and conditions set forth in Appendix A to the Plan of Arrangement.

"Acquisition Common Shares" means the Common Shares of

Acquisition having the rights, privileges, restrictions and conditions set forth in Appendix A to the Plan of Arrangement.

"Affiliate" of any person means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any person, means the possession by another person, directly or indirectly, of the power to direct or cause the direction of the management and policies of that first mentioned person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Agreements" means the agreements entered into between Orbital and persons who are deemed to be "affiliates" of MDA within the meaning of the 1933 Securities Act, substantially in the forms attached as Exhibits 6.2.4(A) and (B) to the Combination Agreement.

"Arrangement" means the arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments thereto made in accordance with section 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order.

"Arrangement Resolution" means the resolution concerning the Arrangement in the form set forth in Appendix "F" to this Proxy Circular.

"Automatic Redemption Date" means the fifth anniversary of the Effective Date, unless such date shall be accelerated at any time to a specified earlier date by the board of directors of Acquisition upon at least 75 days' prior written notice to the registered holders of Exchangeable Shares, in which case the Automatic Redemption Date shall be such earlier date; provided, however, that the board of directors of Acquisition may so accelerate the Automatic Redemption Date only at such time as there are outstanding fewer than 400,000 Exchangeable Shares held by holders other than Orbital and its Affiliates.

"Average Closing Price" means the average closing sales price of Orbital Common Shares for the 20 trading days ending on the date four trading days prior to the Effective Date, as reported on NASDAQ.

"Business Day" means any day other than a Saturday, a Sunday or a day when banks are not open for business in either or both of the Commonwealth of Virginia and Vancouver, British Columbia.

"CBCA" means the Canada Business Corporations Act, R.S.C. 1985, c.C-44, including all regulations made thereunder, all amendments to such statute or regulations from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

"Call Rights" means collectively, the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right.

"Canadian dollars" and "Cdn\$," "dollars" and "\$" mean the lawful currency of Canada.

"Canadian GAAP" means generally accepted accounting principles in Canada.

"Canadian Tax Act" means the Income Tax Act (Canada), R.S.C. 1985, c.1 (5th Supplement), including all regulations made thereunder, all amendments to such statute or regulations from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

"Change of Control Agreements" means the agreements to be entered into between Orbital and certain employees of MDA substantially in the form attached as Exhibit 6.2.5 to the Combination Agreement.

"Combination Agreement" means the Combination Agreement among Orbital, Acquisition and MDA dated as of August 31, 1995 as amended on September 29, 1995, a copy of which is appended as Appendix "B" hereto.

"Court" means the Supreme Court of British Columbia.

"DGCL" means the General Corporation Law of the State of Delaware, including all amendments to such statute from time to time, and any statute or regulation that supplements or supersedes such statute.

"Depository" means Montreal Trust Company of Canada, at its office set out in the Letter of Transmittal.

"Dissenting MDA Shareholders" means MDA Shareholders who have exercised a right of dissent in respect of the Arrangement Resolution in strict compliance with section 190 of the CBCA and the Interim Order.

"Dissenting MDA 1988 Optionholders" means MDA 1988 Optionholders who have exercised a right of dissent in respect of the Arrangement Resolution in strict compliance with section 190 of the CBCA and the Interim Order.

"Dividend Amount" means an amount equivalent to the full amount of declared and unpaid dividends on the Exchangeable Shares plus all dividends declared on Orbital Common Shares that have not been declared on the Exchangeable Shares in accordance with the Exchangeable Share Provisions.

"Effective Date" means the date on which the Arrangement becomes effective as established by the date of issue of the certificate of amendment in respect of the Plan of Arrangement to be issued by the Director under the CBCA pursuant to subsection 192(7) of

the CBCA.

"Effective Time" means 12:01 a.m. (Vancouver time) on the Effective Date.

"Employment Agreements" means the employment agreements to be entered into between MDA and certain officers substantially in the form attached as Exhibit 3.18 to the Combination Agreement.

"Exchange Ratio" is equal to US\$5.41 divided by the Average Closing Price, provided that in no event shall it be less than 0.2705 or greater than 0.3607.

"Exchange Right" means the right of the Trustee, on behalf of the holders of Exchangeable Shares other than Orbital and its Affiliates, to require Orbital to purchase the Exchangeable Shares upon the occurrence of certain events as stated in the Voting and Exchange Trust Agreement.

"Exchangeable Share Provisions" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which are set forth in Appendix A to the Plan of Arrangement.

"Exchangeable Shares" means the Exchangeable Non-Voting Shares of Acquisition having the rights, privileges, restrictions and conditions set forth in the Exchangeable Share Provisions.

"Final Order" means the final order of the Court approving the Arrangement.

"Holding Company Agreements" means the agreements to be entered into among Acquisition, the respective Qualifying Holdcos and their shareholders, substantially in the form attached as Exhibit 2.1.2 to the Combination Agreement.

"Insolvency Event" means the dissolution or winding-up of Acquisition, any insolvency or bankruptcy proceeding instituted by or against Acquisition, including any such proceeding under the Companies' Creditor Arrangement Act (Canada) and the Bankruptcy and Insolvency Act (Canada), the admission in writing by Acquisition of its inability to pay its debts generally as they become due and the inability of Acquisition, as a result of solvency requirements of the CBCA, to redeem any Exchangeable Shares tendered for retraction.

"Interim Order" means the interim order of the Court, a copy of which is appended to this Proxy Circular as Appendix "D".

"Letter of Transmittal" means the letter of transmittal for use by MDA Shareholders. A copy is enclosed with this Proxy Circular and additional copies are available on request from the Depositary.

"Liquidation Call Right" means the overriding right of Orbital, in the event of and notwithstanding the proposed liquidation,

dissolution, winding-up or insolvency of Acquisition, to purchase from all but not less than all of the holders of Exchangeable Shares all but not less than all of the Exchangeable Shares held by each such holder, as more particularly described in the Plan of Arrangement.

"MDA" means MacDonald, Dettwiler and Associates Ltd., a corporation existing under the CBCA, and where the context so requires, means MDA and its subsidiaries.

"MDA Board" means the board of directors of MDA.

"MDA Common Shares" means the common shares of MDA, together with all Rights.

"MDA Options" means collectively, the options outstanding under the MDA 1988 Option Plans, the Key Employee Share Option Plan and the Amended and Restated Key Employee Share Option Plan.

"MDA 1988 Option Plans" means together, the 1988 Employee Share Option Plan of MDA and the 1988 Key Employee Share Option Plan of MDA.

"MDA 1988 Optionholder" means a holder of an MDA 1988 Option.

"MDA 1988 Options" means the options to purchase MDA Common Shares issued under the MDA 1988 Option Plans.

"MDA Shareholder" means a holder of record of MDA Common Shares.

"NASDAQ" means the National Association of Securities Dealers Automated Quotation National Market System.

"Nesbitt Burns" means Nesbitt Burns Inc., financial advisor to MDA.

"Orbital" means Orbital Sciences Corporation, a corporation existing under the laws of the State of Delaware, and where the context so requires, means Orbital and its subsidiaries.

"Orbital Common Shares" means the common stock, par value \$.01 per share, of Orbital.

"Plan of Arrangement" means the plan of arrangement proposed under section 192 of the CBCA, substantially in the form attached to this Proxy Circular as Appendix "A," as amended, modified or supplemented from time to time in accordance with its terms.

"Proxy Circular" means this Management Information Circular including the Annexes and Appendices attached hereto and all amendments and supplements hereto from time to time.

"PSC" means The PSC Communications Group, a division of MDA.

"Qualifying Holdco" means a corporation that shall have become a

party to the Plan of Arrangement prior to the date of the Special Meeting pursuant to the Plan of Arrangement and in accordance with the terms of the Combination Agreement and shall have satisfied all the conditions under its respective Holding Company Agreement to the satisfaction of Acquisition in its sole discretion.

"Redemption Call Right" means the overriding right of Orbital, in the event of and notwithstanding a proposed redemption of Exchangeable Shares by Acquisition, to purchase from all but not less than all of the holders of Exchangeable Shares all but not less than all of the Exchangeable Shares held by each such holder, as more particularly described in the Plan of Arrangement.

"Replacement Option" means an option to purchase Orbital Common Shares issued or granted in replacement of a MDA Option.

"Retraction Call Right" means the overriding right of Orbital, in the event of and notwithstanding a request by a holder of Exchangeable Shares for Acquisition to redeem any or all of the Exchangeable Shares registered in the name of such holder, to purchase all but not less than all of the Exchangeable Shares that are the subject of such request directly from such holder, as more particularly described in the Plan of Arrangement.

"Rights" means all rights associated with the Common Shares in the capital of MDA, including without limitation all rights associated with such Common Shares pursuant to the Shareholder Protection Rights Plan.

"SEC" means the United States Securities and Exchange Commission.

"SFAS" means the Financial Accounting Standards Board's statements of financial accounting standards.

"Shareholder Protection Rights Plan" means the Shareholder Protection Rights Plan Agreement dated as of August 27, 1992 between MDA and Montreal Trust Company of Canada, as Rights Agent, as amended from time to time.

"Special Meeting" means the meeting of MDA Shareholders and MDA 1988 Optionholders to be held on Tuesday, November 14, 1995 to consider the Arrangement Resolution and to transact such further and other business as may properly come before the meeting, and any adjournment thereof.

"Special Voting Share" means the one Series A Preferred Share of Orbital to be issued to the Trustee by Orbital in connection with the Arrangement and to be held by the Trustee pursuant to the terms of the Voting and Exchange Trust Agreement.

"Support Agreement" means the agreement to be entered into between Acquisition and Orbital in connection with the Arrangement substantially in the form attached as Exhibit 2.3 to

the Combination Agreement.

"TSE" means The Toronto Stock Exchange.

"Trustee" means State Street Bank and Trust Company.

"U.S. dollars" and "US\$" mean the lawful currency of the United States.

"U.S. GAAP" means generally accepted accounting principles in the United States.

"Voting Agreements and Irrevocable Proxy" means the agreements between certain directors, officers and shareholders of MDA and Orbital relating to the voting by such persons of MDA Common Shares held by them on the Arrangement Resolution.

"VSE" means the Vancouver Stock Exchange.

"Voting and Exchange Trust Agreement" means the agreement to be entered into as of the Effective Date between Orbital, Acquisition and the Trustee in connection with the Arrangement substantially in the form attached as Exhibit 2.2 to the Combination Agreement.

"Voting Rights" means the voting rights attached to the Special Voting Share exercisable by the Trustee at the direction of the holders of Exchangeable Shares pursuant to the terms of the Voting and Exchange Trust Agreement.

MDA AND ORBITAL REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial information related to MDA contained in this Proxy Circular is reported in Canadian dollars and has been prepared in accordance with Canadian GAAP, which differs in certain respects from U.S. GAAP.

The financial information related to Orbital, including the pro forma financial information, contained in this Proxy Circular is reported in U.S. dollars and has been prepared in accordance with U.S. GAAP, which differs in certain respects from Canadian GAAP. See Notes 2 and G to the pro forma financial information of Orbital for an explanation of the relevant major differences between U.S. GAAP and Canadian GAAP.

CANADIAN/U.S. EXCHANGE RATES

In this Proxy Circular, dollar amounts are expressed either in "Canadian dollars," "Cdn\$," "\$" or "dollars" or in "U.S. dollars" or "US\$."

According to Reuters Historical Data for calendar 1992 to

calendar 1994 and for the nine months ended September 30, 1995, the high and low exchange rates (i.e. the rate at which Canadian dollars were sold for U.S. dollars), the average exchange rate (i.e. the average of the exchange rates on the last day of each month during the period) and the end-of-period exchange rates for one Canadian dollar expressed in U.S. dollars for the periods indicated are set forth below:

<TABLE>

<CAPTION>

	Twelve Months Ended	Nine Months Ended September 30,		
	December 31,			
	1992	1993	1994	1995
	US\$	US\$	US\$	US\$
<S>	<C>	<C>	<C>	<C>
High for period	0.8485	0.7994	0.7567	0.7446
Low for period	0.7725	0.7417	0.7097	0.7009
End of period	0.7866	0.7566	0.7133	0.7410
Average for period	0.8249	0.7737	0.7302	0.7288

</TABLE>

On September 29, 1995, the noon buying rate for Cdn\$1.00 was US\$0.7442.

SUMMARY OF PROXY CIRCULAR

The following is a summary of certain information about the Arrangement, MDA, Orbital and Acquisition and is qualified in its entirety by reference to the full text of this Proxy Circular, including the annexes and appendices hereto. MDA Shareholders and MDA 1988 Optionholders are urged to read this Proxy Circular, including the accompanying annexes and appendices, in its entirety. See "Risk Factors" for certain information that should be considered by MDA Shareholders and MDA 1988 Optionholders. For the definitions of certain terms used in this Proxy Circular, see "Glossary of Terms."

General

Orbital Sciences Corporation, MacDonald, Dettwiler and Associates Ltd. and 3173623 Canada Inc., a newly formed subsidiary of Orbital, have entered into the Combination Agreement. Pursuant to the Combination Agreement, MDA and Acquisition have applied for and received the Interim Order of the Supreme Court of British Columbia calling the Special Meeting of MDA Shareholders and MDA 1988 Optionholders to consider the approval of the Arrangement under section 192 of the CBCA.

Pursuant to the Arrangement, MDA will become a wholly owned

subsidiary of Acquisition and each outstanding MDA Common Share will be exchanged for a number of Exchangeable Shares of Acquisition equal to the Exchange Ratio. The Exchange Ratio will be determined by dividing US\$5.41 by the average closing price of Orbital Common Shares for the 20 trading days ending on the date four trading days prior to the Effective Date of the Arrangement, provided that the Exchange Ratio will not be less than 0.2705 or greater than 0.3607. Outstanding MDA Options will become Replacement Options to acquire Orbital Common Shares on terms identical to the existing MDA Options, with appropriate adjustments in the exercise price and the number of shares subject to such options to reflect the Exchange Ratio. The Exchangeable Shares will have voting, dividend and liquidation rights that are, as nearly as practicable, equivalent to those rights of the Orbital Common Shares.

Orbital is a space technology company that designs, manufactures, operates and markets a broad range of space products and services that include launch systems, space and electronics systems, and communications and information systems. Orbital had revenues of approximately US\$222 million for the year ended December 31, 1994. As of June 30, 1995, Orbital's total backlog, including firm orders of approximately US\$495 million, was approximately US\$1.3 billion. The closing sales price of an Orbital Common Share on September 29, 1995 was US\$16.25, as reported by NASDAQ.

The Arrangement and The Combination Agreement

The Combination Agreement, a copy of which is appended hereto as Appendix "B," provides for the implementation of the Arrangement under the CBCA, including obtaining the Interim Order, calling the Special Meeting and obtaining the Final Order of the Court approving the Arrangement. The Combination Agreement also contains the terms and conditions of Orbital's, MDA's and Acquisition's obligations to consummate the Arrangement.

The Arrangement. Pursuant to the Arrangement, (i) MDA will become a wholly owned subsidiary of Acquisition and an indirect subsidiary of Orbital, (ii) MDA Shareholders (except dissenting holders, and except corporations ("Qualifying Holdcos") that, together with their respective shareholders, have entered into an agreement (a "Holding Company Agreement") with Acquisition substantially in the form attached as Exhibit 2.1.2 to the Combination Agreement and have met the conditions under the Holding Company Agreement) will receive, in exchange for their MDA Common Shares, a number of Exchangeable Shares equal to the product of the number of such MDA Common Shares multiplied by the Exchange Ratio; (iii) all outstanding shares of each Qualifying Holdco will be exchanged for a number of Exchangeable Shares equal to the product of the number of MDA Common Shares owned by such Qualifying Holdco multiplied by the Exchange Ratio; and (iii) each outstanding MDA Option will be converted into a Replacement Option exercisable for a number of Orbital Common Shares equal to the product of the number of MDA Common Shares subject to such MDA Option multiplied by the Exchange Ratio, at

an exercise price per share equal to the exercise price per share of such MDA Option divided by the Exchange Ratio, and subject to the same vesting, expiration and other terms as such MDA Option. In addition, Acquisition will issue 10,000 Class B Preferred Shares to Canadian Imperial Bank of Commerce as partial payment for investment banking services rendered with respect to the Arrangement. See "The Arrangement and the Combination Agreement - Plan of Arrangement."

Recommendation and Fairness Opinion. The MDA Board has approved the Combination Agreement and unanimously recommends that MDA Shareholders and MDA 1988 Optionholders vote to adopt the Arrangement Resolution. Nesbitt Burns Inc., financial advisor to MDA, has delivered to the MDA Board its written opinion dated as of October 4, 1995 (a copy of which is attached to this Proxy Circular as Appendix "C") to the effect that, based upon and subject to the various considerations set forth in such opinion and as of that date, the Arrangement is fair to MDA Shareholders and MDA 1988 Optionholders from a financial point of view. The fees to be paid to Nesbitt Burns are contingent upon consummation of the Arrangement. See "The Arrangement and the Combination Agreement - MDA's Reasons for the Arrangement and Recommendations of the MDA Board" and "- Opinion of MDA's Financial Advisor."

Qualifying Holdcos. The Combination Agreement provides that any MDA Shareholder that wishes to contribute its MDA Common Shares to a holding company and exchange the shares of the Qualifying Holdco for Exchangeable Shares as provided in the Plan of Arrangement may do so by complying with certain notice provisions, entering into a Holding Company Agreement and satisfying the conditions set forth in the Holding Company Agreement. See "The Arrangement and the Combination Agreement - Qualifying Holdcos."

Description of Exchangeable Shares. The Exchangeable Shares will have voting, dividend and liquidation rights that are, as nearly as practicable, equivalent to those rights of the Orbital Common Shares, and will be exchangeable for Orbital Common Shares on a one-for-one basis (subject to adjustment). Each Exchangeable Share will be entitled to receive dividends from Acquisition payable at the same time as, and to the extent possible in the same property or cash as, and in the case of cash dividends, in the Canadian dollar equivalent of, each dividend paid by Orbital on an Orbital Common Share. The Exchangeable Shares generally will not be entitled to vote on matters submitted to Acquisition's shareholders but, pursuant to the Voting and Exchange Trust Agreement, holders of Exchangeable Shares will be provided with voting rights that will entitle them to vote along with holders of Orbital Common Shares on matters submitted to Orbital's shareholders. In the event of the liquidation, dissolution or winding-up of Acquisition or Orbital, a holder of Exchangeable Shares will receive one Orbital Common Share for each Exchangeable Share (subject to adjustment). Acquisition will automatically redeem all Exchangeable Shares then outstanding on the fifth anniversary of the Effective Date, and

may redeem all outstanding Exchangeable Shares at any time when there are less than 400,000 outstanding Exchangeable Shares held by persons other than Orbital and its Affiliates, in each case for a redemption price of one Orbital Common Share per Exchangeable Share (subject to adjustment). Upon a proposed retraction or redemption of an Exchangeable Share, or in the event of the liquidation, dissolution or winding-up of Acquisition, Orbital will have the right, in lieu of Acquisition making such retraction, redemption or liquidation payment, to purchase Exchangeable Shares for a price of one Orbital Common Share for each Exchangeable Share (subject to adjustment). In the event of certain capital or corporate reorganizations of Orbital, the number of Orbital Common Shares to be issued upon the exchange of Exchangeable Shares will be appropriately adjusted so that the holders of the Exchangeable Shares are treated in the same manner as holders of Orbital Common Shares. Although the transfer of Exchangeable Shares, subject to receiving certain orders from securities regulators, will not be restricted under applicable securities laws, except in certain stated instances, the Exchangeable Shares will not be listed on any stock exchange and MDA does not expect there will be any market for the Exchangeable Shares. See "The Arrangement and the Combination Agreement - Description of Exchangeable Shares."

Voting and Exchange Trust Agreement. At the Effective Time, Acquisition, Orbital and the Trustee will enter into the Voting and Exchange Trust Agreement pursuant to which Orbital will issue to the Trustee one Series A Preferred Share of Orbital (the "Special Voting Share"). The Special Voting Share will vote with the Orbital Common Shares at any meeting at which the holders of Orbital Common Shares are entitled to vote, and will be entitled to a number of votes equal to the number of Orbital Common Shares issuable upon exchange of all Exchangeable Shares outstanding from time to time not owned by Orbital or its Affiliates. On each vote of Orbital Common Shares, holders of Exchangeable Shares as of the record date established for the meeting at which such vote will be taken will have the right to direct the Trustee with respect to a number of votes equal to the number of Orbital Common Shares issuable upon exchange of their Exchangeable Shares. See "The Arrangement and the Combination Agreement - Description of Exchangeable Shares - Voting Rights."

Pursuant to the Voting and Exchange Trust Agreement, Orbital will grant to the Trustee for the benefit of the holders of Exchangeable Shares the Exchange Right, exercisable upon the liquidation, dissolution or insolvency of Acquisition or if Acquisition defaults in its dividend, retraction or redemption obligations with respect to the Exchangeable Shares, to require Orbital to purchase all or any part of the Exchangeable Shares at a purchase price of one Orbital Common Share for each Exchangeable Share (subject to adjustment). In addition, Orbital will grant to the Trustee for the benefit of the holders of the Exchangeable Shares the Automatic Exchange Right, exercisable upon the liquidation, dissolution or winding-up of Orbital, to automatically exchange each Exchangeable Share for one Orbital

Common Share (subject to adjustment) five business days prior to the date of any such liquidation event. See "The Arrangement and the Combination Agreement - Description of Exchangeable Shares - Retraction, Redemption and Exchange Right."

Support Agreement. At the Effective Time, Acquisition and Orbital will enter into the Support Agreement pursuant to which Orbital will covenant to take such action as is necessary to permit Acquisition to (i) pay simultaneous and equivalent dividends on the Exchangeable Shares as are paid by Orbital on the Orbital Common Shares, and (ii) honour the redemption and retraction rights and the dissolution entitlements that are attributes of the Exchangeable Shares. The Support Agreement will also provide that, without the prior approval of the holders of the Exchangeable Shares, Orbital will not take certain actions, such as declaring dividends on the Orbital Common Shares or effecting reclassifications or reorganizations of the Orbital Common Shares, without the same or an economically equivalent action being taken in respect of the Exchangeable Shares. See "The Arrangement and the Combination Agreement - Support Agreement."

Court Approval and Completion of the Arrangement. The implementation of the Arrangement is subject to the Final Order approving the Arrangement. MDA, Acquisition and Orbital intend to apply for the Final Order as promptly as practicable after the Special Meeting. A copy of the Notice of Application for the Final Order is attached as Appendix "E" hereto. The hearing in respect of the Final Order is scheduled to take place on November 16, 1995 before the presiding Judge or Master in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia. At that hearing, any MDA Shareholder, any MDA 1988 Optionholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving appropriate notices of appearance in accordance with the Interim Order. At the hearing for the Final Order, the Court will consider, among other factors, the fairness of the Arrangement and the approval of the Arrangement Resolution by MDA Shareholders and MDA 1988 Optionholders. The Effective Date of the Arrangement will occur after the Final Order is obtained and all other conditions in the Combination Agreement have been satisfied or waived, which is expected to occur promptly after the Special Meeting. See "The Arrangement and the Combination Agreement - Court Approval and Completion of the Arrangement."

Conditions to the Arrangement. Consummation of the Arrangement is subject to the satisfaction of a number of conditions, including but not limited to: (i) the passage of the Arrangement Resolution by the MDA Shareholders and the MDA 1988 Optionholders; (ii) Dissenting MDA Shareholders and Dissenting MDA 1988 Optionholders being entitled in the aggregate to receive no more than 10% of the aggregate number of Orbital Common Shares and Replacement Options to be issued pursuant to the Plan of Arrangement; (iii) the receipt of necessary orders or

registrations under applicable securities regulations to permit the transactions contemplated by the Arrangement to be completed and the Exchangeable Shares to be freely tradeable except in certain limited circumstances; (iv) the absence of any restrictive court orders or any other legal restraints preventing or making illegal the consummation of the Arrangement; (v) the continuing accuracy in all material respects of the representations and warranties made by each of MDA and Acquisition and Orbital in the Combination Agreement on and as of the Effective Date; and (vi) the receipt by Orbital of an opinion that the Arrangement is to be accounted for as a pooling of interests. See "The Arrangement and the Combination Agreement - The Combination Agreement."

Termination. The Combination Agreement may be terminated and the Arrangement may be abandoned prior to the Effective Date, notwithstanding the approval by the MDA Shareholders and the MDA 1988 Optionholders of the Arrangement Resolution, under the circumstances specified in the Combination Agreement, including: (i) by Orbital, if the Average Closing Price is more than US\$25.00; (ii) by Orbital, if the MDA Board shall have withdrawn or modified in any manner adverse to Orbital its support of the Arrangement, or shall fail to affirm such support upon the request of Orbital; (iii) by MDA, if the Average Closing Price is less than US\$12.775; (iv) by MDA, if MDA receives a bona fide offer to acquire all the shares or assets of MDA for a consideration per MDA Common Share having a fair market value greater than US\$5.95, based on prevailing exchange rates at the date of the offer; (v) by mutual agreement of Orbital and MDA; and (vi) by either party if the Arrangement is not consummated by December 31, 1995 (other than as a result of a default of the terminating party). Under certain circumstances MDA may be required to pay Orbital a US\$750,000 termination fee if the Combination Agreement is terminated by MDA. See "The Arrangement and the Combination Agreement - The Combination Agreement - Termination and Amendment" and "- Solicitation of Alternate Transactions."

Operations Following the Arrangement. Orbital currently expects that following the Arrangement, MDA will continue to operate as a separate entity, substantially in the same manner as it has operated its business prior to the Arrangement. See "The Arrangement and the Combination Agreement - Operations Following the Arrangement."

Accounting Treatment. The Arrangement is expected to be accounted for as a pooling of interests under U.S. GAAP, and it is a condition to Orbital's obligation to consummate the Arrangement that Orbital shall have received an opinion of KPMG Peat Marwick LLP, its independent auditors, to the effect that such accounting treatment is appropriate. See "The Arrangement and the Combination Agreement - Accounting Treatment."

Certain Canadian Federal Income Tax Considerations

The following discussion of Canadian federal income tax considerations is intended as a general summary and does not discuss all of the facts and circumstances that may affect the tax liability of particular holders of MDA Common Shares and MDA 1988 Options. Holders of MDA Common Shares and MDA 1988 Options are urged to consult their own tax advisors. See "Income Tax Considerations to MDA Shareholders and Optionholders - Canadian Federal Income Tax Considerations."

Residents of Canada. A holder of MDA Common Shares who receives Exchangeable Shares will generally not be subject to Canadian income tax in respect of such transaction (i) if such holder is not considered to receive Voting Rights or the Exchange Right for MDA Common Shares, or (ii) even if such holder is considered to receive Voting Rights or the Exchange Right for MDA Common Shares, if such holder effects a Tax Election under section 85 of the Canadian Tax Act specifying a transfer price equal to the aggregate of the adjusted cost bases of such MDA Common Shares immediately before the exchange.

Pursuant to the Canadian Tax Act, a holder of an outstanding MDA 1988 Option that becomes a Replacement Option will be deemed not to have disposed of the MDA 1988 Option and not to have acquired the Replacement Option, provided the value of the Replacement Option is not greater than the value of the MDA 1988 Option. Furthermore, for purposes of the tax consequences of the Replacement Option, the Replacement Option will be deemed to be the same option as, and a continuation of, the MDA 1988 Option and Orbital will be deemed to be the same corporation as, and a continuation of, MDA.

So long as the value of the Call Rights, Exchange Right and the Voting Rights is nominal, the grant of Call Rights by a holder of Exchangeable Shares, in consideration of the receipt of Exchange Right and Voting Rights, should not result in any material Canadian federal income tax consequences.

A holder of Exchangeable Shares who receives Orbital Common Shares from Acquisition on a redemption (including a retraction) by Acquisition of the holder's Exchangeable Shares will be deemed to receive a dividend as a result of such redemption. A holder of Exchangeable Shares who exchanges his Exchangeable Shares with Orbital for Orbital Common Shares upon the exercise of the Call Rights or the Exchange Right will generally realize a capital gain (or capital loss) as a result of such exchange.

Non-Residents of Canada. Provided the MDA Common Shares are listed on a prescribed stock exchange at the time of implementation of the Arrangement, a holder of MDA Common Shares who is not resident in Canada, who holds MDA Common Shares as capital property and does not hold MDA Common Shares in connection with a business carried on in Canada, generally will not be subject to tax under the Canadian Tax Act solely as a result of the transactions effected pursuant to the Arrangement.

A non-resident holder of Exchangeable Shares who receives Orbital Common Shares from Acquisition on a redemption (including a retraction) of the holder's Exchangeable Shares will be deemed to receive a dividend as a result of such redemption that will be subject to non-resident withholding tax under the Canadian Tax Act at the rate of 25%, subject to reduction under the provisions of an applicable income tax treaty. Under the Canada-United States Income Tax Convention, the rate is generally reduced to 15% for residents of the United States. A holder of Exchangeable Shares who exchanges his Exchangeable Shares with Orbital for Orbital Common Shares upon the exercise of the Call Rights or the Exchange Right will generally realize a capital gain (or capital loss) as a result of such exchange.

An exchange of Exchangeable Shares for Orbital Common Shares by a non-resident may be subject to tax under the Canadian Tax Act. A non-resident may be exempt from tax pursuant to the provisions of an applicable tax treaty such as the Canada-United States Income Tax Convention. In any case, Orbital or Acquisition will require non-residents to obtain a certificate from Revenue Canada on such exchange specifying a certificate limit not less than the fair market value of the Orbital Common Shares. If no such certificate is obtained, then either Orbital or Acquisition will withhold and remit to Revenue Canada as tax on behalf of such non-resident holder, 33% of the fair market value of the Orbital Common Shares, and Orbital or Acquisition will deliver to the non-resident holder a reduced number of Orbital Common Shares to reflect such payment to Revenue Canada.

Certain United States Federal Income Tax Considerations

The following discussion of United States federal income tax considerations is intended as a general summary and does not discuss all of the facts and circumstances that may affect the tax liability of particular MDA Shareholders. MDA Shareholders are urged to consult their own tax advisors. See "Income Tax Considerations to MDA Shareholders and Optionholders - United States Federal Income Tax Considerations."

U.S. Shareholders. MDA and Orbital believe, based on advice of counsel, that there is a reasonable basis on which to conclude that the exchange of MDA Common Shares pursuant to the Arrangement will constitute a taxable transaction for U.S. federal income tax purposes, and MDA understands that Orbital intends to report the exchange in a manner consistent with the foregoing. If the exchange is taxable, MDA Shareholders who are "United States persons" for U.S. federal income tax purposes ("U.S. Holders"), including United States citizens or residents, domestic corporations, domestic partnerships, and estates or trusts subject to U.S. federal income tax on their income regardless of source, who receive Exchangeable Shares would recognize capital gain or loss in an amount equal to the difference between the fair market value of the Exchangeable Shares received (together with cash received in lieu of fractional shares (if any)) and the tax basis of the MDA Common

Shares surrendered in the exchange. Such capital gain or loss would generally constitute U.S. source gain and would be long-term capital gain or loss if the MDA Common Shares exchanged have been held for more than one year at the time of the exchange. It is possible, however, that the United States Internal Revenue Service (the "IRS") may take the position that the receipt of Exchangeable Shares in exchange for MDA Common Shares is not a taxable event, in which case a U.S. Holder would only have to recognize gain to the extent of cash in lieu of fractional shares (if any), and certain carryover tax basis and holding period rules would apply to the Exchangeable Shares.

MDA and Orbital also believe, based on the advice of counsel, that there is a reasonable basis on which to conclude that the exchange, retraction or redemption of the Exchangeable Shares for Orbital Common Shares will be treated as a taxable event for U.S. federal income tax purposes, and Orbital has advised MDA that it currently intends to take this position. If the exchange is a taxable event, a U.S. Holder that receives Orbital Common Shares from Orbital pursuant to the Call Rights would generally recognize capital gain or loss equal to the difference between the fair market value of the Orbital Common Shares at the time of the exchange (together with cash in lieu of fractional shares (if any) and cash equal to the Dividend Amount (if any)) and the tax basis of the Exchangeable Shares. Such capital gain or loss would be long-term capital gain or loss if the Exchangeable Shares have been held for more than one year at the time of the exchange. It is possible, however, that the IRS could assert that a portion of such gain constitutes U.S. source ordinary income. If the receipt of Orbital Common Shares is effected through a retraction or redemption of Exchangeable Shares distributed to a U.S. Holder directly by Acquisition, then if the retraction or redemption is treated as a taxable transaction, it would be treated as a taxable exchange of the Exchangeable Shares if the U.S. Holder meets certain tests relating to reductions in its percentage shareholdings in Acquisition, and otherwise would be taxed as a dividend paid on the Exchangeable Shares to the extent of Acquisition's (or, possibly, Orbital's) earnings and profits. It is possible, however, that the IRS could assert that the exchange, retraction or redemption of Exchangeable Shares for Orbital Common Shares is not a taxable event, in which case a U.S. Holder would only have to recognize gain to the extent of cash in lieu of fractional shares (if any) and the Dividend Amount (if any), and certain carryover tax basis and holding period rules would apply to the Orbital Common Shares.

Non-U.S. Shareholders. A holder of MDA Common Shares that is not a U.S. Holder ("non-U.S. Holder") generally will not be subject to U.S. federal income tax on a gain recognized on the receipt of the Exchangeable Shares, Voting Rights and Exchange Right, or on the subsequent sale or exchange of the Exchangeable Shares or Orbital Common Shares, unless such gain is effectively connected with a U.S. trade or business.

Dividends received by a non-U.S. Holder with respect to the

Orbital Common Shares generally will be subject to U.S. withholding tax at a rate of 30%, which rate may be subject to reduction by an applicable income tax treaty in effect between the U.S. and the non-U.S. Holder's country of residence. Under the Canada-U.S. Income Tax Convention, the rate is generally reduced to 15%. Although the matter is not entirely free from doubt, dividends received by a non-U.S. Holder on Exchangeable Shares should not be subject to U.S. withholding tax.

The Special Meeting

Time and Place. The Special Meeting will be held on Tuesday, November 14, 1995 at the office of MDA at 13800 Commerce Parkway, Richmond, B.C., V6V 2J3, at 10:00 a.m. (Vancouver time).

MDA Shareholders and MDA 1988 Optionholders Entitled to Vote. At the Special Meeting, the MDA Shareholders (voting together as one class) and the MDA 1988 Optionholders (voting separately from the MDA Shareholders as a second class) will each consider and vote upon a proposal to approve the Arrangement Resolution, and will transact such other business as may properly come before the Special Meeting or any adjournments thereof. The close of business on October 10, 1995 is the record date for determination of MDA Shareholders entitled to receive notice of and to vote at the Special Meeting, subject to the rights of certain transferees of MDA Common Shares after that date in accordance with the CBCA. All holders of MDA 1988 Options on the date of the Special Meeting will be entitled to attend and vote at the Special Meeting. As of September 29, 1995, 11,218,156 MDA Common Shares and 277,643 MDA 1988 Options were outstanding. See "The Special Meeting -General Proxy Information."

Vote Required. Subject to any further order of the Court, the Arrangement Resolution must be approved by the affirmative vote of 66K% of the votes actually cast thereon by the MDA Shareholders and the MDA 1988 Optionholders, voting as separate classes (and for this purpose any spoiled votes, illegible votes, defective votes and abstentions shall be considered not to be votes cast). Directors, officers and shareholders of MDA holding approximately 56.6% of the issued and outstanding MDA Common Shares have executed Voting Agreements and Irrevocable Proxies with Orbital agreeing to vote for the Arrangement Resolution at the Special Meeting. In addition, certain officers and employees of MDA holding approximately 59.2% of total votes entitled to be cast by the MDA 1988 Optionholders have agreed with MDA to vote, as MDA 1988 Optionholders, for the Arrangement Resolution. See "The Special Meeting - General Proxy Information - Required Votes to Approve the Arrangement and Voting Intentions of Certain Shareholders and Optionholders."

Dissent Rights. MDA Shareholders and MDA 1988 Optionholders who do not vote in favour the Arrangement Resolution and comply with certain procedures are entitled to dissent under section 190 of the CBCA, in accordance with the Interim Order. See "Dissenting Rights."

Business of Orbital

Orbital is a space technology company that designs, manufactures, operates and markets a broad range of space products and services that are grouped into three categories: Launch Systems, Space and Electronics Systems, and Communications and Information Systems. Launch Systems include space and suborbital launch vehicles; Space and Electronics Systems include satellites, spacecraft platforms, space sensors and instruments, and space payloads and experiments, as well as advanced avionics and data management systems; and Communications and Information Systems include satellite-based two-way mobile data communications systems, satellite-based navigation products and remote sensing systems, along with satellite tracking systems and environmental monitoring products. See "Information Concerning Orbital."

