



FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES ENTERING INTO AN AMENDED CREDIT AGREEMENT AND EXTENSION OF PREVIOUSLY ANNOUNCED SUBORDINATED LOAN ARRANGEMENTS

TORONTO, December 21, 2012 /CNW/ - Magellan Aerospace Corporation ("**Magellan**" or the "**Corporation**") announces that it has amended its operating credit agreement with its existing lenders and has extended its subordinated loan financing with Edco Capital Corporation ("**Edco**") (which is wholly owned by N. Murray Edwards, Chairman of the Board of the Corporation) in order to provide revolving loan facilities for Magellan for a two year period, subject to annual extensions of such two year period.

Under the terms of the amended operating credit agreement, Magellan and the lenders have agreed that the maximum available under the operating credit facility will be amended to Cdn. \$115 million (down from Cdn. \$125 million) and U.S. \$35 million (down from U.S. \$50 million) and include a Cdn. \$50 million accordion provision which will provide Magellan with the option to increase the size of the operating credit facility to \$200 million. The maturity date of the facility will be extended to December 21, 2014 and will continue to be fully guaranteed by Mr. Edwards in consideration of the continued payment by the Corporation to Mr. Edwards of an annual fee payable monthly equal to 0.50% (down from current annual fee equal to 0.63%) of the loan amount. Extensions of the facility are subject to mutual consent of the syndicate of lenders and the Corporation and, in the case of the guarantee of the facility, to the consent of Mr. Edwards.

The terms of the amended operating credit facility permit Magellan to repay, in whole or in part, the secured subordinated loan outstanding as of September 30, 2012 in the principal amount of \$30 million from Edco (the "Edco Loan") provided there is no current default or event of default under the operating credit facility and after the repayment of the loan Magellan has at least \$25 million in availability under the operating credit facility.

In addition, the extension and restatement of the Edco Loan was completed. The Corporation has the right to repay the Edco Loan at any time without penalty. The Edco Loan was extended to January 1, 2015 in consideration of the payment of a fee to Edco equal to 0.75% of the principal amount outstanding on December 21, 2012.

The extension of the loan by Edco and the payment of the guarantee fee to Mr. Edwards constitutes related party transactions within the meaning of Multilateral Instrument 61-101. The extension of the loan is not subject to the formal valuation requirements and is exempt from the minority approval provisions as the transaction has no equity participation component and is on reasonable commercial terms that are not less advantageous to Magellan than if obtained from an arm's length person from Magellan. The amount to be paid to Mr. Edwards under the guarantee of the operating credit facility is an annual fee of 0.50% of the loan amount which is less than 25% of Magellan's market capitalization. The transactions were reviewed by and approved by the independent members of the Board of Directors in the absence of Mr. Edwards.

The transactions were agreed to by the parties and closed immediately in order to allow such transactions to be reflected in the year-end financial statements.

Magellan Aerospace Corporation is one of the world's most integrated and comprehensive aerospace industry suppliers. Magellan designs, engineers, and manufactures aeroengine and aerostructure assemblies and components for aerospace markets, advanced products for military and space markets, and complementary specialty products. Magellan is a public company whose shares trade on the Toronto Stock Exchange (TSX: MAL), with operating units throughout Canada, the United States, the United Kingdom and India.

Forward Looking Statements:

This press release contains information and statements of a forward-looking nature and is based on assumptions and uncertainties as well as on management's reasonable evaluation of future events. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond the Corporation's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements.

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