Orbital's goal is to become a full-service space company by integrating its launch vehicles, satellites and other products into complete "turn-key" space systems and providing end-to-end satellite-based services for particular markets. Orbital's strategy is to exploit expanding opportunities to provide government, commercial and other customers with low-cost access to space. Essential elements of Orbital's strategy include investment of substantial private capital in the development of proprietary products; reduction of the time required for product development; formation of strategic business alliances to enhance Orbital's marketing, technical, manufacturing and financial capabilities; establishment of vertically integrated manufacturing and testing capabilities; and acquisitions of companies with product lines that complement or enhance Orbital's existing base of products, services and technologies. Orbital believes that providing lower-cost "turn-key" space systems should stimulate the use of space products and services by private corporations, educational and research institutions and other non-traditional space customers including, ultimately, individual consumers.

Orbital's customer base includes a wide range of U.S. governmental agencies, universities and commercial enterprises including: the U.S. National Aeronautics and Space Administration ("NASA"); the National Oceanic and Atmospheric Administration; various organizations within the U.S. Department of Defense ("DoD"), including the U.S. Army, the U.S. Navy, the U.S. Air Force, the Advanced Research Projects Agency ("ARPA") and the Ballistic Missile Defense Organization ("BMDO"); ORBCOMM Global, L.P. ("ORBCOMM Global"), an affiliate of Orbital; Johns Hopkins University; and certain distributors of electronics and recreational equipment.

Launch Systems. Orbital's Launch Systems Group's most significant products are space and suborbital launch vehicles. A space launch vehicle launches a satellite into orbit around the Earth. Suborbital launch vehicles place payloads into a variety of high-altitude trajectories but, unlike space launch vehicles,

do not place payloads into Earth orbit.

Orbital's space launch vehicles are the Pegasus launch vehicle; the Pegasus XL launch vehicle (a modified, larger version of the Pegasus); and the Taurus launch vehicle. The Pegasus and Pegasus XL vehicles are launched from beneath a modified large aircraft such as a Lockheed L-1011 to deploy satellites weighing up to 1,000 pounds into low-Earth orbit. The higher-capacity Taurus vehicle is a ground-launched derivative of the Pegasus vehicle that can carry payloads weighing up to 3,000 pounds to low-Earth orbit and payloads weighing up to 800 pounds to geosynchronous orbit. In March 1995, Orbital and Rockwell International Corporation agreed to form a joint venture to develop, construct, operate and market a new advanced technology small reusable space launch vehicle (the "X-34").

Orbital's suborbital launch products include various types of suborbital vehicles and their principal subsystems, payloads carried by such vehicles, and related launch support installations and systems used in their assembly and operation. Customers typically use Orbital's suborbital launch vehicles to launch scientific and other payloads and for defence-related applications such as target and interceptor experiments for anti-missile defence systems.

Space and Electronics Systems. Orbital's Space and Electronics Systems Group's products include spacecraft systems and payloads, defence avionics and sensors.

The Space and Electronics Systems Group is responsible for the design, production and testing of small and medium class spacecraft for scientific, military and commercial applications. The small standard spacecraft platforms developed by Orbital, such as the PegaStar0 and the MicroStar0, are designed to be launched by the Pegasus, Pegasus XL or Taurus launch vehicles. The PegaStar spacecraft platform is a general purpose spacecraft that has successfully performed on one mission, and is planned to be used for Orbital's SeaStar0 ocean environmental monitoring satellite system. Orbital's MicroStar spacecraft platform is designed for use in the ORBCOMM Global satellite-based two-way data communications network consisting of up to 36 MicroStar satellites (the "ORBCOMM System") and also for a variety of small space science and remote sensing projects, including some of those being pursued by Orbital's wholly owned subsidiary, Orbital Imaging Corporation ("ORBIMAGE"). Orbital's medium class satellites are generally used to gather various scientific data, such as ocean topography and ultraviolet sources outside the galaxy.

Orbital develops, manufactures and markets avionics products, including advanced electronics and data management systems for aircraft flight operations and ground support for the U.S. military and foreign governments. The Space and Electronics Systems Group also is responsible for the design, production and testing of spacecraft command and data handling, attitude control

and structural subsystems for a variety of government and commercial customers. Other Space and Electronics Systems Group products include satellite-borne scientific sensors and instruments, such as atmospheric ozone monitoring instruments and environmental sensors.

Communications and Information Systems. Orbital's Communications and Information Systems Group includes Orbital's subsidiaries: Orbital Communications Corporation ("ORBCOMM"), ORBIMAGE and Magellan Corporation ("Magellan").

In June 1993, ORBCOMM and Teleglobe Mobile Partners ("Teleglobe Mobile"), a partnership formed by Teleglobe Inc. ("Teleglobe"), formed ORBCOMM Global to design, develop, construct, integrate, test and market the ORBCOMM System. The ORBCOMM System is a satellite-based communications network designed to provide virtually continuous mobile data communications coverage over much of the Earth's surface. The ORBCOMM System will include a constellation of up to 36 small low-Earth orbit MicroStar satellites, a satellite control centre operating and positioning the satellites, network control centres controlling the flow of information through the system, local ground stations sending and receiving signals between the network control centres and nearby satellites, and the mobile communicators used by subscribers to transmit and receive messages to and from nearby satellites. In April 1995, Orbital launched on a Pegasus launch vehicle the first two satellites of the ORBCOMM System. ORBCOMM Global expects to begin intermittent commercial service using these satellites during the first quarter of 1996.

ORBIMAGE is currently seeking to develop and market a broad range of information services that identify and monitor global environmental changes and collect and disseminate other remote sensing information. Small Earth-viewing satellites and related sensors and instruments to be placed in relatively low orbits are expected to offer cost-efficient data collection, daily global coverage and high-resolution sensing services. Services to be provided by ORBIMAGE could include high-resolution optical imaging of land surfaces for geographic information and sensing of ozone and atmospheric conditions.

Magellan designs, manufactures and markets Global Positioning System satellite-based navigation and positioning products for commercial and consumer markets including marine and aviation applications, outdoor recreational users such as hunters and hikers, professional users such as geologists, geographers, surveyors, natural resource managers and contractors and, to a lesser extent, governmental users.

Business of MDA

MDA provides technology-based solutions and services to Earth information, air navigation, defence applications and data communications markets worldwide, through four business areas.

Geo-Information Systems. Geo-Information Systems, MDA's largest business area, involves the development of systems for the management of Earth resources and the environment, by applying MDA's expertise in Earth observation ground stations and related markets. MDA is one of the world's leading companies in providing solutions for the acquisition, processing, archiving and dissemination of non-classified Earth observation data. Of the 26 non-secret ground stations in the world, MDA has built or been part of the construction of 23 ground stations in 20 countries. In addition to pursuing opportunities to build new ground stations, MDA is actively pursuing opportunities to upgrade existing ground stations so that they are able to process the data that new technologically-advanced Earth observation satellites are able to provide.

In addition to systems for space-based Earth observation, MDA builds systems to process Earth images from airborne radar. MDA also designs and builds customized software products in consultation with consumers in government and industry to make geographic related data more useful. The Geo-Information Systems business area provides operational and post-delivery support to ensure operational efficiency of systems delivered to its customers. This support includes consulting services, training, maintenance and test equipment, spare parts and manuals.

Aviation Systems. MDA's Aviation Systems business area is focused on specific markets, including the provision of automated aeronautical information systems and automated air traffic management systems. MDA builds and markets the Pegasus-AISTM (unrelated to Orbital's Pegasus space launch vehicle), an automated aeronautical information management system. This system provides pilots and other users with aeronautical and meteorological information. In addition, MDA is developing a niche in the embedding of its aeronautical information systems into broader air traffic management systems.

MDA is currently participating in the development and delivery of air traffic management software to be used in the Canadian Automated Air Traffic System. Air traffic management systems allow air traffic controllers to guide pilots in flight by combining information about flights, routes, weather, navigational aids, airways and airports, and delivering it to air traffic controllers in a form that is intended to enable timely, safe decisions.

Space and Defence Systems. MDA's Space and Defence Systems business area provides surveillance and command support systems for space and defence. MDA's defence systems include naval mine countermeasures, artillery command and control, radar deception systems and military materiel management. In space-related work, MDA continues to provide major software development efforts as part of Canada's contribution to the Space Station project. This activity provides an opportunity for the enhancement of MDA's space-qualified software capabilities.

Communications. In 1994, MDA entered a new computer network communications consulting and training business through the acquisition of Ottawa-based The PSC Communications Group Inc. PSC helps customers design and implement networks so that computers can communicate faster and at lower cost, and develops software for special client needs, such as to monitor networks, and find and correct trouble-spots. PSC also offers instructional classes for a variety of vendor products, as well as general courses in computer communications, aimed mainly at technicians in companies across North America, Europe and other parts of the world.

MARKET PRICE AND DIVIDEND INFORMATION

Orbital Common Shares are quoted on NASDAQ under the symbol "ORBI". The following table sets forth the high and low closing sale prices reported on NASDAQ for an Orbital Common Share for the periods indicated. The closing sale price of an Orbital Common Share on the NASDAQ on July 28, 1995, the last trading day prior to the public announcement of the Arrangement, was US\$17.625 and on September 29, 1995, the latest practicable trading day before the printing of this Proxy Circular, was US\$16.25.

Twelve Month Periods Ended December 31,	High US\$	Low US\$
1993		
First Quarter	14.25	10.75
Second Quarter	13.75	10.25
Third Quarter	19.00	12.25
Fourth Quarter	23.00	16.50
1994		
First Quarter	26.50	15.25
Second Quarter	24.50	14.00
Third Quarter	18.50	14.50
Fourth Quarter	22.50	15.00
1995		
First Quarter	20.50	16.50
Second Quarter	22.00	15.50
Third Quarter	19.25	16.25

MDA Common Shares have been traded on the VSE since August 9, 1993 and on the TSE since April 3, 1995 under the symbol "MDA". The following table sets forth the high and low closing sale prices reported on the VSE and TSE for an MDA Common Share for the periods indicated. The closing sale price for an MDA Common Share on the TSE on July 28, 1995, the last trading day prior to the public announcement of the Arrangement, was Cdn\$5.50 and on September 29, 1995, the latest practicable trading day before the printing of this Proxy Circular, was Cdn\$6.375. Assuming Effective Dates of July 28, 1995 and September 29, 1995, the Exchange Ratio would have been .2927 and .3133, respectively.

<TABLE>

<CAPTION>

Twelve Month Periods Ended December 31,	VSE		TSE	
	High	Low	High	Low
	Cdn\$ <C>	Cdn\$ <C>	Cdn\$ <C>	Cdn\$ <C>
1993				
August 9 to Sept. 30	4.50	3.80	---	---
Fourth Quarter	4.10	3.00	---	---
1994				---
First Quarter	4.15	3.20	---	
Second Quarter	4.00	3.50	---	---
Third Quarter	4.25	3.65	---	---
Fourth Quarter	4.00	3.25	---	---
1995				
First Quarter	3.75	2.90	---	---
Second Quarter	3.75	3.50	4.55 (1)	3.30 (1)
Third Quarter	6.625	6.625	7.125	4.05

</TABLE>

Note 1: Commencing April 3, 1995.

Neither Orbital nor MDA has paid any dividends on their common shares except for a cash dividend of \$1.00 per MDA Common Share paid by MDA in 1992. Orbital currently intends to retain earnings for use in its business and does not anticipate paying cash dividends on the Orbital Common Shares in the foreseeable future. In addition, Orbital is subject to certain contractual restrictions on its ability to pay dividends. The Combination Agreement prohibits the payment of any dividends by MDA prior to the Effective Date.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected historical financial information of MDA and Orbital has been derived from their respective historical consolidated financial statements, and should be read in conjunction with such consolidated financial statements and the related notes thereto, which are attached as Annex "I" for Orbital and Annex "II" for MDA to this Proxy Circular.

Selected Historical Consolidated Financial Data of MDA

The following selected consolidated financial data as of and for the fiscal years ended March 31, 1993, 1994 and 1995 of MDA are derived from the consolidated financial statements of MDA, including those contained in Annex "II" to this Proxy Circular, and should be read in conjunction with such consolidated financial statements and the related notes thereto. The following selected consolidated financial data for the three months ended June 30, 1994 and 1995 and as of June 30, 1995 are derived from the unaudited consolidated financial statements included in Annex "II" to this Proxy Circular. In the opinion of management of MDA, the unaudited consolidated financial data reflect all adjustments, consisting of normal recurring accruals, necessary for a fair presentation. The operating results for interim periods are not necessarily indicative of the results expected for the full year.

Omitted: See the Consolidated Financial Data of MDA included in Item 7(a) above.

Selected Historical Consolidated Financial Data of Orbital

The following selected consolidated financial data as of and for the years ended December 31, 1992, 1993 and 1994 of Orbital are derived from consolidated financial statements contained in Annex "I" to this Proxy Circular, and should be read in conjunction with such consolidated financial statements and the related notes thereto. The following selected consolidated financial data for the six months ended June 30, 1994 and 1995 and as of June 30, 1995 are derived from unaudited condensed consolidated financial statements included in Annex "I" to this Proxy Circular. In the opinion of management of Orbital, the unaudited consolidated financial data reflect all adjustments, consisting of normal recurring accruals, necessary for a fair presentation. The operating results for interim periods are not necessarily indicative of the results expected for the full year.

Omitted: See the Selected Historical Consolidated Financial Data of Orbital included in the Company's Annual Report on Form 10-K filed with the SEC on March 29, 1995.

PRO FORMA FINANCIAL INFORMATION

For purposes of the following pro forma presentation, Orbital has assumed that the conversion of the Exchangeable Shares occurs contemporaneously with the other transactions occurring on the Effective Date (i.e., that Orbital issues Orbital Common Shares directly for MDA Common Shares). The actual number of Orbital Common Shares issuable pursuant to the Combination Agreement is based on the Average Closing Price. Assuming an Average Closing Price of US\$17.25 per Orbital Common Share and an Exchange Ratio of .3136 Orbital Common Shares to 1.00 MDA Common Share, Orbital expects to issue approximately 3.9 million Orbital Common Shares for all issued and outstanding MDA Common Shares and under all

Replacement Options for MDA Options. The Arrangement will be accounted for using the pooling of interests method of accounting and, accordingly, MDA's assets and liabilities will be carried forward at their historical recorded amounts.

The following unaudited pro forma condensed consolidated financial information consists of the Unaudited Pro Forma Condensed Consolidated Statements of Operations for the six months ended June 30, 1995 and for the year ended December 31, 1994, and the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 1995 (collectively, the "Pro Forma Statements"). The Unaudited Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 1995 gives effect to the Arrangement as if it had occurred on January 1, 1995. The Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 1994 gives effect to the Arrangement as if it had occurred on January 1, 1994. The Unaudited Pro Forma Condensed Consolidated Balance Sheet gives effect to the Arrangement as if it had occurred on June 30, 1995. The Pro Forma Statements have been prepared in accordance with U.S. GAAP (see Notes 2 and G to the Pro Forma Statements for a description of major differences between U.S. GAAP and Canadian GAAP).

Orbital's management believes that, on the basis set forth herein, the Pro Forma Statements reflect a reasonable estimate of the Arrangement based on currently available information and the assumptions described herein. The pro forma financial data do not purport to represent what Orbital's financial position or results of operations would actually have been had the Arrangement in fact occurred on June 30, 1995, January 1, 1995 or January 1, 1994, or to project Orbital's financial position or results of operations for any future date or period indicated. The Pro Forma Statements should be read in conjunction with the consolidated financial statements of each of Orbital and MDA and related notes thereto included in Annexes "I" and "II," respectively.

OMITTED: See the Unaudited Pro Forma Condensed Consolidated Balance Sheet at June 30, 1995 filed above in Item 7(b).

OMITTED: See the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Six Months Ended June 30, 1995 filed above in Item 7(b).

OMITTED: See the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 1994 filed above in Item 7(b).

OMITTED: See the Notes to Pro Forma Adjustments to Unaudited Pro Forma Condensed Consolidated Financial Statements and Notes, Notes to Pro Forma Adjustments to the Unaudited Pro Forma Condensed Consolidated Financial Statements and Notes to Conversion Adjustments to the Unaudited Pro Forma Condensed Consolidated Financial Statements filed above in Item 7(b).

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the short-term debt and capitalization of Orbital, on a pro forma consolidated basis, to give effect to the Arrangement.

	June 30, 1995 (Pro Forma) (US\$ in thousands)
Short-term debt:	
Current portion of long-term obligations	\$ 5,639
Short-term bank borrowings	7,005
Total short-term debt	\$ 12,644
Long-term debt:	
Long-term obligations, net of current portion	34,927
10 1/2% Senior Notes due 2002	20,000
6 3/4% Convertible Subordinated Debentures due 2003	56,000
Total long-term debt	\$110,927
Stockholders' equity:	
Preferred Shares, par value \$0.01 per share: 10,000,000 authorized; no shares issued and outstanding	--
Preferred Series A Shares, par value \$0.01 per share: one share authorized; no shares issued and outstanding (1)	--
Preferred Series B Shares, no par value: 10,000 authorized, issued and outstanding (2)	10
Preferred Series B Shares, no par value: 10,000 authorized, issued and outstanding (2)	
Common Shares, par value \$0.01 per share: 40,000,000 authorized; 26,556,640 shares issued and outstanding after adjusting for 15,735 shares in treasury (3)	266
Additional paid-in capital	246,243
Cumulative translation adjustment	(3,571)
Unrealized losses on short-term investments	(221)

Retained earnings (deficit)	(1,960)
Total stockholders' equity	\$240,767
Total capitalization	\$351,694

Notes:

- (1) The Preferred Series A Share issued by Orbital is held under the Voting and Exchange Trust Agreement and is eliminated in consolidation.
- (2) Preferred Series B Shares are issued by Acquisition to Canadian Imperial Bank of Commerce pursuant to the Arrangement.
- (3) Assumes an immediate exchange of all outstanding Exchangeable Shares and exercise of Replacement Options for 3,920,290 Orbital Common Shares. Excludes 3,900,945 Orbital Common Shares issuable upon conversion of Orbital's 6 3/4% Convertible Subordinated Debentures due 2003 and 1,661,146 Orbital Common Shares reserved for issuance pursuant to options outstanding as of September 8, 1995 with exercise prices ranging from US\$7.50 to US\$22.00 per share.

RISK FACTORS

The following risk factors related to Orbital should be considered by MDA Shareholders and MDA 1988 Optionholders in evaluating whether to approve the Arrangement Resolution. These factors should be considered in conjunction with the other information included in this Proxy Circular. In addition, MDA Shareholders and MDA 1988 Optionholders should refer to "The Arrangement - Reasons for Recommendation of the MDA Board."

Technologically Advanced Products and Services

Most of the products developed and manufactured by Orbital are technologically advanced and novel systems that must function under demanding operating conditions. Even though Orbital believes it employs sophisticated design, manufacturing and testing practices, there can be no assurance that Orbital's products will be successfully launched or operated or that they will be developed or will perform as intended. Certain of Orbital's contracts require it to forfeit part of its expected profit, to receive reduced payments, to provide a replacement launch or other product or service, or to reduce the price of follow-on missions if its products fail to perform adequately. Performance penalties also may be imposed should Orbital fail to meet delivery schedules or other measures of contract performance. Orbital, like most companies and governments that have launch and satellite programs, has experienced occasional product failures and other problems, including with respect to certain of its launch vehicles and satellites. For example, Orbital's first two flights of the Pegasus XL space launch

vehicle in June 1994 and June 1995 were unsuccessful.

Orbital's products and services are and will continue to be subject to significant technological change and innovation. Orbital's success will generally depend on its ability to penetrate and retain markets for its existing products and to continue to conceive, design, develop, manufacture and market new products and services on a cost-effective and timely basis. Orbital anticipates that it will incur significant expenses in the design, development and initial manufacture and marketing of new products and services. There can be no assurance that Orbital will be able to achieve the technological advances necessary to remain competitive and profitable, that new products and services will be developed and manufactured on schedule and on a cost-effective basis, that licenses and regulatory approvals required for new products and services will be secured, or that anticipated markets will exist or develop for new products or services.

Dependence on United States Government

A significant percentage of Orbital's backlog is with the U.S. Government or under subcontracts with prime contractors to the U.S. Government. Most of Orbital's government contracts are funded incrementally on a year-to-year basis. Changes in government policies, priorities or funding levels through agency or program budget reductions by the U.S. Congress or the imposition of budgetary constraints could materially adversely affect Orbital's business and financial performance. Furthermore, contracts with the U.S. Government may be terminated or suspended by the U.S. Government at any time, with or without cause.

Capital Requirements

Orbital's future business requirements and growth plans will require significant additional capital. Orbital believes that working capital, cash from operations, operating leases, customer financing and available bank borrowings will be adequate to meet these capital needs through 1995. Orbital expects that it will need to incur indebtedness or raise additional equity capital to fund its anticipated growth in 1996 and beyond. While Orbital believes that, if necessary, it has flexibility to reduce or delay its anticipated capital requirements and its anticipated investments in ORBIMAGE or the X-34 program, such reductions or delays could impede Orbital's growth and adversely affect Orbital's results of operations.

The ORBCOMM System and the X-34 program are in relatively early stages and the actual cost of each project may vary significantly from current estimates. In addition to the funds committed by Orbital and its respective partner in each venture, additional financing from the partners and/or third party sources will be required, and there can be no assurance that the required capital will be received. In the event that the necessary capital cannot

be obtained, implementation and commercial development of the ORBCOMM System or X-34 will be delayed, significantly restricted or possibly abandoned, and Orbital could be required to expense part or all of its investment in the ORBCOMM System or the X-34 program, as the case may be.

Orbital has invested and will continue to invest substantial resources in capital equipment and other assets supporting its various products and programs. In the event of significantly reduced or eliminated product sales with respect to a particular program, Orbital could be required to expense some or all of its investments in assets dedicated to that program.

Regulation

The ability of Orbital to pursue its business activities is regulated by various agencies and departments of the U.S. Government. Commercial space launches require licenses from the U.S. Department of Transportation ("DoT") and operation by Orbital of its leased L-1011 aircraft requires licenses from certain agencies of the DoT, including the Federal Aviation Administration. Construction, launch and operation of commercial communications satellites, including the ORBCOMM System, require licenses from the U.S. Federal Communications Commission and frequently require the approval of international regulatory authorities. Some planned ORBIMAGE private remote sensing satellites require a license from the U.S. Department of Commerce. Exports of Orbital's products, services and technical information frequently require licenses from the U.S. Department of State or the U.S. Department of Commerce. There can be no assurance that Orbital will continue to be successful in its efforts to obtain necessary licenses or regulatory approvals.

THE SPECIAL MEETING - GENERAL PROXY INFORMATION

General

This Proxy Circular is furnished to MDA Shareholders and MDA 1988 Optionholders in connection with the solicitation of proxies by management of MDA to be used at the Special Meeting to be held on Tuesday, November 14, 1995 at 10:00 a.m., Vancouver time, at the offices of MDA at 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3, and at any adjournments or postponements thereof for the purposes set forth in the accompanying Notice of Special Meeting. The information contained herein is given as at September 29, 1995, except where otherwise noted.

Solicitation of Proxies

In addition to solicitation by mail, officers, directors and regular employees of MDA may, without additional compensation, solicit proxies personally or by telephone or telecopier. This solicitation is made on behalf of management of MDA and the cost of the solicitation will be borne by MDA.

Arrangements will be made with custodians, nominees and fiduciaries for forwarding proxy solicitation materials to beneficial owners of MDA Common Shares held of record by such custodians, nominees and fiduciaries, and MDA will reimburse such custodians, nominees and fiduciaries for reasonable expenses incurred in connection therewith.

In order to be valid for use at the Special Meeting, any proxy must be received by Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not less than 48 hours (excluding Saturdays, Sundays and holidays) preceding the Special Meeting or any adjournment thereof.

Appointment of Proxies

The persons named in the enclosed proxy are directors or officers of MDA. A MDA Shareholder or MDA 1988 Optionholder who wishes to appoint some other person to represent him or her at the Special Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy and, in either case, delivering it or returning it by mail so that it is received by the stated deadline. A proxy nominee need not be an MDA Shareholder or MDA 1988 Optionholder.

Signing of Proxies

The proxy must be signed by the MDA Shareholder or MDA 1988 Optionholder, as the case may be, or by his or her attorney authorized in writing, as his or her name appears on MDA's register of shareholders or records of holders of MDA 1988 Options. If the MDA Shareholder is a corporation, the proxy must be executed by a duly authorized officer or attorney thereof.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the MDA Shareholder or MDA 1988 Optionholder, as the case may be, or by his or her attorney authorized in writing or, if the MDA Shareholder is a corporation, by a duly authorized officer or attorney thereof and deposited either:

(i) at the registered office of MDA at any time up to and including the last business day preceding the day of the Special Meeting, or any adjournments or postponements thereof; or

(ii) with the chairman of the Special Meeting on the day of the Special Meeting prior to the commencement thereof, or any adjournments or postponements thereof.

Upon either of such deposits, the former proxy will be revoked.

Voting of Proxies

The persons named in the enclosed proxy will vote "FOR" or "AGAINST" the Arrangement Resolution such number of shares or votes with respect to which such persons are appointed proxy, on the ballot to be cast with respect to the Arrangement Resolution in accordance with the instructions of the MDA Shareholder or MDA 1988 Optionholder appointing them. In the absence of direction or instruction, shares or votes represented by a properly executed proxy will be voted "FOR" approval of the Arrangement Resolution.

The enclosed form of proxy confers discretionary authority upon the persons designated therein with respect to amendments to or variations of matters identified in the accompanying Notice of Special Meeting of Shareholders and with respect to other matters that may properly come before the Special Meeting. At the date of this Proxy Circular, the management of MDA knows of no such amendments, variations or other matters. However, if any such amendments, variations or other matters not presently known to the management of MDA should properly come before the Special Meeting, the shares represented by the proxies will be voted in accordance with the best judgment of the person or persons voting such proxies, absent contrary instructions.

MDA Common Shares

On September 29, 1995, MDA had outstanding 11,218,156 MDA Common Shares; the only shares of MDA issued and outstanding. Each MDA Shareholder of record at the close of business on October 10, 1995, the record date established for notice of the Special Meeting, will be entitled to one vote for each MDA Common Share held by him or her on all matters proposed to come before the Special Meeting, except to the extent that he or she has transferred any MDA Common Shares after the record date and the transferee of such shares produces properly endorsed share certificates or otherwise establishes ownership thereof and makes a written demand, not later than the close of business on November 3, 1995, to be included in the list of shareholders entitled to vote at the Special Meeting, in which case the transferee will be entitled to vote such shares.

MDA 1988 Options

On September 29, 1995, MDA had 277,643 MDA 1988 Options outstanding. Each MDA 1988 Optionholder on the date of mailing will receive notice of the Special Meeting and each MDA 1988 Optionholder, on the date of the Special Meeting, will be entitled to one vote for each MDA Common Share such person is entitled to purchase under a MDA 1988 Option.

Required Votes to Approve the Arrangement and Voting Intentions of Certain Shareholders and Optionholders

Subject to any further order of the Court, the Arrangement Resolution must be approved by the affirmative vote of 66K% of

the votes actually cast thereon by the MDA Shareholders and by the MDA 1988 Optionholders, voting as separate classes, and for this purpose any spoiled votes, illegible votes, defective votes and abstentions shall be considered not to be votes cast.

As at September 29, 1995, the directors and officers of MDA as a group beneficially owned approximately 23.6% of the outstanding MDA Common Shares and executive officers of MDA as a group held approximately 47.0% of the outstanding MDA 1988 Options.

All of the directors and officers of MDA and MDA Shareholders holding 10% or more of the MDA Common Shares have executed Voting Agreements and Irrevocable Proxies agreeing to hold their MDA Common Shares and to vote for the Arrangement Resolution. These agreements represent 56.6% of the votes attached to the outstanding MDA Common Shares. In addition, officers and employees of MDA holding approximately 59.2% of the total votes entitled to be cast by MDA 1988 Optionholders have agreed with MDA to hold their options and vote for the Arrangement Resolution in their capacity as MDA 1988 Optionholders. All of these agreements contain provisions which provide for termination in certain circumstances, including if the Combination Agreement is terminated. See "The Arrangement and the Combination Agreement - Interests of Certain Persons in the Arrangement" and "- The Combination Agreement - Termination and Amendment."

Principal Holders of MDA Common Shares and MDA 1988 Options

To the knowledge of the directors and officers of MDA, the only persons who beneficially own, directly or indirectly, or exercise direction over, MDA Common Shares carrying more than 10% of the votes attached to all of the MDA Common Shares are as follows:

<TABLE>
<CAPTION>

Name of Shareholder	Number of MDA Common Shares Beneficially Held	Percentage
<S>	<C>	<C>
Ventures West Technologies (1)	2,404,104	21%
Spar Aerospace Limited	1,292,709	12%
John W. Pitts (2)	1,154,314	10%
John S. MacDonald (3)	1,110,449	10%

</TABLE>

Notes:

- (1) Ventures West Technologies' holdings are in two limited partnerships: Ventures West Technologies (1994) Limited Partnership owns 1,879,666 shares and Ventures West Technologies Limited Partnership owns 524,438 shares.
- (2) Mr. Pitts controls 1,154,314 MDA Common Shares indirectly through Anako Holdings Inc.
- (3) Dr. MacDonald controls 1,110,449 MDA Common Shares

indirectly through QuMac Enterprises Limited.

There is no MDA 1988 Optionholder carrying the right to vote at the Special Meeting more than 10% of the votes attached to all of the MDA 1988 Options.

Each of the above MDA Shareholders have executed Voting Agreements and Irrevocable Proxies agreeing to hold their MDA Common Shares and to vote for the Arrangement Resolution.

Management of MDA has been advised that Orbital does not own any MDA Common Shares.

THE ARRANGEMENT AND THE COMBINATION AGREEMENT

The Arrangement - General

MDA Shareholders and MDA 1988 Optionholders are being asked to approve the Arrangement under the CBCA whereby: (i) MDA will become a wholly-owned subsidiary of Acquisition and an indirect subsidiary of Orbital; (ii) MDA Shareholders (other than Dissenting MDA Shareholders but including Qualifying Holdcos) will receive, in exchange for all of their MDA Common Shares, a number of Exchangeable Shares equal to the product of the Exchange Ratio multiplied by the number of MDA Common Shares held by them; and (iii) holders of MDA Options (other than Dissenting MDA 1988 Optionholders) will receive, in exchange for each of their MDA Options, a Replacement Option entitling them to purchase a number of Orbital Common Shares equal to the product of the Exchange Ratio multiplied by the number of MDA Common Shares underlying such MDA Option, having an exercise price per share equal to the quotient of the exercise price per share of such MDA Option divided by the Exchange Ratio, and having the same vesting, expiration and other terms as such MDA Option. The Exchangeable Shares will have voting, dividend and liquidation rights that are, as nearly as practicable, equivalent to those rights of the Orbital Common Shares.

Holders of Exchangeable Shares will have the right to exchange all or any of such shares for an equal number (subject to adjustment in the event of certain capital and corporate reorganizations) of Orbital Common Shares plus the Dividend Amount attributable to such shares, at any time prior to the Automatic Redemption Date and subject to certain Call Rights of Orbital. The Exchangeable Shares will be automatically exchanged on the Automatic Redemption Date and upon the occurrence of certain events, including the liquidation, dissolution or winding-up of Orbital or Acquisition or the default by Acquisition under the Exchangeable Share Provisions. Acquisition has the right to accelerate the Automatic Redemption Date upon 75 days' written notice to the holders of Exchangeable Shares at any time when there are outstanding less than 400,000 Exchangeable Shares held by persons other than Orbital and its Affiliates.

Background of the Arrangement

On March 31, 1995, the MDA Board engaged Nesbitt Burns as financial advisors to MDA to assist in determining whether or not it would be advantageous for MDA to proceed with a public offering of MDA Common Shares, and to provide advice with respect to any acquisition transaction relating to MDA or to the MDA Common Shares. An engagement letter was executed by MDA and Nesbitt Burns on June 15, 1995. At the March 31 meeting the MDA Board proposed the terms of bonus arrangements for senior employees in the event of the completion of certain transactions. See "The Arrangement and the Combination Agreement - Interests of Certain Persons in the Arrangement."

On June 8, 1995, at a regularly scheduled board meeting the MDA Board was advised by a director that Orbital had indicated an interest in acquiring all of the MDA Common Shares. Management was instructed by the MDA Board to meet with Orbital and determine whether or not a transaction could be proceeded with.

On June 14, 1995, senior management of MDA and advisors met in Richmond, B.C. with senior management of Orbital to determine Orbital's level of interest and the general terms of a transaction, including the requirements that the transaction be effected as a pooling of interests and on a tax deferred basis for Canadian MDA Shareholders.

On June 19, 1995, the MDA Board met and was advised of the position of Orbital and the general terms of the transactions contemplated. Management was advised to conduct due diligence on Orbital and if the results were positive, to proceed with negotiations with Orbital to reach an agreement as to the structure and price of a proposed transaction.

On June 23, 1995, Orbital and MDA signed a confidentiality agreement and Orbital agreed not to purchase any MDA Common Shares.

During the period from June 26 to July 12, 1995, executives and advisors of Orbital met with representatives of MDA in Vancouver, B.C. and conducted due diligence on MDA. Executives and advisors of MDA met with representatives of Orbital at Orbital's office in Dulles, Virginia and conducted due diligence on Orbital. Discussions of a general nature were held on the form of a proposed transaction, including the requirements that the transaction be effected on a pooling of interests basis through an arrangement under the CBCA, and whereby Canadian MDA Shareholders would receive a tax deferral as a result of the transaction. In addition, senior management and advisors of MDA met with senior management and advisors of Orbital. The preliminary terms of a proposal were presented by Orbital and Orbital and MDA commenced preliminary negotiations on the exchange ratio (price), conditions for completion of the transaction, factors relating to the exchange ratio, and other related matters.

On July 13, 1995, the MDA Board met and was advised of the results of due diligence on Orbital and the preliminary negotiations. Representatives of Nesbitt Burns presented a preliminary review of the proposed transaction, including the range of prices then being discussed and its preliminary view as to the fairness of a transaction from a financial point of view. The MDA Board was advised of the duties of directors in transactions such as the one being proposed by Orbital.

From July 17 to July 25, 1995, senior management of MDA and its advisors met with senior management of Orbital to continue negotiations. Orbital and MDA and their advisors commenced preparation of the Affiliate Agreements and Voting Agreements and Irrevocable Proxies. Drafts of these agreements were circulated to certain shareholders, directors and officers of MDA who would be required to execute the same. On July 18, 1995, the MDA Board met and was advised of the status of negotiations and on July 20, 1995, MDA signed a letter with Orbital agreeing not to solicit other business combinations except as specified.

On July 27, 1995, the MDA Board met and was updated on the status of negotiations and the status of the position of major shareholders including Spar Aerospace Limited ("Spar"). Management was advised to continue negotiations and those negotiations were proceeded with. The meeting adjourned until July 28, 1995 following a meeting between Mr. Wallis of MDA and senior management of Spar. At the adjourned meeting the MDA Board was advised of Spar's position and that a meeting among senior executives of MDA, Orbital and Spar would be held on July 31, 1995. On July 28, 1995, MDA was advised that Orbital's board of directors had given approval in principle to the proposed transaction.

On July 31, 1995, trading in MDA Common Shares was halted on the TSE and VSE pending a press release. MDA, Orbital and Spar met to discuss the terms of the proposed transaction and implications to Spar. Spar senior management advised that they would recommend supporting the transaction to Spar's board of directors. On that date, Orbital and MDA executed a memorandum of understanding with respect to the transaction and each of MDA and Orbital issued press releases with respect thereto.

On August 3, 1995, the MDA Board ratified and confirmed the memorandum of understanding, approved proceeding with the preparation of definitive agreements for the completion of the transaction with Orbital and waived the provisions of the Shareholder Protection Rights Plan to permit the execution of Voting Agreements and Irrevocable Proxies and Affiliate Agreements. Representatives of Nesbitt Burns took part in this meeting and gave an oral opinion on the fairness of the Arrangement from a financial point of view.

From August 5 to August 31, 1995, negotiations were held on the form of the definitive agreements and transactions related

thereto. On August 17, 1995 the MDA Board met. Representatives of Nesbitt Burns updated the MDA Board with respect to its view on the fairness of the Arrangement to MDA Shareholders and MDA 1988 Optionholders and confirmed its opinion on the fairness of the Arrangement. The MDA Board reviewed and commented on the draft definitive agreements including the Combination Agreement and discussed certain conditions and changes with respect thereto.

On August 17, 1995, the MDA Board formally approved and authorized execution of the Combination Agreement and waived the provisions of the Shareholder Protection Rights Plan to permit the transactions contemplated by the Arrangement to be effected. On August 18, 1995, the Orbital board of directors met and approved the definitive agreements in the form presented, subject to Orbital's management negotiating the terms of a fee payable by MDA in the event MDA were to terminate the Combination Agreement and not proceed with the transaction because a higher bona fide offer was received by MDA. Negotiations were conducted over the period from August 21 to 22, 1995. In exchange for the agreement of MDA to provide a break-up fee of US\$750,000 in certain circumstances, the parties agreed that the maximum and minimum range within which the Exchange Ratio was established be changed from .3488 to .3607 for the maximum, and from .2578 to .2705 for the minimum.

From August 25 to August 31, 1995, the disclosure schedules of the respective parties were reviewed. On August 31, 1995 the definitive Combination Agreement was executed, subject to receipt from Spar of an executed Affiliate Agreement and Voting Agreement and Irrevocable Proxy. These agreements were received from Spar on September 1, 1995.

On September 5, 1995, MDA and Orbital issued press releases with respect to the execution of the definitive Combination Agreement and terms of the Arrangement.

As of September 29, 1995, the Combination Agreement was amended and restated to reflect, inter alia, amendments to the Exchangeable Share Provisions as a result of Orbital obtaining a "no-action" letter from the SEC with respect to the issue of Orbital Common Shares on the exchange of the Exchangeable Shares.

MDA's Reasons for the Arrangement and Recommendations of the MDA Board

On October 5, 1995 the MDA Board unanimously approved the Arrangement and determined that the Arrangement was fair and in the best interests of MDA, the MDA Shareholders and the MDA 1988 Optionholders. The MDA Board unanimously recommends to MDA Shareholders and MDA 1988 Optionholders that they vote "FOR" the Arrangement Resolution. The MDA Board based its approval of the Arrangement on its determination that the Exchange Ratio is fair to MDA, MDA Shareholders and MDA 1988 Optionholders, and upon a number of other factors, including its views regarding the

following:

(i) as of July 28, 1995, the last trading day prior to the public announcement of the Arrangement, the consideration provided under the Arrangement to MDA Shareholders and MDA 1988 Optionholders of Cdn\$7.35 per MDA Common Share (based on currency exchange rates at that date), and provided that the Average Closing Price is US\$15.00 or more, represented a 34% premium to the closing price of MDA Common Shares on the TSE on that date;

(ii) the Arrangement will provide MDA Shareholders and MDA 1988 Optionholders with the opportunity to receive Orbital Common Shares, a security that has a significantly larger market float and greater liquidity than MDA Common Shares;

(iii) the opinion of the MDA Board that the combination of Orbital's space and defence business with MDA's expertise in earth imaging and air navigation systems will result in expanded opportunities for MDA's core business that should strengthen overall combined operations;

(iv) the fact that Orbital's business combined with MDA's business after the Arrangement will have significantly greater financial and business resources than those of MDA alone, which may enable MDA's business to compete more effectively with competitors having greater resources than MDA alone and to negotiate future acquisitions;

(v) the geographic distribution of customers for Orbital's and MDA's business are complementary and will allow these businesses easier access to new customers; and

(vi) the discussions between management of MDA and senior executives of Orbital relating to operations of MDA, after the Effective Date.

The MDA Board also considered the following information in concluding that the Arrangement and the Exchange Ratio are fair to MDA Shareholders and MDA 1988 Optionholders: (i) its knowledge of the business, operations, property, assets, financial condition, operating results and prospects of MDA and Orbital; (ii) current industry, economic and market conditions and trends and its informed expectations of the future of the industry in which MDA operates; (iii) the opinion of Nesbitt Burns as to the fairness from a financial point of view of the Arrangement to MDA Shareholders and to the MDA 1988 Optionholders; (iv) the terms of the Combination Agreement; (v) the structure and accounting and tax treatment of the Arrangement; and (vi) the respective corporate cultures and strategies of MDA and Orbital.

In view of the variety of factors considered in connection with its evaluation of the Arrangement, the MDA Board did not find it practicable to and did not quantify or otherwise assign relative strengths to the specific factors considered in reaching its determination.

Orbital's Reasons for the Arrangement

Orbital believes that the combination of the two companies will expand the vertical integration of Orbital's manufacturing and testing capabilities, enhance Orbital's ability to offer customers complete space-based systems and augment Orbital's satellite tracking product line and customer base. The combination of MDA's expertise in satellite ground systems and related information processing software with services offered by Orbital is expected to achieve synergies that should strengthen Orbital's ability to offer affordable space-based services, while also expanding the combined company's overall commercial base. Orbital also anticipates that MDA's significant international presence will solidify Orbital's expansion of its existing lines of business into international markets. Finally, Orbital expects to realize synergies due to the ability of the combined company to integrate MDA's technical expertise in such areas as advanced space-qualified software, air navigation systems and defence electronics with Orbital's existing defence and avionics products.

Operations Following the Arrangement

Following the Arrangement, Orbital expects that MDA will continue to operate as a separate entity, substantially in the same manner as it is operated prior to the Effective Date.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the MDA Board with respect to the Arrangement, MDA Shareholders and MDA 1988 Optionholders should be aware that certain officers and directors of MDA had interests in the Arrangement, including those referred to below, that may present potential conflicts of interest. The MDA Board was aware of these potential conflicts and considered them along with the other matters described in "The Arrangement - MDA's Reasons for the Arrangement and Recommendations of the MDA Board."

Dr. John S. MacDonald, Chairman of MDA will be asked to join the board of directors of Orbital. On the Effective Date, Dr. MacDonald will execute an Employment Agreement with MDA.

The President and each area general manager of MDA will execute an Employment Agreement with MDA which will provide for payment of compensation in accordance with industry standards and will contain an obligation on the employee not to compete with MDA for a two year period following the Effective Date. The Chairman,

the President and each general manager will also concurrently enter into a Change of Control Agreement with Orbital that will provide compensation to them of two times their annual level of compensation if their employment with MDA is terminated or changed in certain circumstances following a change of control of Orbital or MDA after the Effective Date.

The MDA Board, in March, 1995, approved the grant of a bonus to certain members of MDA management in the event of certain transactions such as share dispositions and sales of assets of MDA occurring, to compensate for the fact that change of control agreements were not in place for these members of management. The amount of the bonus will be based on the value of the transaction, including the price for MDA Common Shares obtained thereunder. If a transaction were completed at a price no higher than the price for MDA Common Shares at the time of the grant no bonus would have been payable under the formula therefor. The aggregate amount of this bonus will be allocated among certain members of MDA's management, including officers, by the compensation committee of the MDA Board and while not yet definitively allocated, the amount paid to any one recipient may be significant to that recipient.

Opinion of MDA's Financial Advisor

MDA appointed Nesbitt Burns on March 31, 1995 to act as the exclusive financial advisor to MDA and to evaluate the fairness from a financial point of view to MDA Shareholders and MDA 1988 Optionholders of certain business transactions, including the Arrangement. An engagement letter was executed on June 15, 1995 relating to this appointment. Nesbitt Burns was retained based on its experience as a financial advisor in connection with mergers and acquisitions and in securities valuation as well as Nesbitt Burns' familiarity with relevant markets and with MDA.

As compensation for its financial advisory services in connection with a proposed business combination Arrangement MDA agreed to pay Nesbitt Burns a success fee on the closing of any transaction. Assuming the Average Closing Price is between US\$15.00 and US\$20.00, this fee is estimated to be to Cdn\$981,000. Whether or not a transaction is consummated, MDA has agreed to reimburse Nesbitt Burns for its out-of-pocket expenses, including reasonable counsel fees, and to indemnify Nesbitt Burns against certain liabilities and expenses in connection with its services as financial advisor to MDA, including liabilities arising under securities laws.

Nesbitt Burns first delivered to the MDA Board its oral opinion on fairness of the Arrangement at the MDA Board meeting held on August 3, 1995. Concurrently with the execution of the Combination Agreement on August 31, 1995, Nesbitt Burns delivered to the MDA Board a written opinion that the Arrangement was fair to the MDA Shareholders and the MDA 1988 Optionholders from a financial point of view. This opinion was subsequently updated to October 4, 1995. The complete text of Nesbitt Burns' opinion

is attached hereto as Appendix "C" and the summary of the opinion set forth below is qualified in its entirety by reference to such opinion. MDA Shareholders and MDA 1988 Optionholders are urged to read such opinion carefully and in its entirety for a description of the procedures followed, the factors considered and the assumptions made by Nesbitt Burns. In connection with the rendering of its opinion dated October 4, 1995, Nesbitt Burns among other things reviewed and relied upon:

- (a) the most recent available draft of this Proxy Circular prepared in connection with the Arrangement;
- (b) the Combination Agreement as at September 29, 1995;
- (c) the Voting Agreements and Irrevocable Proxies;
- (d) the agreement dated as of July 31, 1995 between Orbital and MDA outlining the proposed terms and conditions of the Arrangement;
- (e) the Agreement dated July 20, 1995 between Orbital and MDA relating to MDA's agreement not to solicit third party bids ("No-Shop Agreement");
- (f) audited financial statements of MDA for each of the fiscal years in the five-year period ended March 31, 1995 and the unaudited financial statements of MDA for the three month periods ended June 30, 1994 and June 30, 1995;
- (g) the budget for MDA for the fiscal year ending March 31, 1996;
- (h) the strategic plan for MDA dated April 24, 1995 for the five fiscal years ending March 31, 2000 prepared by the management of MDA;
- (i) certain income tax information with respect to MDA;
- (j) publicly available information related to the business, operations and consolidated financial performance of MDA including the annual report to shareholders for the fiscal year ended March 31, 1995;
- (k) confidential information provided to Nesbitt Burns by the management of MDA consistent with that disclosed to Orbital;
- (l) discussions with senior management of MDA with respect to the information referred to in (f), (g), (h), (i) and (j) above, and MDA management's assessment of the current and prospective operations of MDA and the industries in which they operate;
- (m) relevant stock market information relating to the MDA Common Shares and the shares of other companies whose activities include businesses similar to certain of MDA's businesses;

- (n) data with respect to other transactions of a comparable nature considered by Nesbitt Burns to be relevant;
- (o) such other financial, market and industry information and such other analysis as Nesbitt Burns considered relevant and appropriate in the circumstances; and
- (p) a certificate dated the date of the opinion from senior officers of MDA as to the accuracy and completeness of certain information provided to Nesbitt Burns.

In addition, Nesbitt Burns reviewed and relied upon the following with respect to Orbital:

- (a) audited financial statements of Orbital for each of the fiscal years in the five-year period ended December 31, 1994 and the unaudited financial statements for the six months ended June 30, 1994 and June 30, 1995;
- (b) publicly available information related to the business, operations and consolidated financial performance of Orbital, including the annual report to shareholders for the fiscal year ended December 31, 1994;
- (c) confidential information provided to Nesbitt Burns by the management of Orbital consistent with that disclosed to MDA;
- (d) discussions with senior management of Orbital with respect to the information referred to in (a), (b) and (c) above and Orbital management's assessment of the current and prospective operations of Orbital, and the industries in which it operates;
- (e) relevant stock market information relating to the Orbital Common Shares and the shares of other companies whose activities include businesses similar to certain of Orbital's businesses;
- (f) data with respect to transactions involving other companies similar to Orbital; and
- (g) such other financial, market and industry information and such other analysis as Nesbitt Burns considered relevant and appropriate in the circumstances.

Nesbitt Burns' conclusion as to the fairness of the Arrangement from a financial point of view to the MDA Shareholders and MDA 1988 Optionholders was based upon various factors and assumptions, including without limitation, the following:

- (a) the conclusion that fairness in respect of the Arrangement for MDA Shareholders or MDA 1988 Optionholders should be based upon whether the consideration to be received under the Arrangement by current holders of MDA Common Shares is

equal to or greater than the bottom end of the range of values of the MDA Common Shares currently held;

- (b) the determination that it was not inappropriate to utilize the market trading price of Orbital Common Shares for purposes of its assessment;
- (c) in assessing the MDA Common Shares and the consideration offered for each MDA Common Share, an assumption of a currency exchange rate of US\$0.7361 per Cdn\$1.00 as agreed on July 31, 1995 and US\$0.7509 per Cdn\$1.00 on October 4, 1995 and an assumption of a trading value of Orbital Common Shares in excess of US\$15.00;
- (d) in assessing the MDA Common Shares, an approach to value based on MDA remaining a going concern. Liquidation and break-up methodologies were not considered appropriate in the circumstances. Nesbitt Burns considered that the most appropriate going concern method to apply to MDA was a discounted cash flow ("DCF") approach. The DCF approach takes into account the amount, timing and relative certainty of future cash flows expected to be generated by MDA's businesses after provision for cash taxes, capital expenditures and changes in working capital and before provisions for payment to debtholders, interest income or expense and payment to equity holders ("Free Cash Flow"). These Free Cash Flow projections were present valued by applying an appropriate weighted average cost of capital ("WACC"). The DCF analysis included consideration of sensitivities in respect of revenue growth, gross margins, levels of WACC and the future growth rates of Free Cash Flow;
- (e) in order to check the conclusions reached based upon the DCF analysis, a comparison of a range of multiples implied by Nesbitt Burns' analysis to the range of multiples derived from an analysis of comparable transactions and the market trading of comparable public companies; and
- (f) the fact that the consideration value offered to MDA Shareholders of \$7.35 per MDA Common Share, provided that the Average Closing Price is greater than or equal to US\$15.00, represents a 53% premium to the closing price of MDA Common Shares on the TSE on July 19, 1995 (the day prior to MDA and Orbital entering into the No-Shop Agreement) and a 34% premium to the closing price of MDA Common Shares on the TSE on July 28, 1995 (the last trading day prior to the announcement of the proposed Arrangement).

Based on and subject to the foregoing, Nesbitt Burns is of the opinion that, as of the date of the Opinion, the Arrangement is fair, from a financial point of view, to the holders of MDA Common Shares and MDA 1988 Optionholders.

Plan of Arrangement

Under the Plan of Arrangement, the following transactions, among others, shall occur in the following order:

- (a) the authorized share capital of Acquisition shall be amended to authorize an unlimited number of Exchangeable Shares having the rights, restrictions and limitations set forth in the Exchangeable Share Provisions and 10,000 Class B Preferred Shares having the rights, restrictions and limitations set forth in Appendix A to the Plan of Arrangement;
- (b) Acquisition shall issue 10,000 Class B Preferred Shares to Canadian Imperial Bank of Commerce in partial consideration for services rendered to Acquisition in connection with the Arrangement;
- (c) all the outstanding MDA Common Shares, except MDA Common Shares owned beneficially and of record by the Qualifying Holdcos and MDA Common Shares held by Dissenting MDA Shareholders, shall be exchanged by the holders thereof for Exchangeable Shares, the number of which shall be the product of such number of MDA Common Shares being exchanged and the Exchange Ratio. Each former holder of MDA Common Shares (other than the Qualifying Holdcos and Dissenting MDA Shareholders) shall receive the whole number of Exchangeable Shares resulting from the exchange of such holder's MDA Common Shares for the consideration set out in the foregoing sentence and in lieu of fractional Exchangeable Shares, an amount in cash equal to the fraction multiplied by the Average Closing Price, payable in Canadian dollars;
- (d) all the outstanding shares of each of the Qualifying Holdcos shall be exchanged by the holders thereof for Exchangeable Shares, the number of which shall be the product of the number of MDA Common Shares owned beneficially and of record by each respective Qualifying Holdco and the Exchange Ratio. Each former holder of shares of a Qualifying Holdco shall receive the whole number of Exchangeable Shares resulting from the exchange of all such holder's shares of a Qualifying Holdco for the consideration set out in the foregoing sentence and in lieu of fractional Exchangeable Shares, an amount in cash equal to the fraction multiplied by the Average Closing Price, payable in Canadian dollars;
- (e) each of the Qualifying Holdcos shall be dissolved into and its assets distributed to Acquisition and for the purposes of such dissolution each of the Qualifying Holdcos will be authorized to file articles of dissolution with the Director under CBCA at such time as the board of directors of Acquisition shall determine;
- (f) each outstanding MDA Option, except options held by Dissenting MDA 1988 Optionholders, shall become an option to purchase a number of Orbital Common Shares equal to the

product (rounded to the nearest whole number) of the Exchange Ratio times the number of MDA Common Shares subject to such MDA Option and will have an exercise price equal to the exercise price for such option divided by the Exchange Ratio and the same vesting, expiration and other terms as such MDA Option as in effect immediately prior to the Effective Time;

- (g) the MDA 1988 Option Plans will be amended to provide that if the Orbital Common Shares are changed or exchanged for a different kind or number of securities, the options thereunder will be amended accordingly; and
- (h) the name of Acquisition shall be changed to "MacDonald Dettwiler Holdings Inc."

Contemporaneously with the Arrangement, Orbital and Acquisition will enter into the Voting and Exchange Trust Agreement and the Support Agreement. See "The Arrangement and the Combination Agreement - Description of Exchangeable Shares."

Post-Combination Share Ownership

Upon completion of the Arrangement, Acquisition will be the beneficial owner of all the outstanding MDA Common Shares and Orbital will be the beneficial and registered owner of all of the Acquisition Common Shares. The Acquisition Common Shares will be the only class of voting securities of Acquisition. As a result of the Arrangement, assuming an Exchange Ratio of .3136 (based on an assumed Average Closing Price of US\$17.25), the former MDA Shareholders and holders of MDA Options will own or will have the right to acquire (through ownership of Exchangeable Shares and Replacement Options) approximately 15% of the outstanding Orbital Common Shares (including shares issuable to holders of the Exchangeable Shares and Replacement Options).

Qualifying Holdcos

Any MDA Shareholder who wishes to transfer the MDA Common Shares owned by it to a Qualifying Holdco and exchange the shares of such Qualifying Holdco for Exchangeable Shares pursuant to the Plan of Arrangement must notify MDA of its desire to do so not less than five Business Days prior to the Special Meeting and must have entered into a Holding Company Agreement with Acquisition and met all the conditions thereunder prior to the date of the Special Meeting. Acquisition shall enter into a Holding Company Agreement with each MDA Shareholder who provides the aforementioned notice to MDA and who meets the conditions provided in the Holding Company Agreement. Any MDA Shareholder who has not entered into a Holding Company Agreement with Acquisition on or before the date of the Special Meeting or who has entered into such agreement but has failed to meet all such conditions to the satisfaction of Acquisition in its sole discretion shall, subject to the Plan of Arrangement receiving all necessary approvals, exchange his or her MDA Common Shares

for Exchangeable Shares as an MDA Shareholder. Any MDA Shareholder wishing to use a Qualifying Holdco should consult its legal advisors and tax advisors.

Dissenting Holders

As permitted in the Interim Order, MDA Shareholders and MDA 1988 Optionholders may exercise rights of dissent with respect to their MDA Common Shares or the MDA Common Shares underlying the MDA 1988 Options pursuant to and in the manner set forth in section 190 of the CBCA and the Plan of Arrangement. In the event of the exercise of dissent rights by any MDA 1988 Optionholders, such MDA 1988 Options shall be deemed to have been exercised and the exercise price of each such MDA 1988 Option shall be satisfied by reducing the fair market value paid for the MDA Common Shares underlying such MDA 1988 Option by such exercise price, provided that if the MDA 1988 Optionholder is ultimately not entitled to be paid the fair market value for such underlying shares, such MDA 1988 Option shall be deemed not to have been exercised and shall become a Replacement Option. See "Dissenting Rights."

Description of Exchangeable Shares

Holder of Exchangeable Shares will have voting, liquidation and dividend rights which are, as nearly as practicable, equivalent to the rights of holders of Orbital Common Shares. Holders of Exchangeable Shares will have the right to exchange any of such shares for an equal number (subject to adjustment in the event of certain capital and corporate reorganizations of Orbital) of Orbital Common Shares plus the Dividend Amount attributable to such shares, at any time prior to the Automatic Redemption Date and subject to certain Call Rights of Orbital. The Exchangeable Shares will be automatically exchanged on the Automatic Redemption Date and upon the occurrence of certain events, including the liquidation, dissolution or winding-up of Orbital or Acquisition or the default by Acquisition under the Exchangeable Share Provisions. Acquisition has the right to accelerate the Automatic Redemption Date upon not less than 75 days' written notice to the holders of Exchangeable Shares at any time when there are outstanding less than 400,000 Exchangeable Shares held by persons other than Orbital and its Affiliates.

Voting Rights

Holder of Exchangeable Shares will generally not be entitled to vote at meetings of the shareholders of Acquisition (except as required by law). Orbital will be the only voting shareholder of Acquisition. Pursuant to the Voting and Exchange Trust Agreement holders of Exchangeable Shares will be entitled to vote along with holders of Orbital Common Shares at meetings of the holders of Orbital Common Shares.

As of the Effective Date, Orbital, Acquisition and the Trustee

will enter into the Voting and Exchange Trust Agreement under which Orbital will issue one Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares (the "Beneficiaries"). The Special Voting Share will carry the number of votes, exercisable at any meeting at which holders of Orbital Common Shares are entitled to vote, equal to the number of Orbital Common Shares into which the outstanding Exchangeable Shares not held by Orbital or any of its Affiliates are then exchangeable.

Each Beneficiary on the record date for any meeting at which holders of Orbital Common Shares are entitled to vote will be entitled to instruct the Trustee to exercise that number of the votes attached to the Special Voting Share equal to the number of votes that the Exchangeable Shares held by such holder would be entitled to if exchanged for Orbital Common Shares. The Trustee will exercise each vote attached to the Special Voting Share only as directed by the relevant Beneficiary and, in the absence of instructions from a Beneficiary, will not exercise such votes. Each Beneficiary may, upon instructing the Trustee, obtain a proxy from the Trustee entitling the Beneficiary to vote directly at the relevant meeting the votes attached to the Special Voting Share to which the Beneficiary is entitled. All rights of a Beneficiary to exercise votes attached to the Special Voting Share will cease upon the exchange or redemption of Exchangeable Shares for Orbital Common Shares or the purchase of Exchangeable Shares by Orbital pursuant to the Call Rights.

The Trustee will send to the Beneficiaries the notice of each meeting at which holders of Orbital Common Shares are entitled to vote, together with the related meeting materials and a statement as to the manner in which the Beneficiary may instruct the Trustee to exercise the votes attaching to the Special Voting Share, in each case at the same time as Orbital sends such notice and materials to the holders of Orbital Common Shares. The Trustee will also send to the Beneficiaries copies of all information statements, interim and annual financial statements, reports and other materials and at the same time as, and to the extent that, such materials are sent by Orbital to the holders of Orbital Common Shares. The Trustee will also send to the Beneficiaries all materials sent by third parties to holders of Orbital Common Shares to the extent such materials are provided by Orbital to the Trustee, including dissident proxy circulars and tender and exchange offer circulars, as soon as possible after such materials are first sent to holders of Orbital Common Shares.

Dividend Rights

Under the Exchangeable Share Provisions, holders of Exchangeable Shares will be entitled to receive dividends as follows:

- (i) in the case of a cash dividend declared on Orbital Common Shares, holders of each Exchangeable Share will be entitled to receive the Canadian dollar equivalent

of the dividend declared on one Orbital Common Share (subject to adjustment);

(ii) in the case of a stock dividend declared on Orbital Common Shares that is payable in Orbital Common Shares, holders of each Exchangeable Share will be entitled to receive such number of Exchangeable Shares as is equal to the number of Orbital Common Shares to be paid as a dividend on one Orbital Common Share (subject to adjustment); and

(iii) in the case of a dividend declared on Orbital Common Shares in property other than cash or Orbital Common Shares, holders of each Exchangeable Share will be entitled to receive such type and amount of property as is the same or economically equivalent to (as determined by the board of directors of Acquisition) the type and amount of property declared as a dividend on one Orbital Common Share (subject to adjustment).

The number of Orbital Common Shares referred to in determining the amount of dividends to be paid on one Exchangeable Share is subject to adjustment in the event of certain capital and corporate reorganizations so as to treat the holders of Exchangeable Shares in the same manner as the holders of Orbital Common Shares were treated with respect to any such reorganization. The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on Exchangeable Shares shall be the same dates as the record date and payment date, respectively, for the corresponding dividend on Orbital Common Shares.

Retraction, Redemption and Exchange Right

Subject to applicable law and the Call Rights of Orbital described below, (i) holders of Exchangeable Shares shall be entitled at any time upon notice to the Depositary to require Acquisition to redeem any of such Exchangeable Shares, and (ii) on the Automatic Redemption Date, Acquisition shall redeem all of the then outstanding Exchangeable Shares held by holders other than Orbital and its Affiliates. Pursuant to the Voting and Exchange Trust Agreement, subject to applicable law and the Call Rights of Orbital described below, (i) upon the occurrence of and during the continuance of an Insolvency Event or if Acquisition shall be in default of the terms of the Exchangeable Share Provisions, a holder of Exchangeable Shares may instruct the Trustee to require Orbital to purchase any or all of such holder's Exchangeable Shares and (ii) in the event of the voluntary or involuntary liquidation, dissolution or winding-up of Orbital, the Exchangeable Shares will automatically be exchanged for Orbital Common Shares. In the case of any retraction or redemption of Exchangeable Shares by Acquisition, any purchase or exchange of Exchangeable Shares pursuant to the

Voting and Exchange Trust Agreement, or any purchase of Exchangeable Shares by Orbital pursuant to its Call Rights described below, each Exchangeable Share so retracted, redeemed, purchased or exchanged shall (subject to required withholding) entitle the holder thereof to receive (i) an amount equal to the market price of an Orbital Common Share, which amount shall be satisfied in full by delivery to such holder of one Orbital Common Share (subject to adjustment) and (ii) payment of the Dividend Amount. Upon the exercise by Orbital of any of the Call Rights described below, the holder of Exchangeable Shares with respect and to which such Call Right is exercised will be authorized to sell and Orbital will be obligated to purchase the Exchangeable Shares with respect to which such Call Right is exercised.

Exercise of Retraction Rights of Holders and Orbital's Retraction Call Rights. Holders of Exchangeable Shares may effect a retraction by presenting a certificate or certificates to Acquisition's transfer agent representing the number of Exchangeable Shares the holder desires to retract, together with a written request (a "Retraction Request") specifying the number of Exchangeable Shares the holder wishes to retract and acknowledging the Retraction Call Right of Orbital described below, and such other documents as may be required to effect the retraction of the Exchangeable Shares. Subject to the Retraction Call Right of Orbital, Acquisition shall redeem the Exchangeable Shares so retracted effective at the close of business on the sixth Business Day after the Retraction Request is received.

Upon receipt of a Retraction Request, the transfer agent shall immediately notify Orbital of such request. If Orbital wishes to exercise its Retraction Call Right, it must so notify the transfer agent by the end of the third Business Day following the receipt by the transfer agent of the Retraction Request that it intends to exercise its Retraction Call Right to purchase all, but not less than all, of the Exchangeable Shares submitted by the holder thereof for retraction.

Exercise of Redemption Rights of Acquisition and Orbital's Redemption Call Rights. Subject to Orbital's Redemption Call Right, the Exchangeable Shares shall be redeemed by Acquisition on the Automatic Redemption Date. Acquisition has the right to accelerate the Automatic Redemption Date upon 75 days' written notice to the holders of Exchangeable Shares at any time when there are outstanding less than 400,000 Exchangeable Shares held by holders other than Orbital and its Affiliates. Orbital shall have the Redemption Call Right, notwithstanding any proposed redemption of the Exchangeable Shares by Acquisition as outlined above, to purchase on the Automatic Redemption Date all, but not less than all, of the outstanding Exchangeable Shares.

Orbital shall, at least 75 days before the Automatic Redemption Date, provide Acquisition and the transfer agent with notice of its exercise of the Redemption Call Right. The transfer agent shall thereafter give notice to each holder of Exchangeable

Shares of Orbital's exercise of the Redemption Call Right.

Exercise of Liquidation Exchange Right of Holders and Orbital's Liquidation Call Rights. Pursuant to the Voting and Exchange Trust Agreement, upon the occurrence and during the continuance of an Insolvency Event, or if Acquisition shall be in default of the terms of the Exchangeable Share Provisions, a Beneficiary may instruct the Trustee to require Orbital to purchase any or all of the Exchangeable Shares held by the Beneficiary. Acquisition and Orbital will give immediate written notice to the Trustee of the occurrence of an Insolvency Event or any event that may, with the passage of time or the giving of notice, become an Insolvency Event, or if Acquisition shall be in default of the Exchangeable Share Provisions. As soon as practicable thereafter, the Trustee will notify each Beneficiary of such event or potential event and will advise the Beneficiary of its rights as described above.

Under the Plan of Arrangement, Orbital will be granted the Liquidation Call Right, in the event of and notwithstanding the proposed voluntary or involuntary liquidation, dissolution or winding-up of Acquisition, to purchase all, but not less than all, of the Exchangeable Shares then outstanding and not held by Orbital or its Affiliates. The purchase by Orbital of all the outstanding Exchangeable Shares upon the exercise of such Liquidation Call Right in that event will occur on the effective date of the voluntary or involuntary liquidation, dissolution or winding up of Acquisition. In addition, if Acquisition is not legally able to redeem all Exchangeable Shares tendered for retraction by a Beneficiary because it is insolvent or to do so would render it insolvent, Orbital shall be deemed to have exercised its Liquidation Call Right with respect to those Exchangeable Shares which could not be redeemed.

Exercise of Automatic Exchange Right in the Event of Liquidation or Winding Up of Orbital. Under the Voting and Exchange Trust Agreement, in the event of the voluntary or involuntary liquidation, dissolution or winding-up of Orbital, all outstanding Exchangeable Shares will automatically be exchanged for Orbital Common Shares, by way of a purchase by Orbital. The consideration for the full purchase price for the Exchangeable Shares subject to such automatic exchange shall be delivered to the holder thereof at least five days prior to a liquidation event.

Deduction and Remittance of Withholding Tax

Delivery of Orbital Common Shares to a holder of Exchangeable Shares by Acquisition or Orbital, as the case may be, as described under "Exercise of Retraction Rights of Holders and Orbital's Retraction Call Rights," "Exercise of Redemption Rights of Acquisition and Orbital's Redemption Call Rights," "Exercise of Liquidation Exchange Right of Holders and Orbital's Liquidation Call Rights," and "Exercise of Automatic Exchange Right in the Event of Liquidation or Winding Up of Orbital," will be made, in the case of a holder that is a resident of Canada or

a holder that is a non-resident of Canada who provides a certificate issued under section 116 of the Canadian Tax Act specifying a certificate limit not less than the fair market value of the Exchangeable Shares, without any reduction in number of Orbital Common Shares, and will be made, in the case of a holder who is a non-resident of Canada and who does not provide such a certificate, in a reduced number of Orbital Common Shares to reflect compliance with the obligation of Acquisition or Orbital, as the case may be, to withhold and remit on behalf of such non-resident holder, tax under section 116 of the Canadian Tax Act.

Anti-dilution and Capital Reorganizations

In the event of stock splits or consolidations of Orbital Common Shares, the distribution to the holders of Orbital Common Shares of options, warrants or rights to acquire securities or assets of Orbital for less than their fair market value or other distribution to holders of Orbital Common Shares of assets of Orbital, unless an economically equivalent distribution is made by Acquisition to holders of the Exchangeable Shares, the number of Orbital Common Shares to be received upon exchange of the Exchangeable Shares will be adjusted so as to give equivalent economic treatment to the holders of the Exchangeable Shares. In the event of a capital reorganization of Orbital, holders of Exchangeable Shares shall be entitled to receive after such capital reorganization, the number of shares or other securities of Orbital or of a corporation resulting, surviving or continuing from the capital reorganization that such holder would have received had he or she been a holder of Orbital Common Shares on the record date of the capital reorganization.

Support Agreement

The Support Agreement obligates Orbital and Acquisition to take or refrain from taking certain actions so as to ensure that holders of Exchangeable Shares will receive the voting, dividend, liquidation and exchange rights described above. In particular, the Support Agreement provides that: (i) Orbital shall not, and shall cause its Affiliates not to, exercise any voting rights attached to Exchangeable Shares owned by it or any of its Affiliates on any matter considered at meetings of holders of Exchangeable Shares (including any approval sought from such holders in respect of matters arising under the Support Agreement); (ii) Orbital shall not declare or pay any dividend on the Orbital Common Shares unless Acquisition simultaneously declares and pays the same or an economically equivalent dividend (after, in the case of cash dividends, appropriate adjustments for currency translations) on the Exchangeable Shares; and (iii) Orbital and Acquisition will do all things necessary to ensure that Acquisition will be able to make all payments on the Exchangeable Shares required in the event of (a) the liquidation, dissolution or winding-up of Acquisition, (b) the retraction of Exchangeable Shares by a holder, or (c) the redemption of the Exchangeable Shares by Acquisition.

The Support Agreement obligates Orbital, in the event that a tender offer, share exchange offer, issuer bid, takeover bid or similar transaction with respect to Orbital Common Shares (an "Offer") is proposed or recommended by Orbital, its shareholders or board of directors, or is otherwise effected with the consent or approval of Orbital's board of directors, to use all commercially reasonable efforts to take such actions in good faith as are necessary or desirable to enable and permit holders of Exchangeable Shares to participate in such Offer to the same extent and on an economically equivalent basis as the holders of the Orbital Common Shares, without discrimination.

The Support Agreement also provides that Orbital will take all actions necessary or desirable to cause all Orbital Common Shares issued and delivered pursuant to the Combination Agreement and related agreements to be freely tradeable by the holders thereof (other than any restrictions on transfer by reason of a holder being a "control person" of Orbital for purposes of Canadian law or an "affiliate" of Orbital for purposes of United States securities laws). In addition, Orbital will take all such actions necessary to cause all such Orbital Common Shares to be listed or quoted for trading on all stock exchanges or quotation systems on which outstanding Orbital Common Shares are then listed or quoted for trading. The Orbital Common Shares are currently quoted for trading on the NASDAQ and it is not anticipated that such shares will be listed on any other stock exchange or trading system.

The Support Agreement also provides that, without the prior approval of Acquisition and the holders of the Exchangeable Shares, Orbital will not distribute additional Orbital Common Shares or rights to subscribe therefor or other assets or evidences of indebtedness to all or substantially all holders of Orbital Common Shares nor change the Orbital Common Shares nor effect any reorganization or other transaction affecting the Orbital Common Shares, unless the same or an economically equivalent distribution on, or change to, the Exchangeable Shares (or in the rights of the holders thereof) is made simultaneously. The board of directors of Acquisition is conclusively empowered to determine in good faith and in its sole discretion whether any corresponding distribution on or change to the Exchangeable Shares is the same as or economically equivalent to any proposed distribution on or change to the Orbital Common Shares.

The Support Agreement also provides that so long as there remain outstanding any Exchangeable Shares not owned by Orbital or any of its Affiliates, Orbital will remain the beneficial owner, directly or indirectly, of all outstanding shares of Acquisition, other than Exchangeable Shares and the Class B Preferred Shares.

With the exception of administrative changes for the purposes of adding covenants for the protection of the holders of the Exchangeable Shares, making certain necessary amendments or curing ambiguities or clerical errors (in each case provided that

the board of directors of each of Orbital and Acquisition is of the opinion that such amendments are not prejudicial to the interests of the holders of the Exchangeable Shares), the Support Agreement may not be amended without the approval of the holders of the Exchangeable Shares.

Market for Orbital Common Shares and Exchangeable Shares

The Orbital Common Shares issued upon exchange of the Exchangeable Shares will be freely tradeable by the holders thereof (other than any restrictions on transfer by reason of a holder being a "control person" of Orbital for purposes of Canadian law or an "affiliate" of Orbital for purposes of United States securities laws) and will be quoted for trading on the NASDAQ. Although the transfer of Exchangeable Shares, subject to receiving orders from applicable securities regulators, will not be restricted under applicable securities laws, subject to the above-noted exceptions, the Exchangeable Shares will not be listed on any stock exchange and MDA does not expect there will be any market for the Exchangeable Shares. See "The Arrangement and the Combination Agreement - Stock Exchange Listings" and "- Resale of Exchangeable Shares and Orbital Common Shares Received in the Arrangement."

The Combination Agreement

The following paragraphs summarize the material terms of the Combination Agreement. MDA Shareholders and MDA 1988 Optionholders are urged to read the Combination Agreement in its entirety for a more complete description of the terms and conditions of the obligations of the parties in respect of the Plan of Arrangement.

Actions to be Taken Prior to the Effective Time

Pursuant to the Combination Agreement, MDA, Acquisition and Orbital have agreed to perform certain obligations. MDA agreed to call all options to purchase MDA Common Shares presently held by shareholders of Earth Observation Sciences Ltd., a subsidiary of MDA. Orbital and Acquisition covenanted to obtain exemptions from registration or file a registration statement under the 1933 Securities Act qualifying the issue of the Orbital Common Shares, and to obtain all orders necessary from securities regulators in Canada so as to qualify the issuance and permit the free trading of the Exchangeable Shares and the Orbital Common Shares in the U.S. and Canada subject only to restrictions on holders who are "control persons" in Canada or "affiliates" in the U.S. In addition, Orbital, Acquisition and MDA have agreed to cooperate in the preparation of this Proxy Circular, to take all actions necessary to qualify the issue of the Exchangeable Shares and Orbital Common Shares under appropriate securities legislation in order to permit the issue and free trading thereof, subject to the above-noted exceptions, to call the Special Meeting, and to obtain the necessary court orders to permit the Arrangement to be completed.

Business of MDA Pending the Arrangement

Pending consummation of the Arrangement, and except as otherwise consented to or approved in advance by Orbital in writing, MDA has agreed that MDA and its subsidiaries will, among other things, operate their respective businesses in the ordinary course of business consistent with past practices and use reasonable efforts to preserve intact their respective business organizations; not authorize for issuance or issue any capital stock, rights, warrants, options or convertible or similar securities, subject to certain exceptions, or repurchase any capital stock; not take any action that would materially adversely affect the ability of MDA or Orbital to obtain the approvals required to effect the transactions contemplated by the Combination Agreement; and not take any action that would materially affect the ability of MDA to perform its covenants and agreements under the Combination Agreement.

Solicitation of Alternate Transactions

The Combination Agreement provides that except as required by law, MDA will not, directly or indirectly: solicit, encourage, initiate or participate in any negotiations, inquiries or discussions with respect to any offer or proposal to acquire all or any significant part of MDA's business, assets or capital shares whether by arrangement, amalgamation, merger, consolidation, other business combination, purchase of assets, tender or exchange offer or otherwise (each an "Acquisition Transaction"); or disclose any information not customarily disclosed to any person concerning MDA's business or properties or afford to any person or entity access to its properties, books or records, except in the ordinary course of business consistent with past practice and except as required pursuant to a governmental request for information; enter into or execute any agreement relating to an Acquisition Transaction, plan of reorganization, or other agreement calling for the sale of all or any significant part of its business and properties; or make or authorize any public statement, recommendation or solicitation with respect to any Acquisition Transaction or any offer or proposal relating to an Acquisition Transaction other than with respect to the Arrangement.

The Combination Agreement provides that nothing contained therein limits the power of the MDA Board to withdraw or modify any recommendation with respect to the Plan of Arrangement if a material adverse change occurs in the business or affairs of Orbital or in any of the information provided by Orbital on which the MDA Board has based any recommendation regarding the Arrangement. If any person proposes an unsolicited bona fide acquisition transaction that in the opinion of MDA's Board (having consulted its financial advisors) offers terms that may be more favourable to the MDA Shareholders than pursuant to the Combination Agreement or the Plan of Arrangement, MDA shall have seven business days to consider such proposal, following which

time the MDA Board may withdraw or modify any recommendation with respect to the Plan of Arrangement only if to do so would, in the opinion of the MDA Board (having consulted outside counsel), acting reasonably, be a proper exercise of the directors' fiduciary duty. Depending on the timing of the unsolicited bona fide Acquisition Transaction, the MDA Board may support a proposal to postpone or adjourn the Special Meeting for not more than 10 business days. The Combination Agreement generally requires MDA to inform Orbital of any such bona fide offer received by it or any related request for information.

In addition, MDA may terminate the Combination Agreement if a bona fide offer for an Acquisition Transaction providing consideration for MDA Common Shares having a fair market value of at least US\$5.95 per share (based on prevailing currency exchange rates at the date of the offer) is received, in which case MDA has agreed to pay Orbital a fee of US\$750,000 upon completion of the transaction that gave rise to such termination.

Conditions to the Arrangement

Consummation of the Arrangement is subject to the satisfaction of various conditions for the benefit of each of MDA or Orbital and both of them. Conditions precedent for the benefit of MDA include: (i) Orbital's and Acquisition's representations and warranties being correct on the Effective Date and Orbital having performed its covenants under the Combination Agreement in all material respects; (ii) MDA receiving an opinion from counsel to Orbital in form and substance reasonably satisfactory to MDA; and (iii) the Average Closing Price being equal to or greater than US\$12.775. Conditions precedent for the benefit of Orbital include: (i) MDA's representations and warranties being correct on the Effective Date and MDA having performed its covenants under the Combination Agreement in all material respects; (ii) Orbital having received an opinion of MDA's counsel in form and substance reasonably satisfactory to Orbital; (iii) MDA's Board having waived the applicable provisions of the Shareholder Protection Rights Plan; (iv) all necessary Affiliate Agreements having been executed; (v) MDA having entered into Employment Agreements and Change of Control Agreements with the Chairman, the President and each area general manager, as required, (vi) Dissenting MDA Shareholders and Dissenting MDA 1988 Optionholders entitled to receive in the aggregate no more than 10% of the aggregate number of Orbital Common Shares and the Orbital Common Shares reserved for issuance upon exercise of the Replacement Options to be issued pursuant to the Plan of Arrangement; (vii) Orbital having received a letter from its independent auditors to the effect that the transaction meets the requirements for pooling of interests accounting under U.S. GAAP; (viii) all required third-party consents and waivers relating to the Arrangement having been obtained; and (ix) the Average Closing Price being equal to or less than US\$25.00.

In addition, for the benefit of both MDA and Orbital, the following conditions must be met: (i) the approval of MDA

Shareholders and MDA 1988 Optionholders as required under the Interim Order shall have been obtained and the Final Order shall have been issued by the Court; (ii) there shall be no temporary restraining order, preliminary or permanent injunction or other legal restraints or prohibitions, statutes, rules, regulations or orders preventing consummation of the Arrangement; and (iii) the approval for quotation, subject to notice of issuance, on the NASDAQ of the Orbital Common Shares to be issued in connection with the Arrangement shall have been obtained.

The parties entitled to the benefit of a particular condition may waive compliance thereof.

Termination and Amendment

The Combination Agreement may be terminated and the Arrangement may be abandoned prior to the Effective Date notwithstanding approval by the MDA Shareholders and MDA 1988 Optionholders, under the circumstances specified therein, including: (i) by mutual consent of Orbital and MDA; (ii) by either Orbital or MDA, if the Arrangement shall not have been consummated by December 31, 1995 and if the terminating party has not caused the failure of the Arrangement to be consummated by its own failure to fulfil any of its obligations under the Combination Agreement; (iii) by either Orbital or MDA, if the MDA Shareholders or the MDA 1988 Optionholders fail to approve the Arrangement Resolution; (iv) by either Orbital or MDA if there is a material breach on the part of the other party in a representation or warranty or covenant or agreement contained in the Combination Agreement which is not cured within 10 days of notice; (v) by Orbital, if the MDA Board has withdrawn or changed its recommendation on the Arrangement in a manner adverse to Orbital, or shall fail to affirm such support at Orbital's request; and (vi) by MDA, if it has received a bona fide offer to consummate an Acquisition Transaction for consideration per MDA Common Share having a fair market value of at least US\$5.95 (based on prevailing currency exchange rates on the date of such offer).

The Combination Agreement may be amended by an agreement in writing among the parties thereto at any time prior to the Effective Date; provided, however, that, after approval of the Arrangement by the MDA Shareholders and MDA 1988 Optionholders, no amendment may be made which by law requires further approval of such shareholders or optionholders, without such further approval.

Fees, Expenses and Indemnification

Except as described herein, all fees and expenses incurred in connection with the Combination Agreement and the transactions contemplated thereby will be paid by the party incurring such expenses, whether or not the Arrangement is consummated.

MDA has agreed to pay Orbital a fee of US\$750,000 if the Combination Agreement is terminated by MDA because MDA has

received a bona fide offer of an Acquisition Transaction for consideration per MDA Common Share having a fair market value of at least US\$5.95 (based on prevailing currency exchange rates on the date of such offer), and such fee is payable only when such Acquisition Transaction is completed.

If the Combination Agreement is terminated as a result of a breach by one of the parties, the party who has breached will pay the actual out-of-pocket expenses of the others.

The Combination Agreement provides that the indemnification provisions set forth in MDA's by-laws may not be modified for six years from the Effective Date in any manner that would adversely affect the rights thereunder of individuals who at the Effective Date were MDA's directors or officers, unless such modification is required by law, and requires Orbital or Acquisition to continue in effect with respect to any claims arising out of conduct prior to the Effective Date directors and officers' insurance policies providing coverage of substantially the same scope as is currently maintained by MDA; provided, however, that Orbital may amend, repeal or modify such by-law provisions or cause the directors and officer's insurance policies to be modified or cancelled if it indemnifies such parties against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by reason of the fact that such person was a director or officer of MDA, in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, provided that such expenses were incurred by such person in connection with such action, suit or proceeding and provided that such person acted in good faith and in a manner he reasonably believed to be in or not opposed to MDA's best interests and had no reasonable cause to believe his conduct was unlawful.

MDA has agreed that, if the Arrangement is not effective, it will indemnify each present and former director or officer of MDA or any of its subsidiaries (collectively, the "Indemnified Parties"), to the fullest extent permitted under applicable law or under its by-laws, against any costs or expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to any action or omission occurring while they were directors, officers or employees for six years after the proposed Effective Date.

Confidentiality Agreement

Each of Orbital and MDA has agreed to keep confidential, pursuant to a confidentiality agreement dated June 23, 1995 (the "Confidentiality Agreement"), proprietary information provided by the other party. The Confidentiality Agreement contains terms restricting the disclosure and use of confidential information

exchanged between the two parties in evaluating the Arrangement and otherwise.

Agreements of MDA Affiliates

Rule 145 promulgated under the 1933 Securities Act regulates the disposition in the U.S. of securities by "affiliates" of MDA in connection with the Arrangement. Affiliates of MDA, as so defined, have delivered to Orbital executed Affiliate Agreements. Under such Affiliate Agreements, each affiliate agrees not to sell, transfer or otherwise dispose of Orbital Common Shares or Exchangeable Shares issued to the affiliate in the Arrangement unless such sale, transfer or other disposition (i) has been registered under the 1933 Securities Act, (ii) is made in compliance with the requirements of Rule 145 under the 1933 Securities Act, or (iii) in the opinion of counsel reasonably acceptable to Orbital, is otherwise exempt from registration under the 1933 Securities Act. To comply with the requirements of pooling of interests accounting treatment, each Affiliate Agreement also restricts the sales of such shares prior to and following the Arrangement until the publication and dissemination by Orbital of consolidated financial results that include results of combined operations of MDA and Orbital for at least 30 days on a consolidated basis following the Effective Date. The Affiliate Agreements terminate if the Combination Agreement is terminated.

Court Approval and Completion of the Arrangement

Under the CBCA and pursuant to the Interim Order, the Arrangement requires Court approval, after approval of the MDA Shareholders and MDA 1988 Optionholders has been obtained. Prior to the mailing of this Proxy Circular, MDA obtained the Interim Order providing for the calling, holding and conduct of the Special Meeting and other procedural matters. A copy of the Interim Order is attached as Appendix "D" to this Proxy Circular. The Notice of Application for the Final Order appears as Appendix "E" to this Proxy Circular.

Subject to the approval of the Arrangement Resolution by the MDA Shareholders and the MDA 1988 Optionholders, the hearing in respect of the Final Order is scheduled to take place on November 16, 1995 at 10:00 a.m. (Vancouver time). At that hearing, any MDA Shareholder, any MDA 1988 Optionholder, or any other interested party who wishes to participate or to be represented or to present evidence or arguments may do so, subject to filing a notice of appearance with the Court and serving such notice of appearance upon MDA's solicitors within the time as set forth in the Notice of Application for the Final Order, and upon all other parties who have filed a notice of appearance, and satisfying other requirements as provided in the Interim Order. At the final hearing the Court will consider, among other things, the fairness and reasonableness of the Arrangement.

Assuming that the Final Order is granted, and the other

conditions to the Combination Agreement are satisfied, or waived by the party or parties entitled to do so, it is anticipated that the following will occur substantially simultaneously: articles of arrangement will be filed with the Director appointed under the CBCA to give effect to the Arrangement; and the Support Agreement, the Voting and Exchange Trust Agreement and the various other documents necessary to give effect to the Arrangement and other transactions contemplated by the Combination Agreement will be executed and delivered.

Subject to the foregoing, it is anticipated that the Arrangement will be completed not later than November 30, 1995.

Accounting Treatment

The Arrangement is expected to be treated by Orbital as a pooling of interests for accounting purposes under U.S. GAAP. This accounting method permits the recorded assets and liabilities of both Orbital and MDA to be carried forward on a consolidated basis by Orbital, after giving effect to the Arrangement, at their recorded historical amounts. No recognition of goodwill will be required as a result of the Arrangement and consequently, there will be no amortization of goodwill from the Arrangement reflected in Orbital's future financial periods.

It is a condition to Orbital's obligation to effect the Arrangement that Orbital receive an opinion from KPMG Peat Marwick LLP, independent auditors of Orbital, to the effect that pooling of interests accounting treatment for the Arrangement under U.S. GAAP is appropriate. In the event holders of MDA Common Shares and MDA 1988 Options in the aggregate entitled to receive greater than 10% of the sum of the Orbital Common Shares issuable pursuant to the Plan of Arrangement and the Orbital Common Shares reserved for issuance upon exercise of the Replacement Options, shall properly exercise their right to dissent, the Arrangement may not qualify for treatment as a pooling of interests under applicable accounting rules.

Stock Exchange Listings

Exchangeable Shares

The Exchangeable Shares will not be listed or posted for trading on any stock exchange. MDA does not expect there will be any market for the Exchangeable Shares.

Orbital Common Shares

NASDAQ has conditionally approved inclusion of the additional Orbital Common Shares issuable upon exchange of the Exchangeable Shares and the Replacement Options for quotation. Orbital expects that NASDAQ will grant final approval for such inclusion.

Eligibility for Investment in Canada

Exchangeable Shares

The Exchangeable Shares (including the Voting Rights and the Exchange Right) (a) will be "foreign property" under the Canadian Tax Act for trusts governed by registered pension plans, registered retirement savings plans, registered retirement income funds and deferred profit sharing plans or for certain other tax-exempt persons, and (b) will not be qualified investments under the Canadian Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans.

Voting Rights and Exchange Right

The Voting Rights and the Exchange Right will not be qualified investments and will be "foreign property" under the Canadian Tax Act.

Orbital Common Shares

The Orbital Common Shares will be qualified investments under the Canadian Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans so long as such shares remain quoted on the NASDAQ or another prescribed stock exchange. The Orbital Common Shares will be "foreign property" under the Canadian Tax Act.

Resale of Exchangeable Shares and Orbital Common Shares Received in the Arrangement

Canada

Orbital, Acquisition and MDA have applied for rulings of the British Columbia Securities Commission ("BCSC"), the Ontario Securities Commission (the "OSC") and the securities commissions of certain other jurisdictions in Canada in which holders of MDA Common Shares reside, exempting any trade in Exchangeable Shares or in Orbital Common Shares made in connection with or pursuant to the Arrangement from the applicable prospectus and registration requirements of the securities legislation of such jurisdictions. If granted, these rulings would permit holders of Exchangeable Shares who are not "control persons" of Acquisition to sell such securities in British Columbia, Ontario and such other jurisdictions, without being required to file a prospectus in respect thereof, provided that no unusual effort is made to prepare the market for any such sale or to create a demand for such securities and no extraordinary commission or consideration is paid in respect thereof. However, if such resale occurs in British Columbia by a seller that is an insider of Acquisition, then, as a further condition to permitting such resale, Acquisition must not be in default of any requirement of the Securities Act (British Columbia) or the regulations thereunder.

If granted, these rulings would permit residents of such jurisdictions who are recipients of Orbital Common Shares to

resell such securities provided that such resales are executed through the facilities of a stock exchange or market outside of British Columbia, Ontario or such other jurisdiction, as the case may be, and such resales are made in accordance with the rules of the stock exchange or market upon which such trades are made and in accordance with all laws applicable to such stock exchange or market.

MDA, Acquisition and Orbital have also applied for orders under the Securities Act (British Columbia), the Securities Act (Ontario) and the applicable securities laws of certain other jurisdictions in Canada in which holders of MDA Common Shares reside to permit all issuances of securities to be carried out pursuant to the Exchangeable Share Provisions and the Voting and Exchange Trust Agreement to be exempt from the registration requirements of such Acts and applicable securities laws. Upon completion of the Arrangement, Acquisition will be a reporting issuer under the Securities Act (British Columbia), but MDA will cease to be a reporting issuer under the Securities Act (Ontario) and the applicable securities laws of the other jurisdictions. In addition, the ruling requested from the BCSC would, if granted, exempt Acquisition from certain statutory financial and other reporting requirements under the Securities Act (British Columbia). As a condition to granting the ruling as described above, Orbital will undertake, among other things, to file with the appropriate securities commissions of such jurisdictions copies of all documents filed by it with the SEC and to send to all holders of Exchangeable Shares resident in British Columbia and such other jurisdictions all disclosure materials that are sent to holders of Orbital Common Shares, including, without limitation, copies of its annual reports and all proxy solicitation materials and, upon request, copies of its quarterly reports.

United States

The offer and sale of the Exchangeable Shares, the Replacement Options and the Orbital Common Shares to be issued in exchange therefor (collectively the "New Shares") will not be registered under the 1933 Securities Act. The Exchangeable Shares, the Replacement Options and the Orbital Common Shares issuable upon exchange of the Exchangeable Shares will be issued in reliance on section 3(a)(10) of the 1933 Securities Act, which exempts from registration under the 1933 Securities Act securities that are issued in exchange for other outstanding securities where the terms and conditions of the issuance have been approved by any court expressly authorized by law to grant approval to the proposed issuance, after a hearing upon the fairness of the terms and conditions of the issuance at which all persons to whom such securities will be issued have the right to appear. Orbital has been orally advised that it will be issued a letter from the SEC confirming that the staff of the SEC will not recommend any enforcement action to the SEC if Acquisition, in reliance on the exemption provided by section 3(a)(10), issues the Exchangeable Shares, the Replacement Options, and the Orbital Common Shares

issuable in exchange for the Exchangeable Shares.

All Orbital Common Shares received by MDA Shareholders in the Arrangement will be freely transferable under the United States federal securities laws, except that Orbital Common Shares received by persons who are deemed to be "affiliates" (as such term is defined under the 1933 Securities Act) of MDA at the time of the transaction may be resold by such affiliates only in transactions permitted by the resale provisions of Rule 145(d)(1), (2) or (3) promulgated under the 1933 Securities Act (or Rule 145(d)(1) alone in the case of such persons who become affiliates of Orbital upon the completion of the Arrangement), or as otherwise permitted under the 1933 Securities Act. Rule 145(d)(1) generally provides that the "affiliates" of the acquired company may not sell securities of the issuer unless pursuant to an effective registration statement or unless pursuant to the volume, current public information, manner of sale and timing limitations of Rule 144 (excluding the holding period requirements of Rule 144). These limitations generally require that (a) any sales made by the affiliate in any three month period not exceed the greater of (i) 1% of the outstanding shares of the issuer or (ii) the average weekly reported volume of trading in such shares on all national securities exchanges and/or reported through an automated quotation system of a registered securities association over a four-week period and (b) that such sales be made in unsolicited, open market "broker transactions" or in transactions directly with a market maker. Rules 145(d)(2) and (3) generally provide that the foregoing limitations lapse for nonaffiliates of the issuer after a period of two or three years has elapsed since the date the securities were acquired from the issuer, respectively. The average weekly reported volume of the Orbital Common Shares for the four weeks ending September 29, 1995 was 848,250 Orbital Common Shares. Persons who may be deemed to be affiliates of an issuer generally include individuals or entities that directly or indirectly control, are controlled by, or are under common control with, such issuer and may include certain officers and directors of such issuer as well as principal stockholders of such issuer. See "The Arrangement and the Combination Agreement - Agreements of MDA Affiliates."

Procedures for Exchange of Share Certificates by MDA Shareholders

At or promptly after the Effective Time, Acquisition shall deposit with the Depositary, for the benefit of the holders of MDA Common Shares and the holders of shares of the Qualifying Holdcos exchanged pursuant to the Plan of Arrangement, certificates representing the Exchangeable Shares issued therefor.

A Letter of Transmittal is enclosed with this Proxy Circular for use by MDA Shareholders for transmittal of certificates representing MDA Common Shares. Additional copies of the Letter of Transmittal may be obtained from the Depositary. A subsequent letter of transmittal may also be forwarded to MDA Shareholders

following the Effective Date. The details of the procedures for exchange of certificates representing MDA Common Shares and the deposit of such certificates with the Depositary and the addresses of the office of the Depositary are set out in the Letter of Transmittal.

The procedures for receiving certificates representing Exchangeable Shares and/or Orbital Common Shares are as follows:

Return to Depositary of Letter of Transmittal

A properly completed Letter of Transmittal, or any subsequent letter of transmittal, is to be forwarded to the Depositary at the office as set forth therein, together with the certificate(s) representing the MDA Common Shares. As soon as practicable after the surrender of certificates representing MDA Common Shares and after the Effective Date, the Depositary will deliver certificates representing Exchangeable Shares and/or Orbital Common Shares in accordance with the instructions set forth in the Letter of Transmittal or any subsequent letter of transmittal, as the case may be.

Election to Immediately Exchange Exchangeable Shares for Orbital Common Shares

MDA Shareholders who wish to immediately exchange their Exchangeable Shares for Orbital Common Shares must complete the Letter of Transmittal and indicate their election to immediately exchange the Exchangeable Shares they are entitled to receive for Orbital Common Shares in the election section therein. If only a part of such holder's MDA Common Shares are to be immediately exchanged for Orbital Common Shares, the MDA Shareholder shall indicate the number of Exchangeable Shares to be so exchanged. If any MDA Shareholder elects to immediately exchange all or part of his or her Exchangeable Shares for Orbital Common Shares, a certificate for the full number of Exchangeable Shares to which that holder would have been entitled under the Plan of Arrangement shall be issued, the Depositary shall, by the Letter of Transmittal, be appointed an attorney to effect the retraction on behalf of the holder and the holder will receive certificates representing Orbital Common Shares. MDA has been advised that in the event of the retraction contemplated by the exercise of this election, Orbital intends to exercise its Redemption Call Right and purchase such Exchangeable Shares. Orbital or Acquisition as the case may be, will require holders of Exchangeable Shares who are not residents of Canada and who elect to retract their Exchangeable Shares as described above to obtain a certificate from Revenue Canada pursuant to section 116 of the Canadian Tax Act, specifying a certificate limit no less than the fair market value of the Orbital Common Shares immediately before the exchange or redemption, as the case may be, and to deliver such certificate to Orbital or Acquisition. See "The Arrangement and the Combination Agreement - Description of Exchangeable Shares - Deduction and Remittance of Withholding Tax."

Fractional Shares

No certificates or scrip representing fractional Exchangeable Shares or Orbital Common Shares will be issued. In lieu of any such fractional interests, each MDA Shareholder entitled to a fractional interest in Exchangeable Shares or Orbital Common Shares in consequence of the Arrangement or upon exchange of the Exchangeable Shares for Orbital Common Shares will receive an equivalent amount in cash (rounded to the nearest whole cent), without interest, from Acquisition equal to the Canadian Dollar Equivalent (as defined in the Exchangeable Share Provisions) of the product of such fraction, multiplied by the Average Closing Price.

Failure to Deposit Certificates Representing MDA Common Shares

Pending the surrender of certificates formerly representing MDA Common Shares, such certificates will, subject to the provisions in the following sentence, be deemed to represent the right to receive upon such surrender, a certificate representing the appropriate number of Exchangeable Shares (based on the Exchange Ratio), any cash payment in lieu of a fractional Exchangeable Share, and any Dividend Amount. Any certificate formerly representing MDA Common Shares not deposited with all other necessary documents on or prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a shareholder of MDA, the relevant Qualifying Holdco or Acquisition, as the case may be. On such date, the Exchangeable Shares to which the former registered holder of such undeposited certificate was entitled shall be deemed to have been surrendered to Acquisition together with all dividends, distributions and interests held for such former registered holder.

Confirmation of Replacement Options

As soon as practicable after the Effective Date, Orbital will forward to each holder of a MDA Option, except a Dissenting MDA 1988 Optionholder, confirmation of the Replacement Option, setting forth the number of Orbital Common Shares such holder is entitled to and the exercise price therefor.

INCOME TAX CONSIDERATIONS TO MDA SHAREHOLDERS AND OPTIONHOLDERS

Canadian Federal Income Tax Considerations

In the opinion of Farris, Vaughan, Wills and Murphy, counsel for MDA, the following is a summary of the principal Canadian federal income tax considerations generally applicable to (i) MDA Shareholders who, for purposes of the Canadian Tax Act, are residents of Canada, hold their MDA Common Shares as capital property and deal at arm's length with MDA, Acquisition and Orbital, (ii) MDA Shareholders who, for purposes of the Canadian Tax Act, have not been and will not be resident in Canada at any

time while they have held MDA Common Shares or Exchangeable Shares, and deal at arm's length with MDA, Acquisition and Orbital, and (iii) MDA 1988 Optionholders.

This summary is based on the current provisions of the Canadian Tax Act, all specific proposals to amend the Canadian Tax Act publicly announced by the Minister of Finance prior to the date hereof, and counsel's understanding of the current administrative practices of Revenue Canada. Except for the foregoing, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the federal income tax considerations described herein.

WHILE THIS SUMMARY IS INTENDED TO ADDRESS ALL PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS, IT IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR MDA SHAREHOLDER OR MDA 1988 OPTIONHOLDER. THEREFORE, SUCH HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES. NO ADVANCE INCOME TAX RULING HAS BEEN OR WILL BE OBTAINED FROM REVENUE CANADA TO CONFIRM THE TAX CONSEQUENCES OF ANY OF THE TRANSACTIONS DESCRIBED HEREIN.

Holders of MDA Common Shares Resident in Canada

Exchange of MDA Common Shares for Exchangeable Shares. A holder of MDA Common Shares who receives Exchangeable Shares in exchange for MDA Common Shares pursuant to the Plan of Arrangement (provided such holder is not considered to receive Voting Rights or any Exchange Right as partial consideration for MDA Common Shares (see below)) will, unless such holder of MDA Common Shares includes any portion of the capital gain or capital loss otherwise determined in respect of the disposition of such MDA Common Shares in the holder's income tax return for the taxation year in which the exchange occurs, be deemed pursuant to the "automatic" rollover provisions of section 85.1 of the Canadian Tax Act to have disposed of such MDA Common Shares and will be deemed to have acquired the Exchangeable Shares received in exchange for such MDA Common Shares at a cost equal to the adjusted cost base to such holder of such MDA Common Shares.

Based on the current administrative practise of Revenue Canada, a holder of MDA Common Shares who receives cash not exceeding \$200 in lieu of a fraction of an Exchangeable Share may reduce the adjusted cost base of the Exchangeable Shares received by such holder by the amount of such cash. Alternatively, the capital gain or capital loss otherwise arising on the disposition of the fraction of the MDA Common Share which is disposed of for such cash may be reported.

If a holder of MDA Common Shares chooses to treat the exchange of MDA Common Shares for Exchangeable Shares as a taxable

transaction, such holder of MDA Common Shares will be required to recognize a capital gain (or capital loss) to the extent that the fair market value of the Exchangeable Shares (and any cash in lieu of a fractional MDA Common Share) received in exchange for such holder's MDA Common Shares immediately before the exchange, net of any costs of disposition, exceeds (or is less than) the adjusted cost base to the holder of such MDA Common Shares immediately before the exchange. The cost to the holder of the Exchangeable Shares received in exchange for such MDA Common Shares will in this case be equal to the fair market value of such Exchangeable Shares immediately before the exchange.

Where the transitional rules contained in the Income Tax Application Rules, R.S.C. 1985, c.2 (5th Supplement), as amended (the "ITARs"), apply to determine the adjusted cost base to a holder of MDA Common Shares of any MDA Common Shares owned by such holder prior to 1972 and continuously thereafter until immediately before the exchange of such shares for Exchangeable Shares, such rules may continue to apply for the purposes of determining the adjusted cost base to the holder of any Exchangeable Shares received in exchange therefor. Holders of MDA Common Shares who may be affected by such rules should consult their own tax advisors.

Although the Plan of Arrangement and the Voting and Exchange Trust Agreement provide that Orbital has granted the Voting Rights and Exchange Right to holders of the MDA Common Shares in consideration of the Call Rights, it is possible Revenue Canada may take the position that the Voting Rights and Exchange Right were acquired by a holder of MDA Common Shares in connection with the exchange of the MDA Common Shares and not in consideration of the Call Rights. In such event, a holder of MDA Common Shares who receives Exchangeable Shares in exchange for MDA Common Shares pursuant to the Plan of Arrangement would not qualify for the "automatic" rollover provisions of section 85.1 of the Canadian Tax Act. In such circumstances, unless a holder of MDA Common Shares effects an election in respect of such exchange in accordance with the provisions of subsection 85(1) or (2) of the Canadian Tax Act (as described below), the holder may be considered to have disposed of MDA Common Shares in a taxable transaction and the holder therefore may be required to recognize a capital gain (or capital loss) to the extent that the aggregate of the fair market value of the Exchangeable Shares (and any cash in lieu of a fractional MDA Common Share) and the fair market value of Voting Rights and Exchange Right (which MDA believes to be nominal) received in exchange for such holder's MDA Common Shares immediately before the exchange, net of any costs of disposition, exceeds (or is less than) the adjusted cost base to the holder of such MDA Common Shares immediately before the exchange. The cost to the holder of the Exchangeable Shares received in exchange for such MDA Common Shares will in this case be equal to the fair market value of such Exchangeable Shares immediately before the exchange.

A holder may exchange MDA Common Shares and obtain a full or

partial tax-free "rollover" in respect of such exchange by filing with Revenue Canada (and, where applicable, with a provincial tax authority) an election (the "Tax Election") under subsection 85(1) of the Canadian Tax Act or, in the case of a partnership, under subsection 85(2) of the Canadian Tax Act (and the corresponding provisions of any applicable provincial tax legislation) made jointly by the holder and Acquisition (which Acquisition, subject to the following paragraphs, has agreed to make) in respect of the holder's MDA Common Shares so exchanged pursuant to the Plan of Arrangement and specifying therein a "transfer price," within the limitations set forth in the Canadian Tax Act, so that such MDA Common Shares will be deemed to be disposed of for proceeds of disposition equal to the transfer price thereof. Subject to the limitations set out in subsection 85(1) of the Canadian Tax Act regarding the specified transfer price, if the transfer price is equal to the aggregate of the adjusted cost bases of such MDA Common Shares determined immediately before the exchange, no capital gain or capital loss will be realized, and to the extent that the transfer price in respect of such shares exceeds (or is less than) the aggregate of the adjusted cost bases thereof, such holder will realize a capital gain (or a capital loss).

Holders of MDA Common Shares who desire to effect the exchange of their MDA Common Shares pursuant to subsection 85(1) or (2) of the Canadian Tax Act, as the case may be, should obtain the appropriate federal election forms at any Revenue Canada District Taxation Office. Where necessary, the appropriate provincial election forms should be obtained from the income tax authorities in that province. These forms must be completed and submitted to Acquisition for execution at the following address: c/o MacDonald, Dettwiler and Associates Ltd., 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3, Attention: Secretary. Although the Tax Election involves certain complexities, it may result in more favourable tax consequences to a holder than would otherwise be the case if the Tax Election was not made in respect of the exchange.

Holders of MDA Common Shares who wish to effect the exchange of their MDA Common Shares pursuant to subsection 85(1) or (2) of the Canadian Tax Act, as the case may be, are referred to Information Circular 76-19R2 and Interpretation Bulletin IT-291R2, published by Revenue Canada, for information respecting the joint election to be made under the Canadian Tax Act.

The comments provided herein with respect to joint elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements including limitations applicable to the transfer price. Compliance with such requirements to ensure the validity of the joint elections will be the sole responsibility of the holder making the election. Acquisition will not be responsible for proper completion and timely filing of such joint elections and agrees only to execute any properly completed election forms received from holders of MDA Common Shares. In particular, Acquisition

will not be responsible or liable for any taxes, interest, penalties, damages or expenses resulting from the failure of Acquisition or any of its agents, servants or officers, to properly complete and return such joint election forms to any holder for filing by such holder with Revenue Canada (and the appropriate provincial authority, where applicable) within the time and in the prescribed form required under the Canadian Tax Act and any applicable provincial tax legislation.

Call Rights. MDA is of the view and has advised counsel that the Call Rights, the Exchange Right and the Voting Rights have only nominal value. The disposition by a holder of the Call Rights in consideration for the Voting Rights and the Exchange Right should, therefore, not result in any material Canadian federal income tax consequences. Such determinations of value are not binding on Revenue Canada and counsel can express no opinion on matters of factual determination such as this. If the Voting Rights or Exchange Right do have greater than nominal value and are properly viewed as being received by a holder of MDA Common Shares from Orbital in consideration for the Call Rights, a capital gain would arise in an amount equal to the fair market value of the Voting Rights and the Exchange Right and such holder will be deemed to have acquired such Voting Rights and such Exchange Right for a cost equal to their fair market value.

Dividends. Dividends on Exchangeable Shares or Orbital Common Shares will receive the following treatment under the Canadian Tax Act.

Exchangeable Shares. In the case of a shareholder who is an individual, dividends received or deemed to be received on the Exchangeable Shares will be included in computing the shareholder's income, and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

The Exchangeable Shares will be "taxable preferred shares" and "short-term preferred shares" for purposes of the Canadian Tax Act, and accordingly, dividends received or deemed to be received on the Exchangeable Shares will not be subject to the 10% tax under Part IV.1 of the Canadian Tax Act applicable to certain corporations.

If the Support Agreement is deemed to be a "guarantee agreement" under the Canadian Tax Act and if Acquisition or any person with whom Acquisition does not deal at arm's length is a "specified financial institution" under the Canadian Tax Act at a point in time that a dividend is paid on an Exchangeable Share, then dividends received or deemed to be received by a shareholder that is a corporation will not be deductible in computing taxable income but will be fully includable in taxable income under Part I of the Canadian Tax Act. Such dividend will not be subject to tax under Part IV of the Canadian Tax Act. A corporation will generally be a specified financial institution for these purposes if it is a bank, a trust company, a credit

union, an insurance corporation or a corporation whose principal business is the lending of money to persons with whom the corporation is dealing at arm's length or the purchasing of debt obligations issued by such persons or a combination thereof, and corporations controlled by or related to such entities. Acquisition has informed counsel that it is of the view that neither it nor any person with whom it does not deal at arm's length is a specified financial institution at the current time but there can be no assurance that this status will not change prior to the time any dividend on an Exchangeable Share is received or deemed to be received by a corporate shareholder.

Subject to the foregoing, in the case of a shareholder that is a corporation, other than a "specified financial institution" as defined in the Canadian Tax Act, dividends received or deemed to be received on the Exchangeable Shares will normally be deductible in computing its taxable income.

A shareholder that is a "private corporation" (as defined in the Canadian Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled directly or indirectly in any manner whatsoever by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Canadian Tax Act to pay a refundable tax of 33 1/3% on dividends received or deemed to be received on the Exchangeable Shares to the extent that such dividends are deductible in computing the shareholder's taxable income.

Orbital Common Shares. Dividends on Orbital Common Shares will be included in the recipient's income for the purposes of the Canadian Tax Act. Such dividends received by an individual shareholder will not be subject to the gross-up and dividend tax credit rules in the Canadian Tax Act. A corporation which is a shareholder will include such dividends in computing its income and generally will not be entitled to deduct the amount of such dividends in computing its taxable income. United States non-resident withholding tax on such dividends will be eligible for foreign tax credit or deduction treatment where applicable under the Canadian Tax Act.

Redemption or Exchange of Exchangeable Shares. On the redemption (including a retraction) of an Exchangeable Share by Acquisition for an Orbital Common Share, the holder of an Exchangeable Share will be deemed to have received a dividend equal to the amount, if any, by which the redemption proceeds (the fair market value at the time of the redemption of the Orbital Common Share received by the shareholder from Acquisition on the redemption plus the amount, if any, of all unpaid dividends on the Exchangeable Share) exceeds the paid-up capital at that time of the Exchangeable Share so redeemed. The amount of any such deemed dividend will be subject to the tax treatment accorded to dividends described above. On the redemption, the holder of an Exchangeable Share will also be considered to have disposed of the Exchangeable Share, but the amount of such deemed dividend will be excluded in computing the shareholder's proceeds of

disposition for purposes of computing any capital gain or capital loss arising on the disposition of the Exchangeable Share. In the case of a shareholder that is a corporation, it is possible that in some circumstances the amount of any such deemed dividend may be treated as proceeds of disposition and not as a dividend and accordingly, such corporate shareholders should consult their own tax advisors for specific advice in these circumstances.

On the exchange of an Exchangeable Share by the holder thereof with Orbital for an Orbital Common Share pursuant to the Call Rights or the Exchange Right, the holder will in general realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Exchangeable Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Exchangeable Share to the holder thereof. For these purposes, the proceeds of disposition will be the value of an Orbital Common Share at the time of exchange plus the amount of all unpaid dividends on the Exchangeable Share.

The cost of an Orbital Common Share received on the retraction, redemption or exchange of an Exchangeable Share will be equal to the fair market value of the Orbital Common Share at the time of such event.

If the holder of an Exchangeable Share is a corporation, or a partnership or a trust of which a corporation is a partner or beneficiary, as the case may be, the amount of any loss arising from a disposition or deemed disposition of an Exchangeable Share in certain circumstances may be reduced by the amount of dividends received or deemed to have been received by it on such share.

Because of the existence of the Call Right, a holder exercising the right of retraction in respect of an Exchangeable Share cannot control whether such holder will receive an Orbital Common Share by way of redemption of the Exchangeable Share by Acquisition or by way of purchase of the Exchangeable Share by Orbital. As described above, the Canadian federal income tax consequences of a redemption differ from those of a purchase. However, a holder who exercises the right of retraction will be notified if the Call Right will not be exercised by Orbital, and if such holder does not wish to proceed, such holder may cancel the notice of retraction and retain such holder's Exchangeable Share.

Dissenting MDA Shareholders. A holder of MDA Common Shares is permitted to dissent from the Arrangement in compliance with section 190 of the CBCA and the Interim Order. A MDA Shareholder who dissents from the Arrangement Resolution in compliance with section 190 of the CBCA will be entitled, in the event the Arrangement becomes effective, to be paid by MDA the fair value of the MDA Common Shares held by such shareholder determined at the appropriate date. See "Dissenting Rights." A Dissenting MDA Shareholder will be considered to receive a deemed dividend and to have disposed of the MDA Common Shares in accordance with the

discussion above of the redemption of the Exchangeable Shares. Additional income tax considerations may be relevant to Dissenting MDA Shareholders who fail to perfect or withdraw their claims pursuant to the rights of dissent. Dissenting MDA Shareholders should consult their own tax advisors for specific advice in these circumstances.

Foreign Property. The Exchangeable Shares will be foreign property under the Canadian Tax Act for trusts governed by registered pension plans, registered retirement savings plans, registered retirement income funds and deferred profit sharing plans or for certain other tax-exempt persons. The Voting Rights and Exchange Right will be foreign property under the Canadian Tax Act. Orbital Common Shares will be foreign property under the Canadian Tax Act.

Qualified Investments. The Exchangeable Shares will not be qualified investments under the Canadian Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans and at the end of each month, such trusts will be liable to pay a tax under the Canadian Tax Act of 1% of the fair market value of the Exchangeable Shares. Orbital Common Shares will be qualified investments under the Canadian Tax Act for such plans as long as such shares remain listed on the NASDAQ (or are listed on certain other exchanges). The Voting Rights and Exchange Right will not be qualified investments under the Canadian Tax Act.

Holders of MDA Common Shares Not Resident in Canada

Generally, MDA Common Shares will not be taxable Canadian property provided that those shares are listed on a prescribed stock exchange in Canada, the holder does not use or hold, and is not deemed to use or hold, the MDA Common Shares in connection with carrying on a business in Canada and the holder, persons with whom such holder does not deal at arm's length, or the holder and such persons, has not owned (or had under option) 25% or more of the issued shares of any class or series of the capital stock of MDA at any time within five years preceding the date in question. The MDA Common Shares are currently listed on a prescribed stock exchange in Canada under the Canadian Tax Act. Such a holder of MDA Common Shares will not be subject to tax under the Canadian Tax Act on the exchange of MDA Common Shares.

Generally, the Exchangeable Shares will be taxable Canadian property, and on the redemption (including a retraction) of an Exchangeable Share by Acquisition for an Orbital Common Share, a non-resident holder of an Exchangeable Share will be considered to have received a deemed dividend and be considered to have disposed of the Exchangeable Share for proceeds of disposition in an amount as described above for residents of Canada. The amount of such deemed dividend will be subject to non-resident withholding tax under the Canadian Tax Act as described below, and Acquisition will require the non-resident holder to obtain a certificate pursuant to section 116 of the Canadian Tax Act as

described below. On the exchange of an Exchangeable Share by the non-resident holder thereof with Orbital for an Orbital Common Share, the non-resident holder of an Exchangeable Share will be considered to have disposed of the Exchangeable Share for proceeds of disposition in an amount as described above for residents of Canada, and Orbital will require the non-resident holder to obtain a certificate pursuant to section 116 of the Canadian Tax Act as described below.

Orbital or Acquisition, as the case may be, will require the non-resident holder of the Exchangeable Shares to apply to Revenue Canada to obtain a certificate pursuant to section 116 of the Canadian Tax Act, specifying a certificate limit no less than the fair market value of the Orbital Common Shares immediately before the exchange or redemption, as the case may be. A certificate should generally be obtainable from Revenue Canada where the non-resident holder of Exchangeable Shares pays an amount on account of tax arising on a disposition or establishes that no tax is payable. Where no certificate is obtained by such non-resident holder or where a certificate is obtained specifying a certificate limit less than the fair market value of the Orbital Common Shares, Orbital or Acquisition will withhold and remit to Revenue Canada within 30 days after the end of the month in which Orbital or Acquisition acquires the Exchangeable Shares, as tax on behalf of the non-resident holder, 33 $\frac{1}{3}$ % of the amount by which the fair market value of the Orbital Common Shares exceeds the certificate limit specified in the certificate or if no certificate is obtained, 33 $\frac{1}{3}$ % of the fair market value of the Orbital Common Shares, and Acquisition or Orbital will deliver to the non-resident holder a reduced number of Orbital Common Shares to reflect such payment to Revenue Canada. Holders of such Exchangeable Shares may be exempt from liability to pay tax under the Canadian Tax Act by virtue of any applicable tax treaty between Canada and the country in which they are resident. For example, under the Canada-United States Income Tax Convention, a resident of the United States who has not been a resident of Canada at any time during the ten years immediately preceding the exchange of the Exchangeable Shares should generally be exempt from such tax under the Canadian Tax Act. However, such exemption will not relieve Acquisition or Orbital from their liability to withhold or remit amounts to Revenue Canada on account of tax where the non-resident holder has not provided the appropriate certificate as discussed above. Non-resident holders of Exchangeable Shares should consult their own tax advisors for specific advice in these circumstances.

Dividends paid or deemed to be paid on the Exchangeable Shares are subject to non-resident withholding tax under the Canadian Tax Act at the rate of 25%, although such rate may be reduced under the provisions of an applicable income tax treaty. For example, under the Canada-United States Income Tax Convention, the rate is generally reduced to 15%.

A holder whose Exchangeable Shares are redeemed (either under Acquisition's redemption right or pursuant to the holder's

retraction rights) will be deemed to receive a dividend as described above, which deemed dividend will be subject to withholding tax as described in the preceding paragraph.

MDA 1988 Optionholders

Pursuant to the Canadian Tax Act, a holder of each outstanding MDA 1988 Option which becomes a Replacement Option pursuant to the Plan of Arrangement will be deemed not to have disposed of the MDA 1988 Option and not to have acquired the Replacement Option, provided the value of the Replacement Option is no greater than the value of the MDA 1988 Option. Furthermore, the Replacement Option shall be deemed to be the same option as, and a continuation of, the MDA 1988 Option and Orbital shall be deemed to be the same corporation as, and a continuation of, MDA.

Dissenting MDA 1988 Optionholders. A holder of MDA 1988 Options is permitted to dissent from the Arrangement and shall be deemed, pursuant to the Plan of Arrangement and the Interim Order, to have exercised the MDA 1988 Options with respect to which he or she is exercising the dissent and the exercise price under each such MDA 1988 Option shall be deemed to be paid by set-off against the fair value paid for MDA Common Shares under such MDA 1988 Option, determined at the appropriate date. See "Dissenting Rights." A benefit (the "Benefit Amount") equal to the amount of such payment by MDA to the Dissenting MDA 1988 Optionholder will be deemed to have been received by the Dissenting MDA 1988 Optionholder because of his or her employment and will be added to the taxable income of such holder, and where the exercise price for the MDA Common Share under each such MDA 1988 Option was not less than the fair market value of the MDA Common Share at the time the agreement for the MDA 1988 Option was made, an amount equal to one fourth of the Benefit Amount may be deducted by the Dissenting MDA 1988 Optionholder for the purpose of computing taxable income. Where Dissenting MDA 1988 Optionholders are considered to have acquired MDA Common Shares under his or her MDA 1988 Option, Dissenting MDA 1988 Optionholders would also be considered to have received a deemed dividend. Dissenting MDA 1988 Optionholders should consult their own tax advisors for specific advice in these circumstances.

United States Federal Income Tax Considerations

In the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, United States counsel to MDA, the following summarizes the principal U.S. federal income tax considerations arising from and relating to the Arrangement, including the receipt and ownership of Exchangeable Shares and Orbital Common Shares, that are generally applicable to MDA Shareholders that are U.S. citizens or residents, domestic corporations, domestic partnerships, and estates or trusts subject to U.S. federal income tax on their income regardless of source ("U.S. Holders") and to certain MDA Shareholders that are not U.S. Holders. This summary is intended for general information only. It does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular

U.S. Holder (including potential application of the alternative minimum tax) or to certain types of investors subject to special treatment under the U.S. federal income tax laws (for example, banks, life insurance companies, tax-exempt organizations, broker-dealers or U.S. Holders who received their MDA Common Shares as compensation), nor does it discuss any aspect of state, local or foreign tax laws. Additionally, the following summary is limited to U.S. Holders (i) who hold MDA Common Shares as "capital assets" within the meaning of section 1221 of the United States Internal Revenue Code of 1986, as amended (the "Code"), (ii) who will hold Exchangeable Shares and Orbital Common Shares as "capital assets," (iii) who do not actually or constructively own (and have not at any time in the preceding five-year period actually or constructively owned) 10% or more of the voting stock of MDA or Acquisition, as the case may be, and (iv) whose ownership, receipt and disposition of Exchangeable Shares and Orbital Common Shares is not attributable to a permanent establishment in Canada. The summary also does not discuss the federal income tax consequences of any transaction involving a Qualifying Holdco.

This summary is based on laws, regulations, rulings and decisions currently in effect, all of which are subject to change, possibly with retroactive effect. In addition, U.S. Holders should note that there is no statutory, judicial, or administrative authority that directly addresses certain of the U.S. federal income tax consequences of the issuance and ownership of instruments and rights comparable to the Exchangeable Shares, the Voting Rights, the Exchange Right and the Call Rights. Consequently (as discussed more fully below), many aspects of the U.S. federal income tax treatment of the Arrangement, including the receipt, ownership and disposition of Exchangeable Shares, are uncertain. No advance income tax ruling has been sought or obtained from the Internal Revenue Service ("IRS") regarding the tax consequences of any of the transactions described herein. Accordingly, it is possible that the U.S. federal income tax consequences of the Arrangement and the holding and disposition of the Exchangeable Shares may differ from those described below.

U.S. HOLDERS AND NON-U.S. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES AND THE FOREIGN TAX CONSEQUENCES OF THE ARRANGEMENT, INCLUDING THE RECEIPT AND OWNERSHIP OF EXCHANGEABLE SHARES OR ORBITAL COMMON SHARES.

Taxation of U.S. Holders

The Arrangement. Although the matter is not free from doubt, MDA and Orbital have been advised that there is a reasonable basis on which to conclude that the exchange of MDA Common Shares for Exchangeable Shares pursuant to the Arrangement will constitute a taxable transaction for U.S. federal income tax purposes, and MDA understands that Orbital intends to report the exchange in a manner consistent with the foregoing.

If the exchange is a taxable transaction:

- (1) a U.S. Holder who receives Exchangeable Shares would recognize capital gain or loss in an amount equal to the difference between the fair market value of the Exchangeable Shares received (together with cash received in lieu of fractional shares (if any)) and the adjusted basis of the MDA Common Shares surrendered in the exchange;
- (2) such capital gain or loss would be long-term capital gain or loss if the MDA Common Shares exchanged have been held for more than one year at the time of the exchange and otherwise would be short-term capital gain or loss;
- (3) an exchanging U.S. Holder would take as its tax basis in the Exchangeable Shares the fair market value of the Exchangeable Shares at the time of the exchange;
- (4) the holding period of the Exchangeable Shares received by the U.S. Holder in the exchange would begin on the day after the U.S. Holder receives the Exchangeable Shares; and
- (5) gain realized on the exchange of MDA Common Shares for Exchangeable Shares generally would be treated as U.S. source gain.

It is possible that the IRS may take the position that the receipt of Exchangeable Shares in exchange for MDA Common Shares is not a taxable event. In such case:

- (1) a U.S. Holder generally would not recognize gain or loss on the receipt of the Exchangeable Shares; such a U.S. Holder would, however, be required to recognize gain to the extent of the receipt of cash in lieu of fractional shares (if any) and, possibly as discussed below, the value, if any, of the Voting Rights, Exchange Right and other rights under the Support Agreement;
- (2) the tax basis of the Exchangeable Shares would be equal to the tax basis of the MDA Common Shares exchanged therefor (reduced by the tax basis allocated to fractional share interests); and
- (3) the holding period of the Exchangeable Shares would include the holding period of the MDA Common Shares exchanged therefor.

The IRS may assert that the Exchangeable Shares and certain of the rights associated therewith constitute "offsetting positions" for purposes of the straddle rules set forth in section 1092 of the Code. In such case, the holding period of the Exchangeable Shares would not increase while held by a U.S. Holder, and interest incurred in carrying the Exchangeable Shares would not be deductible by a U.S. Holder.

MDA believes that the Voting Rights and the Exchange Right received and the Call Rights conveyed by MDA shareholders pursuant to the Combination Agreement and the Arrangement will have only nominal value and, therefore, that their receipt or conveyance will not result in any material U.S. federal income tax consequences. Further, the exchange of the Call Rights for the Voting Rights and the Exchange Right may not be taxable to such U.S. Holders because such U.S. Holders may be deemed to have granted a purchase option to Orbital, which is not generally treated as a taxable event for U.S. federal income tax purposes (although, under this approach, the value of the Voting Rights and the Exchange Right would be taken into account upon the exercise or lapse of the Call Rights). It is possible, however, that the IRS could take the position that the Voting Rights, the Exchange Right and the Call Rights have greater than nominal value and that the transfer or receipt of such rights is taxable. In such event, the receipt of the Voting Rights and the Exchange Right and the conveyance of the Call Rights could generate taxable gain or loss. Such gain or loss would generally be U.S. source short-term capital gain or loss, unless the IRS were to assert that the Voting Rights and the Exchange Right (or any other rights, such as the rights beneficially enjoyed by U.S. Holders under the Support Agreement) were transferred to the U.S. Holder by MDA, and not by Orbital, in consideration for a portion of the U.S. Holder's MDA Common Shares. In the latter case, any gain recognized by a U.S. Holder may be treated as ordinary income.

Distributions on the Exchangeable Shares. MDA understands that Orbital does not intend to pay dividends prior to the Automatic Redemption Date, and thus, no dividends would be payable with respect to the Exchangeable Shares. If any such dividends were paid, however, a U.S. Holder of Exchangeable Shares generally would be required to include in gross income as ordinary income any dividends paid on the Exchangeable Shares to the extent paid out of the earnings and profits of Acquisition, as determined under U.S. federal income tax principles. Distributions, if any, in excess of Acquisition's current or accumulated earnings and profits would constitute a non-taxable return of capital to a U.S. Holder to the extent of the U.S. Holder's basis in the Exchangeable Shares and would be applied against and reduce the basis in the Exchangeable Shares. To the extent that such distributions are in excess of a U.S. Holder's basis in the Exchangeable Shares, the distributions would constitute capital gain. It is possible that the IRS could take the position that Orbital's, rather than Acquisition's, earnings and profits should be taken into account in the foregoing calculations.

Based on the tax position that Orbital has advised MDA that it plans to take, any dividends paid on the Exchangeable Shares out of Acquisition's earnings and profits would be treated as foreign source dividend income and would generally not be eligible for the dividends received deduction allowed to corporation shareholders under the Code. It is possible, however, that the IRS could assert that such dividends constitute U.S. source

income. Under the current Canada-United States Income Tax Convention, such distributions to U.S. Holders would be subject to Canadian withholding tax at a rate of 15% irrespective of any position that the IRS may take. See "Canadian Federal Income Tax Considerations - Holders of MDA Common Shares Not Resident In Canada," above. Subject to certain limitations of U.S. federal income tax law, a U.S. Holder should generally be entitled to either a credit against its U.S. federal income tax liability or a deduction in computing U.S. taxable income for Canadian income taxes withheld from distributions with respect to the Exchangeable Shares. The use of a credit may, however, be limited or precluded entirely if the U.S. Holder has no income that is treated as non U.S. source income for U.S. federal income tax purposes.

Exchange or Retraction of Exchangeable Shares. Although the matter is not free from doubt, MDA and Orbital have been advised that there is a reasonable basis on which to conclude that the exchange, retraction or redemption of the Exchangeable Shares for Orbital Common Shares will be treated as a taxable event for U.S. federal income tax purposes, and Orbital has advised MDA that it currently intends to take this position. If the exchange is a taxable event, and the U.S. Holder receives Orbital Common Shares from Orbital pursuant to the Call Rights:

- (1) a U.S. Holder generally would recognize gain or loss equal to the difference between the fair market value of the Orbital Common Shares at the time of the exchange (together with cash equal to the Dividend Amount (if any) and cash in lieu of fractional shares (if any)) and the U.S. Holder's tax basis in the Exchangeable Shares;
- (2) such gain or loss would generally be capital gain or loss, except that the IRS could assert that a holder must recognize amounts attributable to any declared but unpaid dividends on the Exchangeable Shares as ordinary income that may be treated as U.S. source income;
- (3) any capital gain or loss would be long-term capital gain or loss if the Exchangeable Shares have been held for more than one year at the time of the exchange and otherwise would be short-term capital gain or loss;
- (4) the U.S. Holder would take as its tax basis in the Orbital Common Shares the fair market value of the Orbital Common Shares at the time of the exchange;
- (5) the holding period of the Orbital Common Shares received by the U.S. Holder in exchange would begin on the day after the U.S. Holder receives the Orbital Common Shares; and
- (6) gain realized on the exchange of Exchangeable Shares for Orbital Common Shares generally will be treated as U.S. source gain.

If the receipt of Orbital Common Shares is effected through a retraction or redemption of Exchangeable Shares with respect to which Orbital does not exercise its overriding Call Right, and thus the Orbital Common Shares are distributed to a U.S. Holder directly by Acquisition, then if the retraction or redemption is treated as a taxable transaction, it will be treated as a taxable exchange of the Exchangeable Shares (treated for U.S. federal income tax purposes as described above) if the retraction (i) results in a "complete termination" of the U.S. Holder's stock interest in Acquisition under section 302(b)(3) of the Code, (ii) is "substantially disproportionate" with respect to the U.S. Holder under section 302(b)(2) of the Code, or (iii) is "not essentially equivalent to a dividend" with respect to the U.S. Holder under section 302(b)(1) of the Code. In determining whether any of these tests has been met, shares of stock considered to be owned by the U.S. Holder by reason of certain constructive ownership rules set forth in section 318 of the Code, as well as shares actually owned, generally must be taken into account. If a retraction or a redemption is treated as a taxable transaction but does not meet any of the tests described above, the cash and the fair market value of the Orbital Common Shares received by the U.S. Holder would generally be taxed as a dividend paid on the Exchangeable Share to the extent of Acquisition's (or, possibly, Orbital's) earnings and profits. See "Distributions on the Exchangeable Shares," above.

Irrespective of how the retraction or redemption is treated for U.S. federal income tax purposes, it will, as discussed above, be subject to Canadian withholding tax. See "Canadian Federal Income Tax Considerations - Holders of MDA Common Shares Not Resident in Canada," above. Any Canadian tax imposed on the exchange will be available as a credit against U.S. federal income taxes, subject to applicable limitations. For example, the use of such a credit may be limited or precluded entirely if the U.S. Holder has no income that is treated as non U.S. source income for U.S. federal tax purposes. A U.S. Holder that is ineligible for a foreign tax credit with respect to any Canadian tax paid, or who otherwise so chooses, may be entitled to a deduction therefor in computing U.S. taxable income.

It is possible that the exchange, or retraction or redemption of Exchangeable Common Shares for Orbital shares would be held to constitute a nonrecognition event. In such case:

- (1) a U.S. Holder that exchanges its Exchangeable Shares for Orbital Common Shares generally would not recognize gain or loss on the receipt of the Orbital Common Shares;
- (2) a U.S. Holder would, however be required to recognize gain to the extent of the receipt of cash in lieu of fractional shares (if any) exceeds the tax basis allocable thereto and income (which may be ordinary income) to the extent of cash equal to the Dividend Amount (if any);
- (3) the tax basis of the Orbital Common Shares would be equal to

the tax basis of the Exchangeable Shares exchanged therefor (reduced by the tax basis allocated to fractional share interests); and

- (4) the holding period of the Orbital Common Shares would include the holding period of the Exchangeable Shares exchanged therefor.

Dissenting U.S. Holders. A U.S. Holder who exercises its right to dissent from the Arrangement will generally recognize U.S. gain or loss on the exchange of its MDA Common Shares for cash in an amount equal to the difference between the amount of cash received and its adjusted tax basis in the MDA Common Shares. Such gain or loss will be capital gain or loss if such shares have been held for more than one year at the time of the exchange and otherwise will be short-term capital gain or loss, and will generally be U.S. source.

Shareholders Not Resident in or Citizens of the United States

The following summary is applicable to a holder of MDA Common Shares that is not a U.S. Holder ("non-U.S. Holder").

A non-U.S. Holder generally will not be subject to U.S. federal income tax on gain recognized on the receipt of the Exchangeable Shares, the Voting Rights and the Exchange Right, on the sale or exchange of the Exchangeable Shares, or on the receipt or sale of the Orbital Common Shares unless such gain is effectively connected with the conduct by the non-U.S. Holder of a U.S. trade or business or, if a tax treaty applies, if the gain is attributable to a U.S. permanent establishment of the non-U.S. Holder.

If gain recognized by a non-U.S. Holder on the receipt of the Exchangeable Shares, on the sale or exchange of the Exchangeable Shares, or on the receipt or sale of the Orbital Common Shares, is effectively connected with a U.S. trade or business or is attributable to a permanent establishment in the United States, the non-U.S. Holder would be subject to U.S. federal income tax at the graduated rates that are applicable to U.S. citizens, resident aliens, and domestic corporations, and may be subject to withholding in certain circumstances. Non-U.S. Holders may be entitled to a limited foreign tax credit on non-U.S. source income that is effectively connected with a U.S. trade or business. In addition, if the non-U.S. Holder is a corporation, the branch profits tax also may apply.

MDA understands that Orbital does not intend to pay dividends prior to the Automatic Redemption Date and thus, no dividends would be payable with respect to the Exchangeable Shares. Any dividends received by a non-U.S. Holder with respect to the Exchangeable Shares should not be subject to U.S. withholding tax, and MDA understands that it is not anticipated that Acquisition would withhold any amounts in respect of such tax from such dividends. The possibility exists, however, that the

IRS may assert that U.S. withholding tax is payable with respect to dividends paid on the Exchangeable Shares to non-U.S. Holders. In such case, holders of Exchangeable Shares could be subject to U.S. withholding tax at a rate of 30%, which rate may be reduced by an applicable income tax treaty in effect between the United States and the non-U.S. Holder's country of residence (15% on dividends paid to residents of Canada). Dividends paid to a non-U.S. Holder that are effectively connected with the conduct of a trade or business in the United States are taxed at the graduated rates that are applicable to U.S. citizens, resident aliens, and domestic corporations, and are not subject to withholding if the non-U.S. holder gives an appropriate statement to the withholding agent in advance of the dividend payment. Such effectively connected dividends also may, under certain circumstances, be subject to an additional branch profits tax if the non-U.S. Holder is a corporation.

Dividends received by a non-U.S. Holder with respect to the Orbital Common Shares generally will be subject to U.S. withholding tax at a rate of 30%, which rate may be subject to reduction by an applicable income tax treaty (15% on dividends paid to residents of Canada). If the dividends are effectively connected with the conduct of a U.S. trade or business, they would be taxed at the graduated rates that are applicable to U.S. citizens, resident aliens, and domestic corporations, and would not be subject to withholding if the non-U.S. holder gives an appropriate statement to the withholding agent in advance of the dividend payment. A non-U.S. Holder that is a corporation also may be subject to an additional branch profits tax on effectively connected dividends.

The Orbital Common Shares (and, possibly, the Exchangeable Shares or a portion thereof) will be deemed to be U.S. situs assets for purposes of the U.S. federal estate tax with the result that any such shares held by an individual non-U.S. Holder at the time of his or her death will be subject to the U.S. federal estate tax, except as may otherwise be provided by an applicable estate tax treaty with the U.S.

Information, Reporting and Backup Withholding

Information reporting to the IRS by paying agents and custodians located in the United States may be required with respect to amounts received on the disposition of Exchangeable Shares or Orbital Common Shares, or dividends paid on either of the foregoing. A U.S. Holder may be subject to backup withholding at the rate of 31% with respect to dividends paid by such persons, unless the holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. Generally, dividends paid to non-U.S. Holders of the Orbital Common Shares that are subject to the 30% (or reduced treaty) rate of withholding tax will be exempt from

backup withholding tax. Backup withholding is not an additional tax, and may be credited against the holder's federal income tax liability.

INFORMATION CONCERNING ACQUISITION

Acquisition was incorporated under the CBCA on August 11, 1995 solely for the purpose of entering into the Combination Agreement and completing the transactions contemplated thereby, including the Arrangement. Acquisition has not carried on any material business or activities other than those relating to the Combination Agreement and the Arrangement. The registered and principal office of Acquisition is located at 44th Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1B1. It is anticipated that immediately prior to the Effective Date, Acquisition will change its registered and principal office to 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3.

Acquisition is a wholly owned subsidiary of Orbital. Pursuant to the Arrangement, among other things, the authorized share capital of Acquisition will be amended to authorize an unlimited number of Exchangeable Shares and 10,000 Class B Preferred Shares; as a result of this amendment, Acquisition will have three classes of authorized share capital consisting of an unlimited number of common shares, an unlimited number of Exchangeable Shares and 10,000 Class B Preferred Shares. Pursuant to the Arrangement, the Exchangeable Shares will be issued to MDA Shareholders (other than Dissenting MDA Shareholders) and holders of shares of Qualifying Holdcos in exchange for the MDA Common Shares held by them or the Qualifying Holdcos, as the case may be. As a result, Acquisition will become the sole shareholder of MDA. The 10,000 Class B Preferred Shares will be issued to Canadian Imperial Bank of Commerce as partial payment for investment banking services rendered with respect to the Arrangement. All of the issued and outstanding common shares of Acquisition will be held by Orbital. In addition, pursuant to the Arrangement, the name of Acquisition will be changed to "MacDonald Dettwiler Holdings Inc." See "The Arrangement and The Combination Agreement - Plan of Arrangement."

The directors of Acquisition are David W. Thompson (President and Chief Executive Officer of Orbital), Ian J. Cowan (Vice-President, Lehman Brothers Canada Inc.) and Michael Gregory (Vice-President, Lehman Brothers Canada Inc.). The officers of Acquisition are David W. Thompson, President, Carlton B. Crenshaw, Vice-President and Treasurer, and Leslie C. Seeman, Secretary, all of whom are also officers of Orbital.

INFORMATION CONCERNING ORBITAL

Background and Recent Acquisitions

Orbital was incorporated under the laws of the State of Delaware in 1987. Its headquarters are located at 21700 Atlantic

Boulevard, Dulles, Virginia, 20166, U.S.A.

Orbital is a space technology company that designs, manufactures, operates and markets a broad range of space products and services that are grouped into three categories: Launch Systems, Space and Electronics Systems, and Communications and Information Systems. Launch Systems include space and suborbital launch vehicles; Space and Electronics Systems include satellites, spacecraft platforms, space sensors and instruments, and space payloads and experiments, as well as advanced avionics and data management systems; and Communications and Information Systems include satellite-based two-way mobile data communications systems, satellite-based navigation products and remote sensing systems, along with satellite tracking systems and environmental monitoring products.

Orbital's goal is to become a full-service space company by integrating its launch vehicles, satellites and other products into complete "turn-key" space systems and providing end-to-end satellite-based services for particular markets. Orbital's strategy is to exploit expanding opportunities to provide government, commercial and other customers with low-cost access to and operations in space. Essential elements of Orbital's strategy include investment of substantial private capital in the development of proprietary products; reduction of the time required for product development; formation of strategic business alliances to enhance Orbital's marketing, technical, manufacturing and financial capabilities; and establishment of vertically integrated manufacturing and testing capabilities. In addition, Orbital believes that its strategy of providing "turn-key" space systems, through the integration of lower-cost space launch vehicles with lower-cost smaller satellites and sensors and instruments, should stimulate the use of space products and services by private corporations, educational and research institutions and other non-traditional space customers including, ultimately, individual consumers.

An important element of Orbital's strategy to integrate its various products into complete "turn-key" systems is the acquisition of companies with product lines that complement or enhance Orbital's existing base of products, technology and services. Orbital acquired Space Data Corporation ("Space Data") in 1988, thereby expanding its product lines and increasing its vertical integration in production and testing. In September 1993, Orbital acquired all the assets of the Applied Sciences Operation, a division of The Perkin-Elmer Corporation ("ASO"). This operation designs, develops and produces satellite-borne scientific sensors for space and terrestrial research and in situ atmospheric monitoring equipment for human space flight programs. In August 1994 and December 1994, Orbital acquired Fairchild Space and Defense Corporation ("Fairchild") and Magellan Corporation ("Magellan"), respectively. The Fairchild acquisition has enhanced Orbital's satellite system and subsystem development and production capabilities and has expanded Orbital's existing product lines by adding various sophisticated

electronics and defence products. Magellan designs, manufactures and markets hand-held receivers for Global Positioning System ("GPS") satellite-based navigation and positioning for commercial and consumer markets.

Orbital's customer base includes a wide range of U.S. governmental agencies, universities and commercial enterprises including NASA; the National Oceanic and Atmospheric Administration; various organizations within the U.S. Department of Defense ("DoD") including the U.S. Army, the U.S. Navy, the U.S. Air Force, ARPA and BMDO; ORBCOMM Global; John Hopkins University; and certain distributors of electronics and recreational equipment. Orbital's diversification and integration of space-based products and services is reflected in its revenue mix with 34%, 40% and 26% of its 1994 revenues derived from Launch Systems, Space and Electronics Systems and Communications and Information Systems, respectively. Orbital had revenues of approximately US\$222 million for the year ended December 31, 1994. As of June 30, 1995, Orbital's total backlog, including firm orders of approximately US\$495 million, was approximately US\$1.3 billion.

Orbital has three wholly owned active subsidiaries -- Magellan, ORBIMAGE and Fairchild -- and owns 99.9% of the outstanding shares of ORBCOMM. Magellan, ORBIMAGE, Fairchild and ORBCOMM are each incorporated under the laws of the State of Delaware.

Description Of Orbital's Products And Services

The space products and services provided by Orbital are grouped into three categories: Launch Systems, Space and Electronics Systems, and Communications and Information Systems.

Launch Systems

Orbital's Launch Systems Group's products include space and suborbital launch vehicles. Orbital also continues to explore new, longer-term research and development opportunities for more affordable and flexible space launch vehicles, such as the X-34 reusable launch vehicle described below.

Space Launch Vehicles. A space launch vehicle launches a satellite into orbit around the Earth. Orbital's three space launch vehicles are the Pegasus launch vehicle, the Pegasus XL launch vehicle, and the Taurus launch vehicle.

Orbital's Pegasus vehicle is launched from beneath a modified large aircraft, such as a Lockheed L-1011, to deploy satellites up to 1,000 pounds into low-Earth orbit. Customers for Pegasus include the U.S. Air Force, NASA, BMDO, ORBCOMM Global and ARPA, as well as the Brazilian and Spanish space agencies. Through September 1995, Orbital has conducted a total of seven standard Pegasus missions, all of which were fully or partially successful. Whether a mission is fully or partially successful depends on the particular mission requirements designated by the

customer. The modified Pegasus XL, developed to deploy heavier satellites into orbit, has had two unsuccessful flights, one occurring in June 1994 and the other occurring in June 1995. Orbital believes that it correctly identified and remedied the cause of the 1994 failure. Orbital believes it has identified the cause of the 1995 failure, which was not related to the anomalies observed in the first unsuccessful flight, and is implementing what it believes to be the necessary corrective actions. There can be no assurance, however, that the causes of the failures here been correctly identified or that they will be successfully corrected. In 1992, Orbital entered into a ten-year lease for a Lockheed L-1011 aircraft, which has been modified to enable it to launch both the Pegasus and Pegasus XL vehicles. There is no assurance that, in the event that the L-1011 were unavailable for any reason, another aircraft could be obtained on a timely or cost-effective basis.

The higher-capacity Taurus vehicle is a four-stage, ground-launched derivative of the Pegasus vehicle that can carry payloads weighing up to 3,000 pounds to low-Earth orbit and payloads weighing up to 800 pounds to geosynchronous orbit. Taurus is designed to be readily transported with a self-contained launch pad, including assembly and pre-flight equipment, so that launch from a variety of developed or remote locations can be achieved on short notice. In March 1994, Orbital successfully launched the first Taurus vehicle, deploying two satellites for ARPA.

Suborbital Launch Vehicles. Suborbital launch vehicles place payloads into a variety of high-altitude trajectories but, unlike space launch vehicles, do not place payloads into orbit around the Earth. Orbital's suborbital launch products include suborbital vehicles and their principal subsystems, payloads carried by such vehicles, and related launch support installations and systems used in their assembly and operation. Orbital offers its customers customized vehicle and payload design, manufacturing and integration, launch and mission support and tracking and recovery services, as well as construction and activation of launch pads and other infrastructure elements. Customers typically use Orbital's suborbital launch vehicles to launch scientific and other payloads and for defence-related applications such as target and interceptor experiments for anti-missile defence systems. The primary customers for Orbital's suborbital launch vehicles include the U.S. Army, the U.S. Navy and BMDO.

From January 1991 through September 1995, Orbital has conducted a total of 38 launches of suborbital vehicles, of which 34 have been fully or partially successful and four have been failures. While cutbacks in the DoD's budget and, in particular, those projects related to missile defence have resulted in decreased revenues attributable to suborbital launches, Orbital believes that increasing sophistication of missile technology and public concern over the United States' missile defence system will continue to provide opportunities for Orbital's suborbital

program.

Reusable Launch Vehicles. A major reason for the high cost of access to space today using expendable launch vehicles is the fact that the entire launch vehicle, including expensive structures and electronics equipment, is expended during launch. Orbital is currently developing the X-34 partially reusable launch vehicle with the goal of significantly reducing the cost of access to space. Like Pegasus, the X-34 will be air-launched from a carrier aircraft. Although the X-34 upper stage will be expended during launch, the booster vehicle itself will return to Earth, to be refurbished and reused in subsequent launches. The X-34 is being designed to launch small 500 to 1,000-pound satellites to low-Earth orbit.

In March 1995, Orbital entered into a Cooperative Agreement with NASA to develop, construct, test and launch two X-34 reusable launch vehicles. At that time, Orbital and Rockwell International Corporation ("Rockwell") agreed to establish a joint venture, to be called American Space Lines ("ASL"), the terms of which are under negotiation, to develop, construct, test and operate two X-34 small reusable launch vehicles. Under the ASL joint venture, Orbital will be the prime contractor for the design and construction of the launch vehicle, and Rockwell will be a subcontractor for the design and construction of various subsystems, including the propulsion and thermal protection subsystems. There can be no assurance that Orbital and Rockwell will successfully conclude their negotiations to establish ASL.

Orbital estimates that the development, construction and initial testing of the first two X-34 vehicles will require a total investment of at least US\$190 million. Under the Cooperative Agreement between Orbital (to be novated to ASL) and NASA, NASA will partially fund the project by providing approximately US\$60 million in cash to ASL as specified performance milestones are met. NASA also is providing approximately US\$10 million in funding NASA centres that will perform as subcontractors. Orbital and Rockwell are expected to fund the remaining costs of the X-34 program.

The Cooperative Agreement can be suspended or revoked by NASA or Orbital/ASL at any time, and there can be no assurance that NASA will continue to fund or support the project to the extent presently contemplated by the Cooperative Agreement. Development and construction of the X-34 is in a very early stage and the actual cost of the X-34 and the amount and structure of anticipated investment in ASL may vary significantly from current estimates. There can be no assurance that the funds expected to be committed by Orbital, Rockwell and NASA will be sufficient to finance the project, or that ASL will be able to raise the required capital if NASA exercises its right to suspend or revoke the Cooperative Agreement. In the event that ASL does not receive the necessary capital and Orbital and Rockwell decide not to go forward with the project, Orbital could be required to expense part or all of its expected investment in ASL.

Space and Electronics Systems

Orbital's Space and Electronics Systems Group's products include spacecraft systems and payloads, defence avionics and sensors.

The Space and Electronics Systems Group is responsible for the design, production and testing of small and medium class spacecraft for scientific, military and commercial applications. The small standard spacecraft platforms developed by Orbital, such as the PegaStar and the MicroStar, are designed to be launched by the Pegasus or Taurus launch vehicle. The PegaStar spacecraft platform is a general purpose spacecraft that has successfully performed one mission for the U.S. Air Force measuring space radiation. It is also planned to be used for Orbital's SeaStar ocean environmental monitoring satellite system. Orbital's MicroStar spacecraft platform is designed for use in the ORBCOMM System and also for a variety of small space science and remote sensing projects, including some of those being pursued by Orbital's wholly owned subsidiary, ORBIMAGE. In April 1995, the first three MicroStar spacecraft were deployed, two for the ORBCOMM System, and the other to monitor lightning and severe weather patterns for NASA.

Orbital's medium class satellites, such as TOPEX/Poseidon, NASA's Upper Atmosphere Research Satellite, Landsat 4 and Landsat 5 have been in space for several years, and are used to gather various scientific data, such as ocean topography and ultraviolet sources outside the galaxy. In August 1995, Orbital was selected to become the spacecraft supplier to Johns Hopkins University, which is leading NASA's Far Ultraviolet Spectroscopy Explorer (FUSE) program to measure far ultraviolet radiation. The FUSE spacecraft is presently scheduled for launch in 1998.

Orbital develops, manufactures and markets avionics, advanced electronics and data management systems for aircraft flight operations and ground support. These systems collect, process and store mission-critical data for, among other things, mission planning and flight operations, and manage on-board equipment for strategic tactical military aircraft, helicopters, satellites and surface vehicles. The primary customers for data management systems are the U.S. Navy, the U.S. Air Force, various DoD prime contractors and foreign governments. Orbital is the leading supplier of certain avionics systems and products, including mission data loaders for the U.S. Navy, and data transfer equipment and digital terrain systems for the U.S. Air Force. In addition, Orbital provides stores management systems, including weapons arming and firing functions for use on tactical aircraft and helicopters. The avionics systems and products are deployed on a number of aircraft, including the F-14, F-15, F-16, F-22 and the LAMPS Helicopter.

Orbital's satellite-borne scientific sensors and instruments include atmospheric ozone monitoring instruments and environmental sensors. The Total Ozone Mapping Spectrometer

("TOMS") instrument was produced by Orbital to be launched on a Pegasus vehicle for NASA. TOMS will measure ozone concentrations around the world for the purpose of monitoring the effect of man-made chemicals and atmospheric conditions on the ozone layer. In addition, Orbital is currently developing and producing various in situ monitoring products for space and defence applications. These products include the Atmospheric Composition Monitoring Assembly, being developed under a contract with The Boeing Company, that will measure various atmospheric gases in the crew's living quarters on the Space Station for the purpose of ensuring a healthy living environment for astronauts. Orbital also produces the Central Atmospheric Monitoring System for the U.S. Navy for use on submarines.

Communications and Information Systems

Orbital's Communications and Information Systems include planned and operational products and services provided by Orbital's Magellan, ORBCOMM and ORBIMAGE subsidiaries. Magellan manufactures GPS satellite-based navigation and positioning products for commercial and consumer markets including marine and aviation applications, outdoor recreational users such as hunters and hikers, professional users such as geologists, geographers, surveyors, natural resource managers and contractors and, to a lesser extent, the U.S. Government. ORBCOMM and ORBIMAGE are developing satellite-based services to address the expanding market for global two-way data communications and information derived from remote sensing of the atmosphere, oceans and land surfaces. Orbital believes that the ORBCOMM and ORBIMAGE systems will require significant capital investments. Although Orbital believes the long-term profit potential of such service businesses developed and supported by Orbital's proprietary product technologies is significant, there can be no assurance that Orbital will be able to successfully develop these businesses.

Satellite-Based Navigation and Positioning Products. Orbital's Magellan subsidiary designs, manufactures and markets hand-held GPS receivers that provide users with precise positioning and navigation information for a broad range of personal and professional activities including marine navigation, outdoor recreation (hiking and hunting), surveying and general aviation. Magellan focuses its research, design and engineering activities on the development of GPS receivers that are reliable, portable, easy-to-use and affordable, recently targeting the growing recreational market. Magellan is also expected to be a significant supplier of personal communicators for the ORBCOMM System.

In addition, Orbital's Germantown operations produce data management systems that have been applied to the design, development and manufacture of "intelligent transportation systems," primarily for metropolitan transit operators, that provide GPS-based location of vehicles and allow for communications and schedule management.

ORBCOMM System. The ORBCOMM System is designed to provide virtually continuous mobile data communications coverage over much of the Earth's surface. Under this design, subscribers will be able to use inexpensive, pocket-sized personal communicators to send and receive short messages, emergency alerts and other critical information, and to use the position-determining capability of the communicators to obtain data concerning the location and condition of automobiles, trucks, shipping vessels and other valuable assets. Orbital expects that the ability to send and receive other short messages and data without the geographic limitations of existing data communications systems will stimulate the growth of new markets for satellite-based data communications and will be used to supplement terrestrial communications systems by providing relatively low-cost coverage in areas outside the range of these systems.

The ORBCOMM System design consists of a constellation of small low-Earth orbit satellites, a satellite control centre operating and positioning the satellites, network control centres controlling the flow of information through the system, local ground stations sending and receiving signals between the network control centres and nearby satellites, and the mobile communicators used by subscribers to transmit and receive messages to and from nearby satellites. In April 1995, Orbital successfully launched the first two satellites that will comprise the ORBCOMM System constellation. After working through certain anomalies that were initially observed on these two spacecraft, the satellites have validated a number of technical capabilities of the ORBCOMM System. ORBCOMM Global is presently involving in beta testing the ORBCOMM System, and has successfully used the ORBCOMM System to transmit data messages.

Orbital expects that, using at least 26 satellites and appropriately located gateway Earth stations, the ORBCOMM System will provide communications availability generally exceeding 95% during each 24-hour period in the United States and other temperate zones in the Northern and Southern hemispheres and exceeding 75% of each 24-hour period in the equatorial region. Equatorial region availability could be improved to generally exceed 90% with an additional plane of eight satellites. Outages will be dispersed in brief intervals over the 24-hour period, thereby minimizing the effect of any unavailability of the system. The ORBCOMM System will only be available in areas where appropriate licenses have been obtained and generally only where there is a proximate gateway Earth station and network control centre.

The ORBCOMM System is being constructed and implemented in two phases: the ORBCOMM Phase 1 System, consisting of the satellite control centre, the United States network control centre, four United States gateway Earth Stations and two MicroStar satellites; and the ORBCOMM Phase 2 System, consisting of up to an additional 34 MicroStar satellites. The ORBCOMM Phase 1 System satellites were launched in April 1995, and Phase 1 has

been substantially completed. Subject to the ability of ORBCOMM Global to secure sufficient financing and completion of satellite development and production in accordance with current schedules, Orbital believes that the ORBCOMM Phase 2 System could be fully operational in late 1997.

Development and Financing. Effective June 30, 1993, ORBCOMM and Teleglobe Mobile formed a partnership, ORBCOMM Global, for the design, development, construction, testing and operation of the ORBCOMM System, and formed two marketing partnerships to market the ORBCOMM System in the United States and internationally. ORBCOMM USA, L.P. ("ORBCOMM USA") and ORBCOMM International Partners, L.P. ("ORBCOMM International, " and together with ORBCOMM USA, the "Marketing Partnerships") each has the exclusive right to market the ORBCOMM System in the United States and internationally, respectively. Also effective June 30, 1993, Orbital entered into an arm's length agreement with ORBCOMM Global pursuant to which Orbital had responsibility for the overall design, development and integration of the ORBCOMM System (the "System Agreement"). The System Agreement was replaced by the ORBCOMM System Procurement Agreement between ORBCOMM Global and Orbital, dated September 12, 1995 (the "Procurement Agreement").

The Phase 1 System was designed, constructed and implemented pursuant to the System Agreement. The Procurement Agreement provides that Orbital will, among other things, construct and launch 24 satellites, and construct an additional 10 satellites, for the ORBCOMM Phase 2 System. Under the Procurement Agreement, Orbital is providing satellites and launch services and the remaining work to be done on the U.S. satellite control centre and U.S. gateway Earth stations on a fixed-price basis.

Construction and implementation of the ORBCOMM Phase 1 System in the United States cost approximately US\$65 million, with US\$55 million and US\$10 million contributed by Orbital (through ORBCOMM) and Teleglobe Mobile, respectively. Teleglobe Mobile and Orbital (through ORBCOMM) are obligated to increase each of their aggregate investment in ORBCOMM Global to US\$85 million and US\$75 million, respectively.

Under ORBCOMM Global's partnership agreement, action by the partnership generally requires the approval of general partners holding a majority of the participating interests (i.e., interests participating in profits and losses). Each of ORBCOMM and Teleglobe Mobile is a general partner of ORBCOMM Global and holds 50% of the participating interests in ORBCOMM Global, with the result that the approval of both Orbital and Teleglobe Mobile is necessary for ORBCOMM Global to act. ORBCOMM holds directly and indirectly a 51% participating interest in ORBCOMM USA and Teleglobe Mobile holds directly and indirectly a 51% participating interest in ORBCOMM International, with the result that ORBCOMM acting alone generally controls the operation of ORBCOMM USA, and Teleglobe Mobile acting alone generally controls

the operation of ORBCOMM International.

Although construction of the ORBCOMM Phase 1 System is substantially completed, development and construction of the ORBCOMM Phase 2 System is in an early stage and the actual cost of the system, schedule and the amount and structure of the anticipated investment in ORBCOMM Global may vary significantly from current estimates. Orbital expects that design, construction and implementation in the United States of the ORBCOMM Phase 2 System will require total capital of approximately US\$160 million, bringing the total estimated required capital for the ORBCOMM System to approximately US\$235 million. ORBCOMM Global may seek additional equity contributions and/or bank or other debt financing. ORBCOMM Global has already obtained asset-based financing of US\$5 million to fund a portion of its development and startup costs for the ORBCOMM Phase 2 System. Orbital has guaranteed ORBCOMM Global's outstanding indebtedness, and Orbital or Teleglobe may be required to guarantee or provide credit support in connection with additional indebtedness incurred by ORBCOMM Global. Teleglobe Mobile has obtained a US\$44 million commitment from Technologies Resources Industries Bhd., a Malaysian telecommunications company, to acquire up to 30% of Teleglobe Mobile's interest in ORBCOMM Global. Orbital has been informed that Teleglobe Mobile may seek additional investors to participate in its investment in ORBCOMM Global.

In the event that ORBCOMM Global does not otherwise receive the necessary capital, implementation and commercial development of the ORBCOMM System may be delayed, significantly restricted or possibly abandoned, and Orbital could be required to expense part or all of its investment in the ORBCOMM System. In addition, start-up of the ORBCOMM System will produce significant ORBCOMM Global operating losses for several years. Even if the ORBCOMM System is fully implemented, there can be no assurance that an adequate market will develop for ORBCOMM System services, that ORBCOMM Global will achieve profitable operations or that Orbital will recover any of its past or anticipated investment in the ORBCOMM System. Because Orbital has a 50% participating interest in ORBCOMM Global, Orbital expects to recognize its pro rata share of ORBCOMM Global profits and losses.

Regulatory Approvals. In October 1994, ORBCOMM became the first company to be awarded full U.S. Federal Communication Commission ("FCC") authority to construct, launch and operate a low-Earth orbit satellite-based messaging and data communications network in the United States. This license, which provides that the ORBCOMM System must be constructed within six years from the date the license was granted, extends for a period of ten years from the date the first ORBCOMM System satellite became operational. At the end of the seventh year of the ten-year term, a renewal application must be filed with the FCC. ORBCOMM has retained control over applicable FCC licences consistent with FCC regulations. As with any such license, the ORBCOMM System license may be revoked and a license renewal application may be

denied for cause. In late 1994, two other applicants for FCC licenses similar to that awarded to ORBCOMM petitioned the FCC to reconsider the grant of the license to ORBCOMM. ORBCOMM has opposed the petitions, which Orbital and ORBCOMM believe are without merit. In addition, for the ORBCOMM System to be operated in other countries throughout the world, Orbital or the foreign licensees must obtain from the appropriate foreign regulatory bodies authority to do so. Orbital anticipates that the cost of these activities will be borne primarily by foreign licensees. ORBCOMM International has entered into preliminary agreements with 19 candidate licensees serving 66 countries to seek such licenses and to initiate country-specific market development in such countries. There can be no assurance that Orbital or foreign licensees will be granted all licenses or approvals necessary to operate the ORBCOMM System in any other country.

ORBIMAGE Remote Sensing and Imaging Systems. Orbital, primarily through ORBIMAGE, is currently seeking to develop and market a broad range of information services to identify and monitor global environmental changes and to collect and disseminate other remote sensing information. Small Earth-viewing satellites and related sensors and instruments to be placed in relatively low orbits are expected to offer cost-efficient data collection, daily global coverage and high-resolution imaging services for government and commercial uses.

In April 1995, ORBIMAGE's first MicroStar satellite was successfully launched to monitor lightning and severe weather patterns for NASA. In March 1991, Orbital entered into a contract with NASA to provide worldwide, daily ocean imagery using Orbital's SeaStar environmental monitoring satellite system, based on the PegaStar spacecraft. Orbital plans to develop, produce, launch and operate the SeaStar system to deliver high-quality multi-spectral ocean imagery for up to five years, currently scheduled to commence during 1996. In addition to providing unprocessed real-time ocean data to NASA, Orbital plans to process and package the data received from SeaStar and to use value-added resellers and other marketing agents to sell the SeaStar data to other U.S. Government users and to potential domestic and international customers such as commercial fishermen, oil and gas companies, ocean transportation companies and oceanographers.

ORBIMAGE is developing and marketing other small satellite-based Earth observation, remote sensing and environmental monitoring services using, among other things, Orbital's PegaStar and MicroStar spacecraft platforms, Pegasus and Taurus launch vehicles, space sensors and instruments and other space products. Services to be provided by ORBIMAGE could include high-resolution optical imaging of land surfaces for geographic information services, mapping and news-gathering, sensing of ocean and atmospheric conditions and measuring of ozone and other gaseous concentrations in the atmosphere. ORBIMAGE is currently exploring potential strategic arrangements for the development of

several remote sensing businesses, with Orbital providing launch services, spacecraft and other related products. There can be no assurance that ORBIMAGE will be able to conclude such strategic arrangements or develop profitable commercial Earth observation, remote sensing or environmental monitoring businesses.

Satellite Tracking Systems. Orbital's ground tracking systems, installed at approximately 70 sites around the world, consist of meteorological and satellite tracking and telemetry stations that are used to collect weather data and to communicate with and control orbiting spacecraft. Orbital's current customers for satellite tracking systems include Lockheed Martin Corporation ("Lockheed Martin"), ORBCOMM and Orbital's SeaStar project. As a result of the Arrangement, Orbital is exploring the feasibility of combining its satellite tracking systems operations with those of MDA.

Competition

Orbital believes that competition for sales of its products and services is based on price, performance and other technical features, reliability, scheduling and customization.

The primary competition to the Pegasus and Taurus vehicles is expected to come from the smaller and larger classes, respectively, of LLV launch vehicles currently being developed by Lockheed Martin. The LLV had an unsuccessful first flight in August 1995. Direct competition to the Taurus vehicle also comes from EER Systems' Conestoga launch vehicle. Potential competition to the Pegasus may come from launch systems derived from surplus ballistic missiles that could be made available by the U.S. Government and various foreign governments including Russia. In addition, the X-34 reusable launch vehicle is expected to compete with, and eventually replace, the Pegasus. Competition for Taurus could also come from surplus Titan II launch vehicles, although Titan II production has been discontinued and only a limited inventory remains. Indirect competition to the Pegasus and Taurus vehicles also exists in the form of secondary or "piggyback" payload capacity on large boosters such as Ariane, Titan, Long March and Proton launch vehicles. While secondary payloads offer a low-cost method of launching satellites in some cases, the secondary status of the payload often requires customers to accept less desirable orbits, "standby" launch scheduling and potentially more complicated and costly payload integration procedures.

Orbital's suborbital launch vehicles, spacecraft systems and payloads, satellite-based services and space support products compete with products and services produced or provided by numerous companies and government entities. Orbital's airborne and ground-based electronics, data management systems and defence-oriented avionics products face competition from several established manufacturers. Orbital's space sensors and instruments face competition from a number of companies and university research laboratories capable of designing and

producing space instruments.

The ORBCOMM System will face direct and indirect competition from numerous existing and potential alternative communication products and services from various large and small companies, ranging from one-way tower-based data and messaging services to sophisticated two-way satellite-based data and voice communications services. Depending on the requirement of the specific market, the ORBCOMM System may both compete with and complement existing services such as one-way and two-way paging, cellular data, specialized mobile radio and private networks. ORBIMAGE may face competition from private and U.S. government entities that provide satellite-based and other land imaging, environmental monitoring and atmospheric sensing products. GPS satellite-based navigation and positioning products manufactured by Magellan face competition from several other producers of GPS receivers, such as Garmin International and Trimble Navigation Ltd. Orbital believes that Magellan's success will depend on its ability to continue to develop new lower-cost and enhanced performance products and to enter into and develop new markets for GPS receivers.

Many of Orbital's competitors are larger and have substantially greater resources than Orbital. Furthermore, the possibility exists that other domestic or foreign companies or governments, some with greater experience in the space industry and greater financial resources than Orbital, will seek to produce products or services that compete with those of Orbital, including the Pegasus and Taurus launch vehicles, various suborbital launch vehicles, PegaStar, MicroStar and other satellite systems, GPS receivers and ORBCOMM and other satellite services. Any such foreign competitor could benefit from subsidies from, or other protective measures by, its home country. In addition, in response to reductions in the U.S. defence budget, Orbital may face competition from companies, such as missile manufacturers, that could attempt to adapt existing or future products for non-defence, space or suborbital launch applications.

Research and Development

Orbital believes that its future success will depend in part on its ability to continue to conceive and develop new products and services and enhance existing products on a more rapid and less expensive basis than its competitors. Accordingly, Orbital expects to continue to invest in product-related research and development, to conceive and develop new products and services, to enhance existing products and to seek customer and strategic partner investments in these products. These strategic relationships have included, and may include in the future, joint development arrangements, joint venture investments and acquisitions of strategic product lines and businesses.

Orbital's research and development expenses, excluding direct customer-funded development, were approximately US\$8.8 million for the six months ended June 30, 1995 and approximately US\$14.4

million, US\$14.9 million, and US\$10.6 million for the years ended December 31, 1994, 1993 and 1992, respectively. Orbital's research and development expenses during 1995 have been and will be primarily for new or modified launch systems, spacecraft programs, including possible ORBIMAGE projects, and satellite-based navigation and positioning products.

Backlog and Contracts

Orbital's firm backlog at June 30, 1995 and 1994 was approximately US\$495 million and US\$256 million, respectively. As of June 30, 1995, approximately 60% of Orbital's backlog was with the U.S. Government and its agencies or from subcontracts with the U.S. Government's prime contractors. Backlog consists of aggregate contract values for firm product orders, excluding the portion previously included in operating revenues on the basis of percentage of completion accounting, and including government contracts awarded but not signed and orders not yet funded in the amounts of approximately US\$140 million as of June 30, 1995. Approximately US\$385 million of backlog at June 30, 1995 is currently scheduled to be performed beyond 1995. Backlog excludes unexercised contract options having an aggregate potential contract value at June 30, 1995 of approximately US\$795 million.

A substantial portion of Orbital's revenues have been generated primarily under fixed-price incentive fee, firm fixed-price and cost-plus-fee U.S. government contracts. Fixed-price incentive fee contracts are long-term contracts with specified cost, profit and price targets. To the extent a contractor incurs less costs than targeted, the contractor's profit will be increased based on contractual incentives. In this manner, the contractor is encouraged to keep costs at a minimum and, as a reward, realizes additional profit. The U.S. Government, by virtue of the contractor's reduced costs, offset in part by increased profit, realizes a reduced price for the product or service. Firm-fixed-price contracts are long-term contracts with fixed stated prices. The contractor bears the burden of cost increases and realizes the reward of cost savings. Cost-plus-fee contracts, which include cost-reimbursable contracts, cost-plus-fixed-fee contracts, cost-plus-award-fee contracts and cost-plus-incentive-fee contracts, are long-term contracts that reimburse a contractor for all costs incurred in the performance of the contract with various contractual fee arrangements, including fixed fees, award fees based on specific contractor performance, and incentive fees based on contractor cost performance.

Orbital uses the percentage of completion method of accounting, whereby revenue is recognized based on actual costs incurred in relation to total estimated costs to complete the contract or based on specific delivery terms and conditions, with incentive and award amounts included in revenue or expense based on ongoing estimates of expected incentive or award fees. Unforeseen events and circumstances can alter Orbital's estimate of the costs associated with a particular contract and any related profit or

incentive or award fee. To the extent cost overruns cannot be passed on to Orbital's customers, they could materially adversely affect Orbital's results of operations.

All of Orbital's U.S. Government contracts and, in general, its subcontracts with the U.S. Government's prime contractors, provide that such contracts may be terminated at will by the U.S. Government or the prime contractor, respectively. Furthermore, any of these contracts may become subject to a government-issued stop work order under which Orbital is required to suspend production. In the event of a termination at will, Orbital is normally entitled to the purchase price for delivered items, reimbursement for allowable costs for work in process, and an allowance for reasonable profit thereon or adjustment for loss if completion of performance would have resulted in a loss. Orbital has experienced several contract suspensions and terminations in the past, and there can be no assurance that such terminations or stop work orders will not occur in the future.

During 1994, 1993 and 1992, approximately 60%, 70% and 80%, respectively, of Orbital's total annual revenues were derived from contracts with the U.S. Government and its agencies or from subcontracts with the U.S. Government's prime contractors. Orbital's government contracts are subject to regular audit and periodic reviews and may be modified, increased, reduced or terminated in the event of changes in government requirements or policies, Congressional appropriations and program progress and scheduling. Orbital believes that any adjustments likely to result from pending inquiries or audits of its contracts will not have a material adverse impact on Orbital's financial condition or results of operation. Since Orbital's inception, it has not experienced any material adjustments as a result of any such inquiries or audits. U.S. Government curtailment of expenditures for space research and development and related products and services could have a material adverse effect on Orbital's revenues and results of operations.

Properties

In 1993, Orbital entered into a 12-year lease agreement for approximately 100,000 square feet of office and engineering space in Dulles, Virginia, which serves as its corporate headquarters. In 1994, Orbital completed construction of an approximately 30,000 square-foot satellite engineering and manufacturing facility on land adjacent to the Dulles office facility. Orbital also leases approximately 320,000 square feet of office, engineering and manufacturing space in Germantown, Maryland; 312,000 square feet of office, engineering and manufacturing space in Chandler, Arizona; approximately 135,000 square feet of office, engineering and manufacturing space in Pomona, California; approximately 40,000 square feet of office, engineering and manufacturing space in San Dimas, California; and approximately 25,000 square feet of manufacturing space in Mexicali, Mexico. Orbital leases other small facilities or offices in Huntsville, Alabama; Edwards Air Force Base,

California; Vandenberg Air Force Base, California; and Greenbelt, Maryland. Although completion of Orbital's existing and pending contracts may in the future require additional manufacturing capacity, Orbital believes that its existing facilities are adequate for its near- and medium-term requirements.

Environmental Regulation

Orbital's operations are subject to a variety of Federal, state and local environmental regulations, including laws regulating air and water quality and hazardous materials and regulations implementing those laws. Orbital is one of several potentially responsible parties involved in a California mandated clean-up of a manufacturing facility near Salinas, California. Through June 30, 1995, Orbital and two other potentially responsible parties have shared certain investigation and monitoring costs, resulting in total Orbital expenditures after insurance recoveries of approximately US\$85,000. Orbital does not believe that its total exposure in this clean-up, or that other compliance by it with applicable environmental regulations, will have a material adverse effect on its operations.

Insurance

Orbital maintains a US\$100 million aviation products liability policy that insures Orbital against certain liabilities to third parties that might arise in connection with the production or operation of a number of its products and generally purchases launch liability insurance with respect to certain liabilities to third parties that might arise in connection with a launch. Orbital also maintains a commercial general liability umbrella policy of US\$50 million to insure Orbital against any third party claims associated with its manufacturing or business ventures. In addition, under certain of its government contracts, Orbital is indemnified by the U.S. Government against certain potential third-party liabilities resulting from launch or operation of space launch vehicles and for commercial launches is indemnified against certain of such liabilities under launch licenses with the U.S. Department of Transportation. In circumstances in which Orbital has provided mission success warranties, depending on an assessment of its exposure and the availability and pricing of insurance, Orbital generally seeks to purchase mission success insurance, which provides coverage with respect to contract losses in the event its launch vehicles or other products fail to perform and the mission is not completed successfully. Orbital separately maintains both property (aircraft hull) and liability insurance on the Lockheed L-1011 aircraft it is currently leasing for its Pegasus program.

Orbital reviews its insurance coverage from time to time and considers changes to its insurance coverage in response to the introduction and operation of new products. The insurance carried by Orbital and its indemnity rights against the U.S. Government and other parties do not extend to all of Orbital's products and services, may not cover all potential risks and may

not be effective to protect Orbital against all potential claims or losses. In addition, there can be no assurance that mission success insurance will be available at premium levels that in Orbital's judgment justify purchase of such insurance or that such insurance will be available in all instances in which Orbital has provided mission success warranties.

Litigation

To its knowledge, Orbital is not a party to any legal proceeding, the outcome of which would materially impact its business or operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

A significant portion of Orbital's revenues are generated under fixed-price incentive fee, firm fixed-price, and cost-plus-fee contracts with various agencies of the U.S. Government, including NASA, the U.S. Air Force, ARPA, the U.S. Army, the U.S. Navy and BMDO. Orbital recognizes revenues using the percentage of completion method of accounting, whereby revenue is recognized based on actual costs incurred in relation to total estimated costs to complete the contract or based on specific delivery terms and conditions. In the case of fixed-price incentive fee contracts, the final revenue amount can be increased or decreased in accordance with cost incentive provisions that measure actual financial performance against established targets. The incentive fee is included in revenue at the time the amount of such fee can reasonably be determined. In the case of cost-plus award fee contracts, revenues are recognized to the extent of costs incurred plus a proportionate amount of a base fee fixed at the inception of the contract, if any. The award fee is included in revenue as work is performed based on Orbital's on-going estimates of the amount of the fee to be awarded. To the extent that estimated costs of completion are adjusted, revenue recognized from a particular contract will be affected in the period of the adjustment.

Orbital is accounting for its investment in ORBCOMM Global using the equity method of accounting and will continue to use the equity method as long as Orbital's interest in the profits and losses of ORBCOMM Global does not exceed the current 50%. In accordance with the equity method of accounting, Orbital consolidates 100% of the revenues earned and costs incurred pursuant to the System Agreement and Procurement Agreement. See "Information on Orbital - Communications and Information Systems - Development and Financing." Orbital also recognizes as equity in earnings (losses) of affiliates its pro rata share of ORBCOMM Global's profits and losses. During construction of the ORBCOMM System, ORBCOMM Global is capitalizing substantially all system construction costs, including amounts paid under the System Agreement and Procurement Agreement. To the extent ORBCOMM

Global capitalizes its purchases under these agreements, Orbital eliminates as equity in earnings (losses) of affiliates 50% of Orbital's profits and losses thereunder.

Orbital acquired Magellan on December 28, 1994, in a transaction accounted for as a pooling of interests. Orbital's historical financial information has been restated to effect the pooling of interests with Magellan as of the earliest period presented. On August 11, 1994, Orbital acquired Fairchild, a subsidiary of Matra Aerospace, Inc., in a transaction accounted for as a purchase business combination. Fairchild's results of operations for the nineteen-week period ended December 31, 1994 have been included in Orbital's consolidated results of operations for the year ended December 31, 1994. Orbital acquired ASO on September 17, 1993, in a transaction accounted for as a purchase business combination. ASO's results of operations for the fourteen-week period ended December 31, 1993 have been included in Orbital's consolidated results of operations for the year ended December 31, 1993.

Adoption of New Accounting Standard

The Financial Accounting Standards Board recently issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of" ("SFAS 121") which (i) requires that long-lived assets "to be held and used" be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, (ii) requires that long-lived assets "to be disposed of" be reported at the lower of carrying amount or fair value less cost to sell, and (iii) provides guidelines and procedures for measuring an impairment loss that are significantly different from existing guidelines and procedures.

Orbital adopted the provisions of SFAS 121 during the quarter ended June 30, 1995. As a result, as of January 1, 1995 Orbital recorded a cumulative adjustment for a change in accounting principle of approximately US\$4.2 million related to the impairment in the carrying amount of certain assets to be disposed of that supported its orbit transfer vehicle product line.

The following table shows Orbital's revenues, gross profit and gross profit margin, by major product category, for each of the three years ended December 31, 1992, 1993 and 1994.

OMITTED: See Management's Discussion and Analysis in the Company's Annual Report on Form 10-K filed with the SEC on March 29, 1995.

Results of Operations for the Six-Month Periods Ended June 30, 1995 and 1994

Revenues. Orbital's revenues for the six-month periods ended June 30, 1995 and 1994 were US\$132,930,000 and US\$98,675,000,

respectively.

Space launch vehicle revenues were US\$11,965,000 and US\$29,762,000 for the six-month periods ended June 30, 1995 and 1994, respectively. The significant decrease in revenues during the periods is attributable primarily to the continuing effects of production delays caused by Orbital's failed first launch of its new Pegasus XL launch vehicle in June 1994, and was impacted to some extent by the failed second launch of the Pegasus XL in June 1995. Orbital expects revenues during the rest of 1995 to be less than 1994 as a result of the ongoing failure review process and resulting schedule delays. Sales of space launch vehicles to ORBCOMM Global were US\$1,452,000 and US\$4,150,000 for the 1995 and 1994 six-month periods, respectively.

Revenues from suborbital launch vehicle products were US\$11,492,000 and US\$11,626,000 for the six-month periods ended June 30, 1995 and 1994, respectively. While suborbital revenues have decreased significantly during the past few years as U.S. Government defence spending has been reduced, Orbital expects 1995 revenues to remain approximately consistent with, or to increase slightly from, revenue levels achieved in 1994.

For the six months ended June 30, 1995, spacecraft systems revenues increased to US\$28,901,000 from US\$11,043,000 in the same period in 1994. The increase in spacecraft system sales is primarily as a result of additional revenues generated from Orbital's Germantown operations, acquired in August 1994. The 1995 and 1994 six-month periods included US\$3,395,000 and US\$4,496,000, respectively, in sales of MicroStar spacecraft to ORBCOMM Global. Space sensors and instruments sales were US\$6,547,000 and US\$8,773,000 for the 1995 and 1994 six-month periods, respectively, and are expected to remain lower than 1994 levels throughout 1995.

Revenues from defence electronics and avionics products were approximately US\$29,790,000 and US\$5,860,000 in the 1995 and 1994 six-month periods, respectively. Orbital acquired these products as part of the August 1994 Fairchild acquisition and the September 1993 acquisition of ASO.

Revenues from sales of navigation and positioning products increased to US\$26,459,000 for the six months ended June 30, 1995 as compared to US\$18,553,000 for the 1994 period, primarily due to increased unit sales offset, in part, by lower unit prices for GPS navigators.

Revenues from Orbital's newly established Advanced Projects Group were US\$9,404,000 during the first half of 1995 as a result of work performed under the Cooperative Agreement with NASA awarded in March 1995 for the development of the X-34 small reusable launch vehicle and work under a contract with ARPA, completed in April 1995, for the study of a new advanced unmanned, long-duration, high-flying aircraft.

Gross Profit. Gross profit depends on a number of factors, including Orbital's mix of contract types and costs incurred thereon in relation to estimated costs. Gross profit for the six-month periods ended June 30, 1995 and 1994 was US\$35,637,000 and US\$25,052,000, respectively. Gross profit margin as a percentage of sales was approximately 26.8% and 25.4%, for the six-month periods ended June 30, 1995 and 1994, respectively. The increased gross profit margin during 1995 was primarily attributable to increased margins for spacecraft systems and navigation and positioning products, offset in part by cost increases on the Pegasus program as a result of the Pegasus XL failures in June of 1994 and 1995. Orbital believes that its gross profit margin for the remainder of 1995 will increase slightly as compared to the first half of 1995.

Research and Development Expenses. Research and development expenses represent Orbital's self-funded product development activities, and exclude direct customer-funded development. Research and development expenses for the 1995 and 1994 six-month periods were US\$8,764,000 and US\$6,506,000, respectively. Research and development expenses in 1995 relate primarily to the development of new or improved navigation products and development efforts on Orbital's Pegasus XL program, and include estimated expenses related to the recent Pegasus XL failure. Orbital expects its research and development expenditures for the rest of 1995 to be consistent with second half 1994 expenditures.

Selling, General and Administrative Expenses. Selling, general and administrative expenses include the costs of marketing, advertising, promotional and other selling expenses as well as the costs of the finance, administrative and general management functions of Orbital. Selling, general and administrative expenses for the six months ended June 30, 1995 and 1994 were US\$22,707,000 (or 17.1% of revenues) and US\$14,472,000 (or 14.7% of revenues), respectively. The increase in selling, general and administrative expenses during 1995 as compared to 1994 was primarily attributable to expanded marketing efforts related to Orbital's ORBCOMM project (US\$3,304,000 of expenses in 1995 as compared to US\$1,714,000 in 1994) and to various remote sensing systems (US\$408,000 of expenses in 1995 with no corresponding expenses in 1994), and to the August 1994 Fairchild acquisition (US\$12,188,000 of expenses in 1995). Orbital expects selling, general and administrative expenses as a percentage of revenues during the remainder of 1995 to be less than or approximately equal to those in the first half of 1995.

Interest Income and Interest Expense. Net interest expense for the 1995 six-month period was US\$1,887,000 as compared to US\$931,000 of net interest income for the 1994 six-month period. Interest income for the periods reflects interest earnings on short-term investments. Interest expense is primarily for outstanding amounts on Orbital's revolving credit facility, on Orbital's public debentures and, during 1995, on acquisition debt incurred in connection with the August 1994 Fairchild acquisition. Interest expense has been reduced by capitalized

interest of US\$2,533,000 and US\$2,517,000 for the 1995 and 1994 six-month periods, respectively.

Equity in Earnings (Losses) of Affiliates. Equity in earnings (losses) of affiliates for the six-month periods ended June 30, 1995 and June 30, 1994 of US\$362,000 and (US\$544,000), respectively, represents elimination of 50% of the profits on sales to ORBCOMM Global, as well as Orbital's pro rata share of ORBCOMM Global's current period earnings and losses. During the construction phase of the project and prior to the commencement of planned operations, ORBCOMM Global is capitalizing substantially all construction-related costs and is expensing as incurred all selling, general and administrative costs as period costs.

Provision for Income Taxes. A provision for income taxes was not necessary for the six months ended June 30, 1995 given Orbital's reported operating losses. Orbital recorded an income tax provision of US\$917,000 for the six-month period ended June 30, 1994. Orbital records its interim income tax provisions based on estimates of Orbital's effective tax rate expected to be applicable for the full fiscal year. Estimated effective rates recorded during interim periods may be periodically revised, if necessary, to reflect current estimates.

At December 31, 1994, Orbital had approximately US\$50,000,000 and US\$900,000 of net operating loss and tax credit carryforwards, respectively, which are available to reduce future income tax obligations, subject to certain annual limitations and other restrictions.

Results of Operations for the Years Ended December 31, 1994, 1993 and 1992

Revenues. Orbital's revenues for 1994, 1993 and 1992 were US\$221,946,000, US\$223,087,000 and US\$204,190,000, respectively. Revenues in 1994 included approximately US\$30 million in sales to ORBCOMM Global, as compared to US\$38 million in 1993.

Revenues from Orbital's space launch vehicle products decreased from US\$55,987,000 in 1993 to US\$52,200,000 in 1994. The unexpected decrease was primarily attributable to a significant delay in production of Orbital's Pegasus space launch vehicle products as a result of the June 1994 Pegasus XL launch failure. Revenues from space launch vehicle products increased in 1993, as compared to 1992, due to work performed on Pegasus contracts awarded in 1992 by BMDO and Brazil's national space agency and initial work performed on the commercial contract awarded by ORBCOMM Global.

Revenues from suborbital launch vehicle products decreased to US\$22,632,000 in 1994 as compared to US\$48,990,000 in 1993. Revenues from suborbital launch vehicle products also decreased in 1993 from 1992's record revenues of US\$82,061,000. Revenues from suborbital launch vehicles, which are primarily purchased by

various agencies within the DoD for U.S. military purposes, have decreased significantly as defence spending throughout the U.S. Government has been reduced.

Orbital's sole contract with NASA for its orbit transfer vehicle products was completed in 1993 after two successful launches.

Space and Electronics Systems revenues increased to US\$88,305,000 in 1994 as compared to US\$31,287,000 in 1993, due primarily to a full year of sales of sensors and instruments equal to US\$28,482,000 following the September 1993 acquisition of ASO and 19 weeks of sales of spacecraft systems and defence avionics equal to US\$44,998,000 following the August 1994 acquisition of Fairchild. Space systems revenues increased to US\$31,287,000 in 1993 from US\$20,715,000 in 1992, primarily as a result of sales of sensors and instruments and sales of MicroStar satellites to ORBCOMM Global. Space systems revenues in 1992 consisted solely of sales of satellite systems to NASA and the U.S. Air Force.

Communications and Information Systems revenues decreased to US\$58,808,000 in 1994 from US\$71,391,000 in 1993. The decrease was attributable primarily to a decrease in sales to ORBCOMM Global of US\$10,455,000 as the initial contract for network software neared completion, and a decrease in sales of satellite tracking systems of US\$8,443,000 as a large contract was completed in 1994. Sales of Magellan's satellite navigational instruments were US\$37,144,000 in 1994 as compared to US\$32,900,000 in 1993 and US\$29,557,000 in 1992. The increase from 1993 was due to a significant increase in the number of products sold offset, in part, by lower average unit sales prices. Communications and Information Systems revenues increased in 1993 as compared to 1992 as a result of sales of network software and satellite tracking systems to ORBCOMM Global under a contract awarded in 1993 and as a result of work performed on a large satellite tracking system contract awarded in late 1992.

Gross Profit. Orbital's gross profit for 1994, 1993 and 1992 was US\$64,881,000, US\$52,883,000 and US\$45,529,000, respectively. Gross profit margin as a percentage of sales for those periods was approximately 29.1%, 23.7%, and 22.3%, respectively. Gross profit margin during 1994 reflected higher profit margins on ASO and Fairchild products offset in part by cost growth on the Taurus space launch vehicle development program, the first product of which was successfully launched in March 1994. Additionally, gross profit margin was decreased by cost growth on the Pegasus program as a result of the June 1994 Pegasus XL launch failure.

Research and Development Expenses. Research and development expenses during 1994, 1993 and 1992 were US\$14,389,000, US\$14,885,000 and US\$10,586,000, respectively. Research and development spending during 1994 and 1993 reflected Orbital's continued development of its Pegasus XL and Taurus space launch vehicles and development of lower-cost satellite navigation

equipment. In 1994, Orbital incurred approximately US\$2,500,000 of unexpected research and development costs related to the June 1994 failure of its Pegasus XL vehicle.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for 1994, 1993 and 1992 were US\$39,751,000 (or 17.9% of revenues), US\$25,897,000 (or 11.6% of revenues) and US\$28,615,000 (or 14.0% of revenues), respectively. The significant increase in selling, general and administrative expenses and its related percentage of revenues in 1994 was attributable to a full year of ASO's expenses (US\$4,666,000 in 1994, or 16.8% of ASO's revenues), nineteen weeks of Fairchild's expenses (US\$6,409,000 in 1994, or 14.0% of Fairchild's revenues) and significant selling, general and administrative expenses related to initial marketing activities for Orbital's ORBCOMM project (US\$5,470,000 in 1994) offset in part by significant company-wide cost reduction initiatives adopted during 1994 and 1993.

Interest Income and Interest Expense. Net interest income was US\$37,000, US\$356,000 and US\$738,000 for 1994, 1993 and 1992, respectively. Interest income reflects interest earnings on short-term investments reduced by interest expense (net of capitalized interest of US\$5,500,000, US\$3,500,000 and US\$850,000 in 1994, 1993 and 1992, respectively) for outstanding amounts on Orbital's revolving credit facility, the public debentures and on debt incurred in 1994 related to the Fairchild acquisition.

Equity in Earnings (Losses) of Affiliates. Equity in earnings of affiliates in 1994 and 1993 primarily represents elimination of US\$1,264,000 and US\$2,436,000, respectively, of profits on sales to ORBCOMM Global, due to ORBCOMM Global's capitalization of its purchases from Orbital. There were no sales to ORBCOMM Global prior to 1993.

Provision for Income Taxes. Orbital adopted SFAS No. 109 effective January 1, 1993. The cumulative effect on prior years of this change in accounting principle increased net income in 1993 by approximately US\$200,000. The effect of adopting SFAS 109 on income from continuing operations in 1993 was not material.

Orbital recorded income tax provisions of US\$2,081,000, US\$2,288,000 and US\$1,630,000 for 1994, 1993 and 1992, respectively. Orbital's effective tax rate for these periods of approximately 28% is primarily a result of non-tax deductible goodwill amortization related to its acquisition of Space Data in 1988 and Fairchild in 1994, offset by tax-exempt interest earnings and U.S. Federal research and experimental tax credits.

Liquidity and Capital Resources

Orbital's growth has required substantial capital to fund both an expanding business base and significant research and development and capital investment expenditures. Additionally, Orbital has

historically made strategic acquisitions of businesses and routinely evaluates potential acquisition candidates. Orbital expects to continue to pursue potential acquisitions that it believes would augment its marketing, technical, manufacturing or financial capabilities. Orbital has funded these requirements to date, and expects to fund its requirements in the future, through cash generated by operations, working capital loan facilities, asset-based financings, joint venture arrangements, and private and public equity and debt offerings.

During the quarter ended June 30, 1995, Orbital entered into a US\$20 million fixed-rate unsecured debt financing arrangement with a private insurance company. The debt has a six-year term and bears interest at 10 1/2% per annum. The debt arrangement restricts the payment of dividends and contains certain covenants with respect to Orbital's working capital, fixed charge ratio, leverage ratio and tangible net worth. Additionally, in June 1995, Orbital completed a private placement of two million Orbital Common Shares, receiving net proceeds of approximately US\$32 million. Orbital's shares were placed with various offshore institutional investors and the issuance was exempt from public registration pursuant to Regulation S of the 1933 Securities Act, as amended. In August 1994, Orbital issued secured notes totalling approximately US\$24,200,000 to eight financial institutions, to support Orbital's acquisition of Fairchild. The notes have an average interest rate of approximately 8% and generally mature on a monthly basis over a three- to five-year period.

Cash, cash equivalents and short-term investments were US\$39,817,000 at June 30, 1995, and Orbital had short-term and long-term debt obligations outstanding of approximately US\$106,955,000. The outstanding debt relates primarily to advances under Orbital's line of credit facility, secured notes issued in connection with the Fairchild acquisition, unsecured notes issued in 1995, fixed asset financings and Orbital's public debentures. During the quarter ended June 30, 1995, Orbital converted, at a premium, approximately US\$3,000,000 of its convertible debentures at the request of certain debenture holders, issuing approximately 209,000 Orbital Common Shares.

Orbital's revolving credit facility provides for total borrowings from an international syndicate of six banks of up to US\$65,000,000, subject to a defined borrowing base comprised of certain contract receivables. Approximately US\$6,113,000 of borrowings were outstanding under the facility at June 30, 1995, against an available facility limit of approximately US\$25,491,000. At June 30, 1995, the average interest rate on outstanding borrowings under this facility was approximately 8.2%. Borrowings are secured by contract receivables and certain other assets. The facility restricts the payment of dividends and contains certain covenants with respect to Orbital's working capital, fixed charge ratio, leverage ratio and tangible net worth, and expires in September 1997.

Orbital's operations used net cash of approximately US\$8,466,000 in the six months ended June 30, 1995. Orbital also invested approximately US\$9,689,000 in the ORBCOMM System and incurred US\$9,854,000 of capital expenditures related primarily to spacecraft production and test equipment.

Orbital expects that its 1995 capital needs for its existing operations, including its planned US\$5,000,000 net investment in the ORBCOMM System, will in part be provided by working capital, cash flows from operations, credit facilities, asset-based financings, customer financings and operating lease arrangements. Additionally, Orbital intends to invest at least US\$67,500,000 in the X-34 program, which investment will be required over the next four years, including approximately US\$5,000,000 in 1995. Orbital believes that it may require additional equity and/or debt financing to fund fully its currently planned operations and capital requirements, to meet its potential increased investment in the ORBCOMM System and to meet its investment requirements for the X-34 program.

Management and Employees

Executive Officers and Directors

The following table sets forth the name, city of residence, position and principal occupation of each of the executive officers and directors of Orbital as of September 1, 1995. As of September 29, 1995, the executive officers and directors of Orbital beneficially owned, as a group, approximately 3.7% of the outstanding Orbital Common Shares.

<TABLE>

<CAPTION>

Name and Residence	Director Since	Position with Orbital	Principal Occupation if Different than Office Held
<C>	<C>	<C>	<C>
David W. Thompson Reston, Virginia	1982	Chairman of the Board, President and Chief Executive Officer	
Bruce W. Ferguson Great Falls, Virginia	1982	Executive Vice President and General Manager/ Communications and Information Systems Group and Director	
James R. Thompson Huntsville, Alabama	1992	Executive Vice President and General Manager/Launch Systems Group and	

Director

Jack A. Frohbieter Germantown, Maryland	1994	Executive Vice President and General Manager/Space and Electronics Systems Group and Director	
Fred C. Alcorn Houston, Texas	1983	Director	President, Alcorn Oil & Gas and Alcorn Development (Real Estate)
Kelly H. Burke Alexandria, Virginia	1984	Director	Chairman, Stafford, Burke & Hoaxer (Aerospace consulting)
Daniel J. Fink Potomac, Maryland	1983	Director	President, D.J. Fink Associates, Inc. (Management consulting)
Lennard A. Fisk Ann Arbor, Michigan	1993	Director	Professor and Chairman, Department of Atmospheric, Oceanic, and Space Sciences, University of Michigan
Jack L. Kerrebrock Lincoln, Massachusetts	1993	Director	Professor of Aeronautics and Astronautics, Massachusetts Institute of Technology
J. Paul Kinloch Los Angeles, California	1984	Director	Managing Director, Lehman Brothers (Investment Banking)
Douglas S. Luke Coral Gables, Florida	1983	Director	President and CEO, WLD Enterprises, Inc. (Investments)

John L. McLucas Alexandria, Virginia	1993	Director	Consultant
Harrison H. Schmitt Albuquerque, New Mexico	1983	Director	Consultant
Scott L. Webster Chandler, Arizona	1982	Director	Consultant
Antonio L. Elias McLean, Virginia		Executive Vice President and General Manager/Advanced Projects Group	
Carlton B. Crenshaw Herndon, Virginia		Senior Vice President/Finance and Administration	
Leslie C. Seeman Bethesda, Maryland		Senior Vice President, General Counsel and Secretary	

</TABLE>

For information regarding executive and director compensation, and a description of Orbital's stock option plans, reference is made to the excerpt from Orbital's Proxy Statement dated March 27, 1995, attached as Annex "III" to this Proxy Circular.

Indebtedness of Directors and Officers

There is no indebtedness owed by Orbital's directors or officers to Orbital.

Employees

As of June 31, 1995 Orbital had 1,781 full-time permanent employees, none of whom are covered by a collective-bargaining agreement.

Description of Capital

Capitalization

The following table sets forth the capitalization of Orbital as of June 30, 1995.

June 30,
1995
(US\$ in
thousands)

Long-term debt:	
Long-term obligations, net of current portion	\$ 19,203
10 1/2% Senior Notes due 2002	20,000
6 3/4% Convertible Subordinated Debentures due 2003	\$ 56,000
Total long-term debt	\$ 95,203
Shareholders' equity:	
Preferred Shares, par value \$0.01 per share: 10,000,000 authorized; no shares issued and outstanding	--
Common Shares, par value \$0.01 per share: 40,000,000 authorized; 22,636,357 shares issued and outstanding after adjusting for 15,735 shares in treasury (1)	227
Additional paid-in capital	237,549
Unrealized losses on short-term investments	(221)
Retained earnings (deficit)	(1,941)
Total shareholders' equity	\$ 235,614
Total capitalization	\$ 330,817

Note:

(1) Excludes 3,900,945 Orbital Common Shares issuable upon conversion of Orbital's 6 3/4% Convertible Subordinated Debentures due 2003 and 1,661,146 Orbital Common Shares reserved for issuance pursuant to options outstanding as of September 8, 1995 with exercise prices ranging from US\$7.50 to US\$22.00 per share.

Common Shares

Orbital has authorized 40,000,000 Common Shares, par value \$0.01 per share of which approximately 22,636,357 are issued as at June 30, 1995. Holders of Orbital Common Shares are entitled to one vote per share on all matters to be voted on by shareholders including the election of directors. Subject to the rights of holders of any Orbital Preferred Shares that may be issued, holders of Orbital Common Shares are entitled to receive such dividends as may be declared from time to time by the board of directors of Orbital from funds legally available therefor. Upon liquidation, dissolution or winding-up of Orbital, the holders of Orbital Common Shares will be entitled to share ratably all assets available for distribution to shareholders after payment of liabilities, subject to prior distribution rights of holders of Preferred Shares then outstanding. The Orbital Common Shares

have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Common Shares.

Preferred Shares

Orbital has authorized 10,000,000 Preferred Shares, \$0.01 par value per share of which none are issued. See "Special Voting Share" below. Orbital's board of directors is authorized, without any further action by the shareholders, to determine the rights, preferences, privileges and restrictions of the unissued Preferred Shares.

Special Voting Share. In connection with the Arrangement, Orbital's Board of Directors will designate the Series A Preferred Stock as a series of Preferred Shares, and will authorize the issue of one Series A Preferred Share, as the Special Voting Share, to the Trustee under the Voting and Exchange Trust Agreement. Except as otherwise required by law or Orbital's Restated Certificate of Incorporation (the "Orbital Restated Certificate"), the holder of record of the Special Voting Share will have a number of votes equal to the number of Orbital Common Shares issuable upon exchange of all outstanding Exchangeable Shares (not owned by Orbital or its Affiliates). The holders of Orbital Common Shares and the Special Voting Share will vote together as a single class on all matters, except as may be required by applicable law. In the event of any liquidation, dissolution or winding up of Orbital, the holder of the Special Voting Share shall not be entitled to receive any assets of Orbital available for distribution to its shareholders. The holder of the Special Voting Share shall not be entitled to receive dividends. At such time as the Special Voting Share has no votes attached to it because there are no Exchangeable Shares outstanding not owned by Orbital or its Affiliates, the Special Voting Share will be cancelled.

Dividend Policy

Orbital has never paid a cash dividend on the Orbital Common Shares. Orbital currently intends to retain earnings primarily for working capital and product development and therefore does not anticipate paying dividends in the foreseeable future. In addition, Orbital is subject to certain contractual restrictions on its ability to pay dividends.

Transfer Agent

Orbital's transfer agent with respect to the Orbital Common Shares is The First National Bank of Boston. Acquisition's transfer agent with respect to the Exchangeable Shares is expected to be Montreal Trust Company of Canada.

Independent Auditors

Orbital's independent auditors are KPMG Peat Marwick LLP.

INFORMATION CONCERNING MDA

Business

MDA was incorporated under the laws of Canada on February 3, 1969 by letters patent under the Canada Corporations Act. MDA was subsequently continued under the CBCA on May 3, 1976. The head and principal office of MDA is located at 13800 Commerce Parkway, Richmond, British Columbia, V6V 2J3.

Subsidiary Companies

MDA owns 100% of the following active subsidiary companies:
INFORMATION CONCERNING MDA

Business

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Subsidiary Companies

MDA owns 100% of the following active subsidiary companies:

Company	Jurisdiction of Incorporation
MacDonald Dettwiler Technologies Ltd.	British Columbia
MacDonald Dettwiler Technologies Inc.	U.S.A.
MacDonald Dettwiler Pty. Ltd.	Australia
MacDonald Dettwiler Limited	United Kingdom
PSC International (Europe) Limited	United Kingdom

At June 30, 1995 MDA owned 89.6% of Earth Observation Sciences Limited, a corporation incorporated under the laws of the United Kingdom, and will acquire the balance of its shares as a condition to the Arrangement.

General

MDA is a leading supplier of commercial space remote sensing ground stations, installed in over 20 countries, capable of handling all major optical and radar imaging, or Earth

observation, satellites. MDA is also a major provider of advanced space-qualified software, air navigation systems, defence electronic systems and network communications training and consulting.

MDA's customers for systems are usually Fortune-500 companies and government agencies worldwide. MDA's basic business strategy is to develop customized systems for individual clients, drawing on proprietary technologies and on off-the-shelf products. MDA's strength is in undertaking fixed price projects and delivering on time and within the customer's budget. MDA currently has a strategy of reducing its reliance on contracts from or related to the Canadian Federal Government through operations and alliances outside of Canada. MDA is seeking to expand its export markets through understanding and accessing foreign funding sources such as multi-lateral development agencies.

Utilizing existing technologies and seeking opportunities in areas that complement MDA's business in terms of technological capabilities and markets, MDA is currently developing a new business strategy to capitalize on higher margin opportunities. As part of the strategy, MDA's PSC division is extending its consulting services by negotiating worldwide service agreements with manufacturers of computer network equipment. The strategy also contemplates MDA charging a per-use fee for data processed by systems provided by MDA. In addition, MDA may acquire an equity interest in ventures where it traditionally sold systems. MDA's participation in EarthWatch Inc. is a part of this strategy. This strategy is also consistent with MDA's 25.4% interest in RSI, which has worldwide rights to market data from the soon to be launched RADARSAT satellite. In other situations, MDA will package components of customized systems into products which can be sold to many buyers with few changes. This latter strategy is designed to permit MDA to bring products to market economically by capitalizing on the initial development of a system. An example of a new product opportunity is the radar-jamming system of the Space and Defence Systems business area.

MDA's business is divided into four business areas consisting of Geo-Information Systems, Aviation Systems, Space and Defence Systems and Communications, which are described in detail in the following sections.

Geo-Information Systems

Geo-Information Systems, MDA's largest business area in terms of revenues, involves the development of systems for the management of Earth resources and the environment. This business area is built on MDA's expertise in Earth observation ground stations and related markets. The Geo-Information Systems business area also provides operational and post-delivery support to ensure operational efficiency of systems delivered to its customers. This support includes consulting services, training, maintenance and test equipment, spare parts and manuals.

MDA is one of the world's leading companies in providing solutions for the acquisition, processing, archiving and dissemination of non-classified Earth observation data. Of the 26 non-secret ground stations in the world, MDA has built or been involved in the construction of 23 ground stations in 20 countries. These ground stations are designed to receive or process data from some or all of the seven major non-secret Earth observation satellites currently in operation. Among other things, the data is processed to construct useful images or is modified to enhance special characteristics or to correct distortions and anomalies.

A significant portion of MDA's business in this area involves upgrades to existing systems. Such upgrades are required as a result of the launch of new technologically-advanced Earth-observation satellites in order to ensure that existing ground stations are able to process the data that the new satellites provide. Delays in the launch of such new satellites can adversely impact the ground station upgrade business.

The upgrade business has recently declined, in part due to the failure of the U.S. LANDSAT-6 satellite, which was launched in 1994 but failed to achieve orbit. The only satellite launched since then was the European Space Agency's ERS-2 which was launched in April 1995. While MDA performed about \$3.5 million of ground station upgrades in Europe for ERS-2 during fiscal 1995, additional upgrading work will be relatively minor because this satellite uses technology similar to ERS-1, launched in July 1991. However, several new technologically-advanced satellites are scheduled for launch by the end of 1996 and these launches are expected to increase demand for new and upgraded ground stations.

Over the longer term, other major trends affecting the Geo-Information Systems business area include technological advances, the loosening of government restrictions, and a growing commercial value and profit potential in the ownership of satellites and ground stations. The technological advances include a declining cost to obtain and disseminate satellite-based Earth information and the proliferation of low-cost personal computers capable of receiving these images. The loosening of government restrictions mainly involves the 1994 decision of the U.S. government to begin issuing licences permitting private companies to obtain and sell high-resolution Earth images of a quality previously restricted to government intelligence agencies. MDA expects that these trends will lead to an increase in the number of satellites and ground stations, and to the ownership of some satellites and ground stations by private-sector companies.

MDA has completed several Earth information projects involving mission-control and mission-management systems for the Canadian Space Agency's RADARSAT satellite, scheduled for launch in late 1995, which contracts totalled \$33.6 million. MDA has also completed a multi-year project to build a specialized software

and hardware ground system that refines raw data from RADARSAT. This \$10 million system was installed at the Gatineau, Quebec ground station that MDA has upgraded several times since the mid-1980s. MDA owns approximately 25% of RSI, which has worldwide rights to market data from the new RADARSAT satellite imagery.

In addition to space-based Earth observation, MDA builds other systems related to Earth information, including the \$10.8 million Fast Mapping System for the government of Malaysia, which will allow the Malaysian government to quickly update and generate digital mapping products from satellite and airborne sensors, and the installation of a multimillion-dollar Airborne Radar System in China, which is used for flood monitoring and natural disaster relief.

MDA has developed and delivered airborne Earth observation systems with both electro-optical and radar sensors. The Integrated Radar Imaging System, a side-looking radar that provides detailed images of the ground in any light or weather conditions, makes high-resolution imagery available in realtime both on board an aircraft and at transportable ground stations. Airborne Earth observation systems have been used for a number of applications including mapping, forest management, oil spill recovery and ice flow monitoring in the Arctic. MDA is a member of a team, led by Raytheon Corporation of Lexington, Massachusetts, that was awarded a contract from the Brazilian Government in May 1995 for the development of an Amazon surveillance system. MDA is currently negotiating the final terms of its subcontract with Raytheon.

In mission management, under a contract with the European Space Agency ("ESA"), MDA has built a system for managing the ERS-1 satellite's instrument package and for cataloguing and archiving the vast quantities of data the satellite will deliver over its lifetime. MDA expects to use this technology in providing satellite mission management systems in the future, including systems for ESA's ENVISAT satellite, which is scheduled for launch in 1998.

Aviation Systems

Since 1987, MDA's Aviation Systems business area has focused on specific aviation niche markets, including automated aeronautical information systems and automated air traffic management systems. This division was established to take advantage of a growing trend toward commercialization of civil aviation authorities. This commercialization typically leads to a strong incentive to cut costs by investing in automation. At the same time, the airline industry estimates several billion dollars will be spent worldwide before the year 2000 on upgrading, replacing and automating civil aviation traffic management systems. To meet these developments MDA's Aviation Systems business area provides the following:

Aeronautical Information Systems. MDA builds and markets Pegasus-

AIS (unrelated to Orbital's Pegasus launch vehicle), an automated aeronautical information management system. The first sale of a Pegasus-AIS system was to the Belgian Air Force for \$1.8 million. Faster and less expensive to operate than traditional manual systems, Pegasus-AIS provides pilots and other users with aeronautical and meteorological information. MDA has been developing the underlying technology for Pegasus-AIS since 1989 by way of customized automated briefing systems that MDA is building for civil aviation authorities in Australia, Norway and Belgium. In addition, MDA incorporates its knowledge into broader air traffic management systems. MDA has recently completed work on a \$2.7 million AIS project in India for Raytheon.

Air Traffic Management Systems. Air traffic management systems allow air traffic controllers to guide pilots in flight. These systems combine information about flights, routes, weather, navigational aids, airways and airports and deliver it to air traffic controllers in a form that enables timely, safe decisions to be made. In Canada, MDA is currently working under a subcontract to Hughes Aircraft of Canada Limited ("Hughes") to develop and deliver air traffic management software as part of the Canadian Automated Air Traffic System. The subcontract value was increased by \$24 million during fiscal 1995 to a total of \$85 million. Hughes' prime contract with Transport Canada is being renegotiated. In Switzerland, MDA has a \$4 million subcontract for a Hughes air traffic control project. Under a \$3 million subcontract to Hughes, MDA is providing a military version of the Canadian Automated Air Traffic System to Canada's Department of National Defence. Together, MDA and Hughes are pursuing a growing number of air traffic management systems sales opportunities around the world, including a bid on two large projects in Britain and the execution of projects in China and Indonesia.

Space and Defence Systems

Many of MDA's technologies are directly applicable to the development of space and defence systems. Defence markets around the world have declined as governments reformulate defence policy in the wake of the Gulf War and the collapse of the Soviet Bloc. MDA has, however, sought to identify niches that are likely to grow as defence agencies focus on peace-time surveillance, monitoring and defensive capabilities. MDA's defence systems include naval mine countermeasures, artillery command and control, radar deception system and military materiel management. In space-related work, MDA continues to provide major software development efforts as part of Canada's contribution to the Space Station project. This activity provides an opportunity for the enhancement of MDA's space-qualified software capabilities. MDA has actively pursued space and defence systems business since 1988.

Naval Mine Countermeasures System. Since 1988 MDA has worked on a series of projects to develop geocoded sonar image modelling

and mosaicking techniques for mapping the ocean floor. MDA currently has an \$80 million subcontract from a unit of the SNC-Lavalin Group Inc. of Montreal to develop a mine countermeasures system for the Canadian Navy's Maritime Coastal Defence Vessel program. MDA's role is to provide command and control systems and operational ship-borne and shore-based sonar sensing and processing capabilities for the detection of underwater mines.

Artillery Command and Control System. MDA is developing the Artillery Regimental Data System to automate certain command and control functions for the Canadian Army. This project draws on MDA's expertise in the computerization of geographic information and in the management of complex database systems. The Army has agreed to extend the project into the implementation phase and has increased the value of MDA's contract to \$15.3 million.

Radar Deception System. MDA is developing a system to protect airplanes, ships or ground installations from being detected and tracked by hostile radars, under contract with the Department of National Defence. MDA is also pursuing possible licensing arrangements that would allow original-equipment manufacturers to market and install the product.

Military Materiel Management System. In March 1994, the Department of National Defence selected the SHL Systemhouse Inc. team, which includes MDA as a major subcontractor, to upgrade the Canadian Forces Supply System. This inventory management system is scheduled for completion in 1997.

Communications

MDA entered into the computer network communications, consulting and training business in fiscal 1995 with the acquisition of Ottawa-based PSC Communications Group ("PSC").

PSC helps customers design and implement networks so that computers can communicate faster and at less cost. It also develops software for special client needs, such as to monitor networks and find and correct trouble spots. PSC has built a training relationship with U.S.-based Cisco Systems Inc. ("Cisco") and a worldwide service relationship with Nortel Inc. PSC recently entered into a training relationship with Digital Equipment Corporation ("DEC"). Training relationships such as those with Cisco and DEC are expected to play a significant role in PSC's future business.

PSC's relationship with Cisco, one of the world's largest manufacturers of network equipment, includes acting as a leading training and consulting partner around the world. PSC provides similar services for DEC in the United States. PSC's arrangement with Nortel Inc. involves a new product called Entrust which is designed to ensure the security of computer networking systems. PSC provides post-sales service to Entrust customers, including product installation, training and ongoing customer support. PSC anticipates offering additional training through its new office

in Australia, which will begin serving Hong Kong and other Asian markets.

In addition to classes for specific vendor products, PSC offers general courses in computer communications, aimed mainly at technicians in companies across North America, Europe and other parts of the world. PSC also provides software programming and consulting services for clients with network related needs, including assistance to customers in developing advanced switching and network management products and recommending and designing an optimal network system.

Contract Pricing and Completion

As of March 31, 1995 approximately 56% of MDA's active contracts were fixed-price contracts. MDA has developed costing, contingency management, operations and engineering methodologies to allow it to undertake work on a fixed-price basis, and believes its ability to undertake large-scale systems engineering and software development projects on a fixed-price basis is a major competitive advantage. The balance of MDA's contracts are performed on a cost-plus or limitation of expenditures basis.

The technical nature and sophistication of the systems deliverable under MDA's contracts require amendments to such contracts to be negotiated, from time to time, in the ordinary course of completing any contracts. These amendments may relate to specifications, delivery times or similar matters. In the absence of an agreement to such amendments, customers of MDA may be in a position to terminate a contract with MDA and demand repayments and penalties. Any such termination and demand may have an effect on the earnings of MDA. To date, MDA has generally been successful in renegotiating contracts as required from time to time.

MDA endeavours to negotiate payment terms in its commercial contracts that include advance and progress payments for completion of project milestones. To secure these payments, some customers require bank guarantees or letters of credit for all or part of the advance and progress payments remitted to MDA.

Marketing and Sales

Within each of its business areas MDA focuses on specific niche markets and follows a strategy of seeking to thoroughly understand, anticipate and follow the trends within each niche.

The Earth observation market is shifting from one of scientific orientation to one of end-user applications. This has resulted in MDA now providing complete remote sensing centres and mission management and control systems, where it previously marketed satellite ground stations. In image analysis, the market has matured for specific application systems focused on resource management, digital mapping and land information. These shifts have greatly expanded the size of the markets in which MDA is

operating.

The worldwide defence market is undergoing a rapid change from one centred on conventional forces to one focused on intelligence gathering and surveillance by methods that include the use of sonar or radar mapping techniques. Economic pressures on governments have caused defence agencies to focus on the efficient use of resources through logistics and supply service systems. MDA is focusing its defence marketing efforts on these new areas of emphasis.

The space market is shifting from a scientific orientation to include global environmental monitoring and commercial applications. Several large programs such as the U.S. Mission to Planet Earth, the Japanese ADEOS program and the European Space Agency's Polar Orbiting Earth Mission program will require large amounts of processing of remotely sensed satellite data and mission management systems, and MDA has positioned itself to compete in these emerging markets. In addition, MDA is positioning itself to participate in the evolving private-sector ownership of satellites and ground stations through a supply contract and the acquisition of a minority interest in EarthWatch Inc., which plans to launch a privately-owned Earth imaging satellite in 1996.

MDA has taken advantage of the trend in the airspace management market from a focus on radar systems and hardware to advanced air traffic management systems. Through participation in programs in Canada, Australia, Norway, Belgium and Switzerland, MDA is in a position to market automated technology that it has previously developed and provide applications expertise relating to aeronautical information systems and flight data processing.

For the fiscal year ended March 31, 1995 approximately 44% of MDA's revenues were generated from outside Canada, an increase from 36% a year earlier. MDA traditionally works closely with domestic and foreign customers to develop technology. MDA's target is to derive 70% of its revenues from export markets, replacing MDA's reliance on Canadian government funding. The Canadian business is higher than the target, in part because of MDA's entry into several new market niches. MDA is developing export markets for such business.

The following table presents the source of MDA's gross revenues by region during the last three fiscal years:

<TABLE>

<CAPTION>

Gross
Revenues

Country	1993	1994	1995
<S>	<C>	<C>	<C>
Canada	52%	64%	56%
Asia	25%	19%	11%
Europe	11%	9%	18%

Australia	4%	4%	3%
South America	1%	-	-
United States	1%	2%	6%
Other	6%	2%	6%
Total	100%	100%	100%

</TABLE>

MDA's sales cycle varies from as short as three weeks for communications consulting projects to as long as two or three years for certain defence and ground station projects. Where required MDA has the capability to provide customer financing through various agencies, including Canada's Export Development Corporation and the Asian Development Bank.

MDA has established sales and engineering offices worldwide to serve key geographic locations. These offices are presently located in Canada, the United States, England, Malaysia and Australia. In several other countries MDA has developed a network of in-country agents to provide necessary assistance to sales teams and to provide long-term customer support. PSC, which is operated as a division of MDA, has its headquarters in Ottawa, Ontario, and has branch offices in Ontario, British Columbia, the United States, England and Australia.

Competition

MDA participates in various technological and geographical markets. No one competitor is considered dominant in these markets and MDA knows of no competitor which competes across its entire span of technological expertise and markets. MDA may compete against or team with the same company, depending on the nature of each project opportunity.

In the Geo-Information Systems business area, MDA faces competition from Datron Systems Inc. and Hughes-STX Corp. of the United States. Competition in airborne radar systems includes Loral Corp. (USA) and Thomson CSF (France). In the field of land, resource and environmental management systems, MDA faces a variety of competitors including MBB Dornier (Germany) and Intergraph Corp. (USA).

Competition in the Aviation Systems markets is broad. Major competitors include Siemens Plessey (Germany), Alenia S.p.A. (Italy) and Thomson CSF (France).

In the Space and Defence Systems market, MDA's competitive strategy is to take part in a consortium, when appropriate, in order to participate in all of the major Canadian programs within MDA's particular areas of expertise. Competitors and consortium partners vary according to the specific program, but typically include Computing Devices Canada, CAE Inc. and Paramax Systems Canada.

PSC's consulting business has many small competitors, while its training business competition is limited to a few companies

licensed by equipment manufacturers.

Research and Development

The majority of systems developed by MDA are large, highly interactive and on the leading edge of technology. MDA devotes significant resources to research and development because it is a critical element in the maintenance of MDA's edge in a highly competitive and rapidly changing worldwide market. MDA's strategy is to conduct most research and development through commercial contracts with customers providing the funding, while maintaining the rights to use and exploit the technology. Where full customer funding is not sufficient, MDA uses its own funds and solicits assistance from various Canadian Government agencies. A large percentage of MDA's customer-funded research is contracted from government agencies, particularly the Government of Canada which encourages research activity and the development of new systems for export around the world.

MDA's net research and development expenditures for the fiscal years ended 1993, 1994 and 1995 were \$4.4 million, \$3.4 million and \$2.4 million, respectively. These amounts exclude customer-funded research and development and government assistance of \$28.8 million, \$30.2 million and \$31.7 million in 1993, 1994 and 1995, respectively.

Patents and Licenses

MDA seeks to protect its proprietary information and technology under applicable intellectual property laws. For work that is not patentable, contractual provisions, non-disclosure agreements, copyright and secrecy laws are all used to protect MDA's proprietary information and technology.

Where software is sold to a customer under contract, rights to any proprietary software used, but developed outside the contract, are restricted. MDA seeks to retain, to the greatest extent possible, rights to use the software developed under the contract.

Where MDA develops systems and software under development contracts with the Government of Canada or by utilizing funds provided in the form of government assistance, the Government of Canada retains the ownership rights to the products developed and in return licenses the technology to the developer. These licenses are sole licenses which, in practice, give the use of the technology only to the developer of the technology. Where systems and software are developed under development contracts with other governments, however, MDA seeks to retain all rights to ownership and use of the technology developed.

Personnel

A key factor in MDA's success has been the ability to recruit and retain the highly qualified people it needs to be successful in

the diverse and rapidly evolving markets in which it competes. As at March 31, 1995, MDA employed 916 people, the majority of whom hold university or college degrees. MDA has no unionized employees and believes its relations with its employees are good.

Properties

MDA's head office, located at 13800 Commerce Parkway, Richmond, British Columbia, is comprised of approximately 182,000 square feet and is leased until January 2004. A second Richmond office, located at 13571 Commerce Parkway, is comprised of approximately 30,000 square feet and is leased until February 2003. MDA also leases space in Ottawa, Ontario and Kuala Lumpur, Malaysia, and its subsidiaries lease space for their operations in each of Boulder, Colorado; Farnham, England; and Sydney, Australia. The PSC division is headquartered in Ottawa, Ontario and has offices in Toronto, Ontario; Richmond, British Columbia; McLean, Virginia; Bristol, England; and Sydney, Australia.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations for the Quarter ended June 30, 1995 and Quarter Ended June 30, 1994

For the first quarter ended June 30, 1995, consolidated gross revenues declined to \$23.6 million, from \$27.6 million for the 1994 quarter. The decline in revenue is primarily due to delays in certain satellite launches that impact demand for Earth information systems. MDA believes that revenues will increase through the end of its 1996 fiscal year based on the current schedule of upcoming optical and radar satellite launches.

Despite the drop in revenues for the quarter ended June 30, 1995, net earnings remained constant for the June 30, 1995 and 1994 quarters at \$0.09 per MDA Common Share. The earnings for the June 30, 1994 quarter were affected by several low margin development projects that have since been completed.

Other income consists primarily of interest income on term deposits, bank balances and a lease receivable with RSI. Interest income increased from \$115,000 in the first quarter ended June 30, 1994 to \$232,000 in the 1995 quarter, primarily due to an approximate \$9 million increase in average cash balances.

The acquisition of The PSC Communications Group Inc. in April 1994 was partially funded by debt, which is reflected in the net increase in long-term debt of \$3.9 million for the quarter ended June 30, 1994.

Results of Operations for the Fiscal Years ended March 31, 1995 and 1994

Consolidated gross revenue increased by 8.4% over the previous

year. Fiscal year 1995 includes \$13.9 million of revenue from MDA's newly acquired Communications business area. Geo-Information Systems revenues declined from \$59.3 million in fiscal 1994 to \$48.8 million in fiscal 1995. An important part of this unit's business is the construction and upgrade of ground-based Earth observation centres. The revenue decline is attributable mainly to a temporary lull in the launching of new Earth observation satellites and the 1994 launch failure of the Landsat-6 satellite, which delayed several customers' programs.

Cost of sales, consisting of labour, the purchase of deliverable equipment and the engagement of subcontractors, rose by 6.3%, from approximately \$75.3 million in fiscal 1994 to \$80.1 million in fiscal 1995. In fiscal 1995, equipment and subcontracting costs declined as a percentage of revenue. Labour costs were higher primarily due to the acquisition of PSC, whose cost of sales is comprised mainly of labour, and a one-time labour expense to deliver a UNIX based system for MDA's Earth-imaging technology.

Research and development expenditures, before allowing for government assistance, were \$4.7 million in fiscal 1995, up 9.9% from \$4.3 million in fiscal 1994. MDA received government assistance for research and development of \$2.3 million in fiscal 1995, bringing the net expenditure to \$2.4 million. That compared with net expenditures of \$3.4 million in fiscal 1994. In addition to the internally funded expenditures, customer-funded research and development, pursuant to which MDA conducts most of its research and development, was \$29.3 million in fiscal 1995, unchanged from fiscal 1994. In most cases, MDA has the right to exploit the technology that results from this customer-funded research and development.

General and administrative expenditures were \$7.8 million in fiscal 1995, up from \$6.7 million in fiscal 1994. This increase includes \$1.6 million attributable to the acquisition of PSC, which has a slightly higher general and administrative component than MDA's traditional business. General and administrative expenditures for the traditional business declined by 7.5% in fiscal 1995.

The effective rate of income tax for MDA was 46.9% in 1995, compared with 44.0% in 1994. This increase is primarily due to certain losses on foreign operations which MDA was unable to take advantage of in fiscal 1995 but which can be carried forward and used in the future, if these foreign operations become profitable. These foreign losses are substantially due to start-up operations in Australia and Britain.

Cash from operations was \$4.2 million in fiscal 1995, down from \$16.3 million a year earlier. This change is largely attributable to prepayment in fiscal 1994 for work to be performed in fiscal 1995 and the recognition of revenue on the percentage of completion basis. MDA does not recognize advance prepayments on work as revenue until the work is done. In fiscal

1995, MDA worked off advance payments that had been received in fiscal 1994.

Capital expenditures, primarily required to support growth in the number of employees and replacement of existing computing infrastructure, totalled \$3.9 million in 1995 compared with \$3.6 million in fiscal 1994. On April 6, 1994, MDA acquired 100% of PSC for \$6.3 million. The acquisition was funded by cash reserves and a term bank loan.

Gross order backlog at March 31, 1995 was \$112 million, compared to \$136 million at March 31, 1994. The backlog has been higher in the recent past due to the simultaneous booking of some large multi-year programs. But at about one year's revenue, the backlog is typical for MDA's industry. In addition, with the acquisition of PSC and with changes in certain market niches, MDA is less reliant on traditional, long-term delivery contracts than it once was.

As at the end of the 1995 fiscal year, MDA's bankers have issued letters of guarantee to certain customers of MDA in the amount of \$9,459,000 of which \$2,438,000 is guaranteed by the Federal Government of Canada. If MDA fails to perform as agreed with these customers and if the letters of guarantee are called, the \$7,021,000 due to MDA's bankers would be secured by an existing general assignment of book debts and assignment of raw materials, work in progress and finished goods. Inventories relating to contracts with the Government of Canada are excluded from the assignment. The Federal Government of Canada is secured under a general recourse agreement, which ranks second to the charge held by MDA's bankers. A letter of guarantee has never been drawn against with respect to any project.

Results of Operations for the Fiscal Years ended March 31, 1994 and 1993

Consolidated gross revenues increased by 19.1%, from approximately \$85.2 million in fiscal 1993 to \$101.4 million in fiscal 1994. Operating costs increased by 18.9% in fiscal 1994, slightly below the increase in revenues for the corresponding 1993 period. Internally funded research and development, net of government assistance, decreased from \$4.4 million in fiscal 1993 to \$3.4 million in fiscal 1994. Research and development decreased as the Geo-Information Systems business area substantially completed the development phase of its ground station upgrade program in fiscal 1993.

Operating earnings increased to \$5.3 million in fiscal 1994 from \$4.3 million in fiscal 1993, an increase of 22%. Other income decreased from \$634,000 in fiscal 1993 to \$532,000 in fiscal 1994. The decrease in interest income due to lower interest rates is partially offset by interest income earned on the 10% lease receivable with RSI.

Net cash provided by operations reached \$16.3 million in fiscal

1994, compared with \$0.5 million in fiscal 1993. Deferred revenue was a major reason for this change, increasing by \$12.0 million. Deferred revenue represents amounts invoiced to customers in excess of revenue earned. Capital expenditures amounted to \$3.6 million in 1994.

Directors and Officers

The following table sets forth the directors and officers of MDA, their municipality of residence, their principal occupations, the year when they became directors and the number of MDA Common Shares and MDA Options held by them. Following the Effective Date, Orbital expects to appoint new directors to the MDA Board.

<TABLE>
<CAPTION>

Name and Residence	Office	Director Since	Principal Occupation if Different than Office Held	No. of MDA Common Shares or MDA Options Held
<C> J. Brian Aune Westmount, Quebec	<C> Director	<C> 1986	<C> Chairman, St. James Financial Corporation (Private investment company)	<C> Nil
Winslow W. Bennett* Vancouver, B.C.	Director	1982	President, Winwood Holdings Ltd. (Private investment company)	202,000 shares
Michael J. Brown* West Vancouver, B.C.	Director	1982	President, Ventures West Management Inc. (Venture capital management)	100 shares
Mark H. Leonard Toronto, Ontario	Director	1990	Senior Vice-President, Ventures West Management Inc. (Venture capital management)	Nil
C. Calvert Knudsen* Seattle, Washington, U.S.A.	Director	1988	Director, MacMillan Bloedel Limited, formerly Chairman and Chief Executive	50,000 shares

Officer of
MacMillan Bloedel
(Integrated
forest products
company)

John S. MacDonald Vancouver, B.C.	Director, Chairman of the Board	1969	1,110,449 shares 1,994 options (1)
John W. Pitts* Vancouver, B.C.	Director, Deputy Chairman	1982	1,154,314 shares 2,341 options (1)
Daniel E. Friedmann Vancouver, B.C.	Director, President and Chief Executive Officer	1992	77,041 shares 161,467 options (1)
Mark Dostie Vancouver, B.C.	Director, Engineer	1995	5 shares
David N. Caddey Delta, B.C.	Vice- President, Space & Defence Systems		11,346 shares 81,700 options (1)
Bernard S. Clark Delta, B.C.	Vice- President, Geo- Information Systems		15,165 shares 80,660 options (1)
Robert B. Wallis Surrey, B.C.	Vice- President, Aviation Systems, Chief Financial Officer and Secretary		15,002 shares 82,584 options (1)
Gordon D. Thiessen Richmond, B.C.	Controller and Assistant Secretary		3,029 shares 10,816 options (1)
John S. Rybinski Vancouver, B.C.	Treasurer		9,315 shares
Elizabeth J. Harrison, Q.C.	Assistant Secretary	Partner, Farris, Vaughan, Wills &	Nil

</TABLE>

* Member of Audit Committee

Note:

(1) The outstanding MDA Options are exercisable at varying times at prices ranging from \$0.90 to \$3.75 per MDA Common Share.

All of the directors of MDA have been engaged for the last five years in their present principal occupation or in another capacity with the firms identified opposite their names or related firms, with the exception of J. Brian Aune. Prior to November 1990, Mr. Aune was Chairman and Chief Executive Officer of Nesbitt Thomson Inc., an investment dealer. MDA's Board does not have an executive committee.

Description of Share Capital

The authorized share capital of MDA consists of an unlimited number of MDA Common Shares, 205,000 Class A Preference Shares and 27,000 Class B Preference Shares. As at the date hereof, there are no Class A or Class B Preference Shares outstanding. The MDA Common Shares are without par value and rank equally as to dividends and participation in assets in the event of liquidation, dissolution or winding up. The holders of MDA Common Shares are entitled to one vote for each share held at general meetings of MDA. Following completion of the Arrangement, Acquisition will be the sole shareholder of MDA.

Dividend Record and Dividend Policy

MDA paid a dividend of \$1.00 per MDA Common Share, totalling \$10,965,000, on July 30, 1992. No dividends have been paid since that date. It is MDA's general policy to retain its earnings for use in its business and not to pay cash dividends.

Executive Compensation

Summary Compensation Table

The following table sets forth the summary of compensation of the Chief Executive Officer and the four named executive officers of MDA and its subsidiaries for the fiscal years ended March 31, 1994 and 1995:

<TABLE>

<CAPTION>

	Long-Term Compensation Awards	All Other Compensa- tion
Annual Compensation		

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (1)	Securities Under Options Granted (3)	\$ (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Daniel E. Friedmann President & C.E.O. (3)	1995	208,000	---	---	35,000	7,342
Vice President & C.O.O	1994	202,000	---	---	30,000	7,352
John W. Pitts (3) Deputy Chairman	1995	216,000	---	---	---	7,373
President & C.E.O.	1994	216,000	---	---	---	7,379
John S. MacDonald Chairman	1995	186,760	11,560	---	---	7,270
	1994	184,690	10,600		---	7,269
Bernard S. Clark Vice President	1995	113,600	20,499	---	20,000	7,050
Geo-Information Systems	1994	108,933	30,947	---	20,000	9,521
Robert B. Wallis Chief Financial Officer	1995	110,200	20,000	---	20,000	6,139
Vice-President, Aviation Systems						
Vice President Chief Financial Officer	1994	107,369	10,000	---	20,000	6,139
David N. Caddey Vice President	1995	108,600	17,233	---	20,000	7,044
Space & Defence Systems	1994	107,400	29,965	---	20,000	7,050

</TABLE>

Notes:

- (1) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total of the annual salary and bonus of the named executive officer for the financial year.
- (2) Includes amounts paid pursuant to contributions to designated retirement savings plan.
- (3) John W. Pitts served as President and Chief Executive Officer until March 15, 1995. Daniel E. Friedmann served as Executive Vice President and Chief Operating Officer until he was appointed President and Chief Executive Officer on March 15, 1995.

Long-Term Incentive Plan Compensation

MDA provides long-term incentive compensation to key employees, including executive officers, in the form of options granted

under the Key Employee Share Option Plan ("KESOP") and predecessor plans, whereby options to purchase MDA Common Shares are granted.

The following table set forth individual grants of options under the KESOP during the fiscal year ended March 31, 1995, to the named executive officers:

Options Granted During the Financial Year Ended March 31, 1995

<TABLE>
<CAPTION>

Name	Securities Under Options Granted (#) (1)	% of Total Options Granted to Employees in Financial Year	Exercise of Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
<S>	<C>	<C>	<C>	<C>	<C>
Daniel E. Friedmann	35,000	14%	3.75	3.75	March 31, 2001
Bernard S. Clark	20,000	8%	3.75	3.75	March 31, 2001
Robert B. Wallis	20,000	8%	3.75	3.75	March 31, 2001
David N. Caddey	20,000	8%	3.75	3.75	March 31, 2001

</TABLE>

Note:

(1) The first 20% of the MDA Common Shares under option vest immediately and the remaining options vest over the four succeeding anniversary dates of the day of grant.

The following table sets forth each exercise of options during the fiscal year ended March 31, 1995 by the named executive officers:

Aggregate Options Exercised During the Financial Year Ended March 31, 1995 and Financial Year-End Option Values

<TABLE>
<CAPTION>

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at FY-End (#)	Value of Unexercised in the Money Options at FY-End(\$)		
				Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Daniel E. Friedmann	---	---	81,760	40,000	302,512	148,000
Bernard S. Clark	---	---	35,400	24,000	130,980	88,800

Robert B. Wallis	---	---	37,500	24,000	138,750	88,800
David N. Caddey	---	---	39,700	24,000	146,870	88,800

</TABLE>

Pensions

MDA does not maintain any pension plans for its executive officers. MDA makes contributions on behalf of all of its employees, as part of their compensation, for registered retirement savings plans ("RRSP") equal to the contributions made by each employee to their RRSP up to a maximum of 5% of that person's base salary.

Auditors

MDA's auditors are KPMG Peat Marwick Thorne, 777 Dunsmuir Street, Vancouver, British Columbia V7Y 1K3.

Registrar and Transfer Agent

Montreal Trust Company, at its principal offices in Vancouver and Toronto, is the registrar and transfer agent for the MDA Common Shares.

Stock Exchange Listings

The MDA Common Shares are listed on the TSE and the VSE and trade under the symbol "MDA".

COMPARISON OF SHAREHOLDERS' RIGHTS

Former MDA Shareholders will, at the Effective Date, own Exchangeable Shares that are exchangeable for Orbital Common Shares. Pursuant to the Voting and Exchange Trust Agreement the Trustee may, at the direction of the holders of the Exchangeable Shares, exercise votes equivalent to those of Orbital Common Shares. At the Effective Date, Acquisition will be a reporting issuer under the laws of the province of British Columbia, Ontario and certain other provinces.

While the rights and privileges of stockholders of a Delaware corporation such as Orbital are, in many instances, comparable to those of shareholders of a corporation under the CBCA, such as MDA and Acquisition, there are certain differences. The following is a summary of the material differences between the rights of holders of MDA Common Shares, the rights of holders of Exchangeable Shares, and the rights of holders of Orbital Common Shares. These differences arise from differences between United States and Canadian securities laws, between the DGCL and the CBCA, and between the MDA articles and by-laws (the "MDA Articles" and the "MDA By-Laws," respectively), Acquisition's articles (the "Acquisition Articles") and by-laws (the "Acquisition By-laws") as proposed to be amended in connection

with the Arrangement and the Orbital Restated Certificate and by-laws (the "Orbital By-Laws"). For a description of the respective rights of the holders of MDA Common Shares and Orbital Common Shares, see, respectively, "Information Concerning MDA - Share Capital Structure" and "Information Concerning Orbital - Description of Capital."

Extraordinary Transactions - Vote Required

Under the CBCA, certain extraordinary corporate actions, such as certain amalgamations, continuances, sales, leases or exchanges of all the assets of a corporation other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations, dissolutions and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a class or series of shares.

The DGCL requires the affirmative vote of a majority of the outstanding stock entitled to vote thereon to authorize any merger, consolidation, dissolution or sale of substantially all of the assets of a corporation, except that, unless required by its certificate of incorporation, no authorizing stockholder vote is required of a corporation surviving a merger if (a) such corporation's certificate of incorporation is not amended in any respect by the merger, (b) each share of stock of such corporation outstanding immediately prior to the effective date of the merger will be an identical outstanding or treasury share of the surviving corporation after the effective date of the merger, and (c) the number of shares to be issued in the merger plus those initially issued upon conversion of any other securities to be issued in the merger do not exceed 20% of such corporation's outstanding common stock immediately prior to the effective date of the merger. Stockholder approval is also not required under the DGCL for mergers or consolidations in which a parent corporation merges or consolidates with a subsidiary of which it owns at least 90% of the outstanding shares of each class of stock. The Orbital Restated Certificate does not require a greater percentage vote for such actions except with respect to certain business combinations. See "Anti-takeover Provisions and Interested Stockholder Transactions."

Such matters as take-over bids, issuer bids or self tenders, going-private transactions and transactions with directors, officers, significant shareholders and other related parties to which Acquisition is a party will be subject to regulation by Canadian provincial securities legislation and administrative policies of Canadian securities administrators. Similar matters to which Orbital is a party will be subject to regulation under United States securities laws, regulations and policies.

Orbital's Restated Certificate contains a provision that requires the holders of two-thirds of Orbital's voting power, voting as a single class, to approve a merger or certain other business transactions ("Business Combination") between Orbital and a holder of more than 5% of Orbital's outstanding voting stock or any such holder's affiliates or associates ("Related Person"). Stockholder approval is not required if the "fair price provision" (as defined therein) is satisfied or if two-thirds of the "Continuing Directors" (as defined therein) (i) expressly approve in advance the acquisition of stock that caused the Related Person to become a Related Person and expressly decide in advance of such acquisition that the approval of two-thirds of the holders of the outstanding shares of voting stock is not required, or (ii) approve the Business Combination. Generally, the "fair price provision" will have been satisfied if the price received by the holders of shares of Orbital Common Shares or other class of voting stock is not less than the highest price paid by the Related Person when acquiring any of its Orbital Common Shares or other class of voting stock, as applicable, within the two-year period preceding the earlier of the date of the Business Combination or the date of the first public announcement of the Business Combination.

Amendment to Governing Documents

Under the CBCA, any amendment to the articles generally requires the approval by special resolution, which is a resolution passed by a majority of not less than two-thirds of the votes cast by shareholders who voted in respect of that resolution. Under the CBCA, unless the articles or by-laws otherwise provide, the directors may, by resolution, make, amend or repeal any by-law that regulates the business or affairs of a corporation. Where the directors make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution, which is a resolution passed by a majority of the votes cast by the shareholders who voted in respect of the resolution.

The DGCL requires a vote of the corporation's board of directors followed by the affirmative vote of a majority of the outstanding stock of each class entitled to vote for any amendment to the certificate of incorporation, unless a greater level of approval is required by the certificate of incorporation. The Orbital Restated Certificate provides that any amendment that relates to (i) a director's liability to Orbital or its stockholders, (ii) indemnification of directors, (iii) classification of the board of directors or election or removal of directors, (iv) voting requirements for approval of certain mergers, consolidations and other business combinations, or (v) voting requirements for amendment of any supermajority voting provisions, must be approved by the affirmative vote of the holders of not less than two-thirds of the outstanding shares entitled to vote for the election of directors. The DGCL provides that if an amendment

alters the powers, preferences or special rights of a particular class or series of stock so as to affect them adversely, that class or series shall be given the power to vote as a class notwithstanding the absence of any specifically enumerated power in the certificate of incorporation. The Orbital Series A Preferred Share which will be issued in connection with the Arrangement has special voting powers. See "The Arrangement - Description of Exchangeable Shares - Voting Rights."

The DGCL also states that the power to adopt, amend or repeal the by-laws of a corporation shall be in the stockholders entitled to vote, provided that the corporation in its certificate of incorporation may confer such power on the board of directors in addition to the stockholders. Under the Orbital Restated Certificate the board of directors has been granted this power. The Orbital By-laws are subject to adoption, amendment, repeal or rescission by a majority of the authorized number of directors, subject to the right of the stockholders entitled to vote with respect thereto to alter and repeal by-laws adopted by the board of directors.

Dissent Rights

The CBCA provides that shareholders of a CBCA corporation entitled to vote on certain matters are entitled to exercise dissent rights and to be paid the fair value of their shares in connection therewith. The CBCA does not distinguish for this purpose between listed and unlisted shares. Such matters include (a) any amalgamation with another corporation (other than with certain affiliated corporations); (b) an amendment to the corporation's articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares; (c) an amendment to the corporation's articles to add, change or remove any restriction on the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise; (d) a continuance under the laws of another jurisdiction; (e) a sale, lease or exchange of all or substantially all the property of the corporation other than in the ordinary course of business; (f) a court order permitting a shareholder to dissent in connection with an application to the court for an order approving an arrangement proposed by the corporation; or (g) certain amendments to the articles of a corporation which require a separate class or series vote, provided that a shareholder is not entitled to dissent if an amendment to the articles is effected by a court order approving a reorganization or by a court order made in connection with an action for an oppression remedy. Under the CBCA, a shareholder may, in addition to exercising dissent rights, seek an oppression remedy for any act or omission of a corporation which is oppressive, unfairly prejudicial to or that unfairly disregards a shareholder's interest.

Under the DGCL, holders of shares of any class or series have the right, in certain circumstances, to dissent from a merger or consolidation by demanding payment in cash for their shares equal

to the fair value (excluding any appreciation or depreciation as a consequence, or in expectation, of the transaction) of such shares, as determined by agreement with the corporation or by an independent appraiser appointed by a court in an action timely brought by the corporation or the dissenters. The DGCL grants dissenters' appraisal rights only in the case of mergers or consolidations and not in the case of a sale or transfer of assets or a purchase of assets for stock regardless of the number of shares being issued. Further, no appraisal rights are available for shares of any class or series listed on a national securities exchange or designated as a national market system security on the NASDAQ or held of record by more than 2,000 stockholders, unless the agreement of merger or consolidation converts such shares into anything other than (a) stock of the surviving corporation, (b) stock of another corporation which is either listed on a national securities exchange or designated as a national market system security on the NASDAQ or held of record by more than 2,000 stockholders, (c) cash in lieu of fractional shares, or (d) some combination of the above. In addition, such rights are not available for any shares of the surviving corporation if the merger did not require the vote of the stockholders of the surviving corporation.

Oppression Remedy

The CBCA provides an oppression remedy that enables the court to make any order, both interim and final, to rectify the matters complained of, if the Director under the CBCA is satisfied upon application by a complainant (as defined below) that: (i) any act or omission of the corporation or an affiliate effects a result; (ii) the business or affairs of the corporation or an affiliate are or have been carried on or conducted in a manner; or (iii) the powers of the directors of the corporation or an affiliate are, have been or are threatened to be exercised in a manner that, in any of the foregoing cases, is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of any security holder, creditor, director or officer of the corporation. A complainant includes: (a) a present or former registered holder or beneficial owner of securities of a corporation or any of its affiliates; (b) a present or former officer or director of the corporation or any of its affiliates; (c) the Director under the CBCA; and (d) any other person who in the discretion of the court is a proper person to make such application.

Because of the breadth of the conduct which can be complained of and the scope of the court's remedial powers, the oppression remedy is very flexible and is frequently relied upon to safeguard the interests of shareholders and other complainants with a substantial interest in the corporation. Under the CBCA, it is not necessary to prove that the directors of a corporation acted in bad faith in order to seek an oppression remedy. Furthermore, the court may order the corporation to pay the interim expenses of a complainant seeking an oppression remedy, but the complainant may be held accountable for such interim

costs on final disposition of the complaint (as in the case of a derivative action). The DGCL does not provide for a similar remedy.

Derivative Action

Derivative actions may be brought in Delaware by a stockholder on behalf of, and for the benefit of, the corporation. The DGCL provides that a stockholder must aver in the complaint that he or she was a stockholder of the corporation at the time of the transaction of which he or she complains. A stockholder may not sue derivatively unless he or she first makes demand on the corporation that it bring suit and such demand has been refused, unless it is shown that such demand would have been futile.

Under the CBCA, a complainant may apply to the court for leave to bring an action in the name of and on behalf of a corporation or any subsidiary, or to intervene in an existing action to which any such body corporate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the body corporate. Under the CBCA, no action may be brought and no intervention in an action may be made unless the court is satisfied that (a) the complainant has given reasonable notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; (b) the complainant is acting in good faith; and (c) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued. A complainant is not required to give security for costs in a derivative action.

Shareholder Consent in Lieu of Meeting

Under the DGCL, unless otherwise provided in the certificate of incorporation, any action required to be taken or which may be taken at an annual or special meeting of stockholders may be taken without a meeting if a consent in writing is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all shares entitled to vote were present and voted. The Orbital Restated Certificate does not permit any action to be taken by written consent. Under the CBCA, shareholder action without a meeting may only be taken by written resolution signed by all shareholders who would be entitled to vote thereon at a meeting.

Director Qualifications

A majority of the directors of a CBCA corporation generally must be resident Canadians. The CBCA also requires that a corporation whose securities are publicly traded must have not fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates. The DGCL does

not have comparable requirements.

Fiduciary Duties of Directors

Directors of corporations incorporated or organized under the CBCA and the DGCL have fiduciary obligations to the corporation and its shareholders. Pursuant to these fiduciary obligations, the directors must act in accordance with the so-called duties of "due care" and "loyalty." Under the DGCL, the duty of care requires that the directors act in an informed and deliberative manner and inform themselves, prior to making a business decision, of all material information available to them. The duty of loyalty may be summarized as the duty to act in good faith, not out of self-interest, and in a manner which the directors reasonably believe to be in the best interests of the stockholders.

Pursuant to section 122 of the CBCA, the duty of loyalty requires directors of a CBCA corporation to act honestly and in good faith with a view to the best interests of the corporation, and the duty of care requires that the directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Indemnification of Officers and Directors

Under the CBCA and pursuant to the MDA By-Laws and the Acquisition By-Laws, MDA and Acquisition may indemnify a director or officer, a former director or officer or a person who acts or acted at the corporation's request as a director or officer of a body corporate of which MDA or Acquisition, as the case may be, is or was a shareholder or creditor, and his or her heirs and legal representatives (an "Indemnifiable Person"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of MDA or Acquisition, as the case may be, or such body corporate, if: (a) he or she acted honestly and in good faith with a view to the best interests of MDA; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful. An Indemnifiable Person is entitled to such indemnity from the corporation if he or she was substantially successful on the merits in his or her defence of the action or proceeding and fulfilled the conditions set out in (a) and (b), above. A corporation may, with the approval of a court, also indemnify an Indemnifiable Person in respect of an action by or on behalf of the corporation or such body corporate to procure a judgment in its favour, to which such person is made a party by reason of being or having been a director or an officer of the corporation or body corporate, if he or she fulfils the conditions set out in (a) and (b), above.

The DGCL provides that a corporation may indemnify its present and former directors, officers, employees and agents (each an "indemnitee") against all reasonable expenses (including attorneys' fees) and, except in actions initiated by or in the right of the corporation, against all judgments, fines and amounts paid in settlement in actions brought against them, if such indemnitee acted in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The corporation shall indemnify an indemnitee to the extent that he or she is successful on the merits or otherwise in the defence of any claim, issue or matter associated with an action. The Orbital Restated Certificate provides for indemnification of directors or officers to the fullest extent permitted by the DGCL.

The DGCL allows for the advance payment of an indemnitee's expenses prior to the final disposition of an action, provided that the indemnitee undertakes to repay any such amount advanced if it is later determined that the indemnitee is not entitled to indemnification with regard to the action for which such expenses were advanced. The CBCA does not expressly provide for such advance payment.

Director Liability

The DGCL provides that the charter of the corporation may include a provision which limits or eliminates the liability of directors to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided such liability does not arise from certain proscribed conduct, including acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, breach of the duty of loyalty, the payment of unlawful dividends or expenditure of funds for unlawful stock purchases or redemptions or transactions from which such director derived an improper personal benefit. The Orbital Restated Certificate contains a provision limiting the liability of its directors to the fullest extent permitted by the DGCL. The CBCA does not permit any such limitation of a director's liability.

Anti-takeover Provisions and Interested Stockholder Transactions

The DGCL prohibits, in certain circumstances, a "business combination" between the corporation and an "interested stockholder" within three years of the stockholder becoming an "interested stockholder." An "interested stockholder" is a holder who, directly or indirectly, controls 15% or more of the outstanding voting stock or is an affiliate of the corporation and was the owner of 15% or more of the outstanding voting stock at any time within the prior three-year period. A "business combination" includes a merger or consolidation, a sale or other disposition of assets having an aggregate market value of 10% or more of the consolidated assets of the corporation or the

aggregate market value of the outstanding stock of the corporation and certain transactions that would increase the interested stockholder's proportionate share ownership in the corporation. This provision does not apply where: (i) either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the corporation's board of directors prior to the date the interested stockholder acquired such 15% interest; (ii) upon the consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the outstanding voting stock of the corporation excluding, for the purpose of determining the number of shares outstanding, shares held by persons who are directors and also officers and by employee stock plans in which participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered, (iii) the business combination is approved by a majority of the board of directors and the affirmative vote of two-thirds of the outstanding votes entitled to be cast by disinterested stockholders at an annual or special meeting; (iv) the corporation does not have a class of voting stock that is listed on a national securities exchange, authorized for quotation on an inter-dealer quotation system of a registered national securities association, or held of record by more than 2,000 stockholders unless any of the foregoing results from action taken, directly or indirectly, by an interested stockholder or from a transaction in which a person becomes an interested stockholder, or (v) the corporation has opted out of this provision. Orbital has not opted out of this provision.

The CBCA does not contain a comparable provision with respect to "business combinations" however policies of certain Canadian securities regulatory authorities, including Policy 9.1 of the Ontario Securities Commission ("Policy 9.1"), contain requirements in connection with related party transactions. A related party transaction means, generally, any transaction by which an issuer, directly or indirectly, acquires or transfers an asset or acquires or issues treasury securities or assumes or transfers a liability from or to, as the case may be, a related party by any means in any one transaction or any combination of transactions. "Related party" is defined in Policy 9.1 to include directors, senior officers and holders of at least 10% of the voting securities of the issuer.

Policy 9.1 requires more detailed disclosures in the proxy material sent to security holders in connection with a related party transaction. Where the value of the asset, treasury security or the principal amount of the liability, subject to the related party transactions exceeds 25% of the issuer's market capitalization, subject to certain exceptions, Policy 9.1 requires the preparation of a formal valuation of the subject matter of the related party transaction and any non-cash consideration offered therefor and the inclusion of a summary of the valuation in the proxy material. For related party transactions of such value, Policy 9.1 also requires, subject to

certain exemptions, that the minority shareholders of the issuer approve the transaction, by either a simple majority or two-thirds of the votes cast, depending upon the circumstances.

Shareholder Protection Rights Plan

MDA has a Shareholder Protection Rights Plan. The Shareholder Protection Rights Plan in certain specific circumstances, including the event of a hostile takeover bid being made for MDA, provides that each MDA Common Shareholder is entitled to acquire MDA Common Shares, or in certain circumstances common shares of the bidder, at a 50% discount from the then prevailing market price. The MDA Board has waived the provisions of the Shareholder Protection Rights Plan to permit the transactions contemplated by the Arrangement to be completed without triggering such provisions.

Orbital does not currently have a plan similar to the Shareholder Protection Rights Plan, although plans comparable to the Shareholder Protection Rights Plan are permitted by the DGCL and may be adopted by a board of directors without shareholder approval. Orbital may in the future adopt a shareholder rights plan.

DISSENTING RIGHTS

Pursuant to the Interim Order, MDA Shareholders and MDA 1988 Optionholders have been provided with the right to dissent from the Arrangement Resolution under and in compliance with section 190 of the CBCA and the Interim Order, reprinted in their entirety as Appendices "D" and "G", respectively to this Proxy Circular. The following summary is qualified in its entirety by the Interim Order and the provisions of section 190 of the CBCA.

Pursuant to the Interim Order, a MDA Shareholder who dissents from the Arrangement Resolution in compliance with section 190 of the CBCA and the Interim Order (a "Dissenting MDA Shareholder") will be entitled, in the event the Arrangement becomes effective, to be paid by MDA the fair value of the MDA Common Shares held by such Dissenting MDA Shareholder determined as of the close of business on the day before the Arrangement Resolution is adopted.

Pursuant to the Interim Order and the Plan of Arrangement, any MDA 1988 Optionholder who dissents from the Arrangement Resolution in accordance with section 190 of the CBCA and the Interim Order (a "Dissenting MDA 1988 Optionholder"), shall be deemed, pursuant to the Plan of Arrangement and the Interim Order, to have exercised the MDA 1988 Options with respect to which he or she is exercising the dissent. Such Dissenting MDA 1988 Optionholder, will be entitled, if the Arrangement becomes effective, to be paid the fair value of the MDA Common Shares deemed to have been issued upon exercise, set-off by the exercise price. The fair value shall be determined as of the close of business on the day before the Arrangement Resolution is adopted.

A MDA Shareholder or MDA 1988 Optionholder who wishes to dissent must send to MDA, no later than the termination of the Special Meeting (or any adjournment thereof), written objection to the Arrangement Resolution (a "Dissent Notice") and must not vote for the Arrangement Resolution. The filing of a Dissent Notice does not deprive a MDA Shareholder or a MDA 1988 Optionholder, as the case may be, of the right to vote. The CBCA does not provide, and MDA will not assume, that a vote against the Arrangement Resolution or an abstention constitutes a Dissent Notice but a MDA Shareholder or a MDA 1988 Optionholder need not vote his or her MDA Common Shares or the votes to be exercised with respect to his or her MDA 1988 Options against the Arrangement Resolution in order to dissent. Under the CBCA, there is no right of partial dissent and, accordingly, a Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder, as the case may be, may only dissent with respect to all MDA Common Shares or all MDA Common Shares to which he or she is entitled under all MDA 1988 Options, respectively, held by him or her on behalf of any one beneficial owner and which are registered in the name of the Dissenting MDA Shareholder or Dissenting MDA 1988 Optionholder, as the case may be.

MDA is required, within 10 days after the Arrangement Resolution is adopted, to notify each MDA Shareholder or MDA 1988 Optionholder or MDA 1988 Optionholder who has filed a Dissent Notice that the Arrangement Resolution has been adopted, but such notice is not required to be sent to any MDA Shareholder who voted for the Arrangement Resolution or who has withdrawn his or her Dissent Notice.

A Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder must then, within 20 days after receipt of notice that the Arrangement Resolution has been adopted or, if he or she does not receive such notice, within 20 days after he or she learns that the Arrangement Resolution has been adopted, send to MDA a written notice (a "Payment Demand") containing his or her name and address, the number of MDA Common Shares in respect of which he or she dissents, and a demand for payment of the fair value of such MDA Common Shares. Within 30 days after sending a Payment Demand, the Dissenting MDA Shareholder must send to the MDA transfer agent the certificates representing the MDA Common Shares in respect of which he or she dissents. A Dissenting MDA 1988 Optionholder shall be deemed to have sent those certificates to the MDA transfer agent by reason of the deemed exercise of the MDA 1988 Option. A Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder who fails to send to MDA, within the appropriate time frame, certificates representing the MDA Common Shares in respect of which he or she dissents, forfeits his or her right to make a claim in accordance with the provisions of section 190 of the CBCA. The MDA transfer agent will endorse on share certificates received from a Dissenting MDA Shareholder a notice that the holder is a Dissenting MDA Shareholder and will forthwith return the share certificates to the Dissenting MDA Shareholder.

On sending a Payment Demand to MDA, a Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder ceases to have any rights as a MDA Shareholder or MDA 1988 Optionholder, other than the right to be paid the fair value of his or her MDA Common Shares as determined under section 190 of the CBCA, except where:

- (a) the Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder withdraws his or her Payment Demand before MDA makes an offer to him or her pursuant to the CBCA;
- (b) MDA fails to make an offer as hereinafter described and the Dissenting MDA Shareholder or the Dissenting MDA 1988 Optionholder withdraws his or her Payment Demand; or
- (c) the Arrangement does not proceed;

in which case his or her rights as a MDA Shareholder or a MDA 1988 Optionholder, as the case may be, are reinstated as of the date he or she sent the Payment Demand.

MDA is required, not later than seven days after the later of the Effective Date or the date on which MDA received the Payment Demand of a Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder, as the case may be, to send to each such dissenting person who has sent a Payment Demand a written offer to pay ("Offer to Pay") for his or her MDA Common Shares an amount considered by the MDA Board to be the fair value thereof, on the close of business on the day before the Arrangement Resolution is adopted, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay must be on the same terms. MDA must pay for the MDA Common Shares of a Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder within 10 days after an Offer to Pay made as aforesaid has been accepted by a Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder, but any such Offer to Pay lapses if MDA does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If MDA fails to make an Offer to Pay for a Dissenting MDA Shareholder's or a Dissenting MDA 1988 Optionholder's MDA Common Shares, or if a Dissenting MDA Shareholder or a Dissenting MDA 1988 Optionholder fails to accept an Offer to Pay which has been made, MDA may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court having jurisdiction in the place where MDA has its registered office or in the Province where such Dissenting MDA Shareholder or Dissenting MDA 1988 Optionholder resides if MDA carries on business in that province, to fix a fair value for the MDA Common Shares of Dissenting MDA Shareholders or Dissenting MDA 1988 Optionholders. If MDA fails to apply to a court within such period, a Dissenting MDA Shareholder or Dissenting MDA 1988 Optionholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A Dissenting MDA Shareholder or Dissenting MDA

1988 Optionholder is not required to give security for costs in such an application.

Upon an application to a court, all Dissenting MDA Shareholders and all Dissenting MDA 1988 Optionholders whose MDA Common Shares have not been purchased by MDA will be joined as parties and bound by the decision of the court, and MDA will be required to notify each affected Dissenting MDA Shareholder and Dissenting MDA 1988 Optionholder of the date, place and consequences of the application and of his or her right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any other Dissenting MDA Shareholder or Dissenting MDA 1988 Optionholder should be joined as a party, and the court will then fix a fair value for the MDA Common Shares of all Dissenting MDA Shareholders or Dissenting MDA 1988 Optionholders who have not accepted an Offer to Pay. The final order of a court will be rendered against MDA in favour of each such Dissenting MDA Shareholder and Dissenting MDA 1988 Optionholder and for the amount of the fair value of his or her MDA Common Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting MDA Shareholder and Dissenting MDA 1988 Optionholder from the Effective Date until the date of payment.

The above is only a summary of the dissenting shareholder provisions of the CBCA and the Interim Order, which are technical and complex. It is suggested that any MDA Shareholder or MDA 1988 Optionholder wishing to avail himself or herself of his or her rights under those provisions seek his or her own legal advice as failure to comply strictly with the provisions of the CBCA and the Interim Order may prejudice his or her right of dissent. For a general summary of certain income tax implications to a Dissenting MDA Shareholder, see "Income Tax Considerations to MDA Shareholders and Optionholders - Canadian Federal Income Tax Considerations - Dissenting MDA Shareholders, and "- Dissenting MDA 1988 Optionholders" and "- United States Federal Income Tax Considerations - Dissenting Persons."

AVAILABLE INFORMATION

Orbital is subject to the informational requirements of the 1934 Securities Exchange Act, and in accordance therewith files reports and other information with the SEC. Such reports and other information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's Regional Offices at Seven World Trade Center, 13th Floor, New York, New York 10048 and Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material also can be obtained from the Public Reference Section of the SEC, Washington, D.C. 20549 at prescribed rates. In addition, material filed by Orbital can be inspected at the offices of The Nasdaq Stock Market, Reports Section, 1735 K

Street N.W., Washington, D.C., 20006.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Farris, Vaughan, Wills & Murphy, Vancouver and Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York on behalf of MDA and by Ropes & Gray, Boston, Massachusetts and Davies, Ward & Beck, Toronto on behalf of Orbital and Acquisition.

APPROVAL OF PROXY CIRCULAR BY MDA BOARD OF DIRECTORS

The contents of this Proxy Circular and the sending thereof to MDA Shareholders and MDA 1988 Optionholders has been approved by the MDA Board.

DATED at Richmond, British Columbia, this 6th day of October, 1995.

BY ORDER OF THE BOARD OF DIRECTORS

/S/ Robert B. Wallis

ROBERT B. WALLIS, Secretary

ACCOUNTANTS' CONSENT

The Board of Directors
Orbital Sciences Corporation

We consent to the incorporation by reference in the Registration Statement on Form S-8 dated August 31, 1995 of Orbital Sciences Corporation of our report dated May 25, 1995, except as to note 8(d) which is at September 29, 1995, with respect to the consolidated balance sheets of MacDonald, Dettwiler and Associates Ltd. as at March 31, 1995 and 1994, and the related consolidated statements of earnings, retained earnings and changes in financial position for each of the years in the three year period ended March 31, 1995, which report appears in the Form 8-K of Orbital Sciences Corporation dated October 19, 1995.

(Signed) KPMG Peat Marwick Thorne

Chartered Accountants

Vancouver, Canada
October 19, 1995