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NETWORK**

NEWS RELEASE

Magellan Aerospace Completes First F-35A Horizontal Tail Assembly

Winnipeg, Manitoba – December 13, 2012 - Magellan Aerospace announced today, it has completed the first F-35A Lightning II horizontal tail assembly at its Winnipeg manufacturing division. This achievement is a product of, and reflects investments made over a five year period, to develop state of the art facilities and processes necessary to perform the work. Magellan is under contract with BAE Systems to produce horizontal tail assemblies for the Conventional Take Off and Landing (CTOL) variant of F-35 and is expected to produce more than 1,000 sets of the components for the program over a 20-year period.

“This achievement represents far more than the completion of our first assembly for the program,” said Mr. James Butyniec, President and Chief Executive Officer of Magellan Aerospace. “It marks the culmination of Magellan’s aggressive investment in facilities, equipment, and processes that has preceded today’s event by more than five years. Magellan recognized that participation in the Joint Strike Fighter program would be strategic, creating opportunities supporting Magellan’s core expertise and elevating the skills of our workforce to the next level of advanced manufacturing.”

Magellan has achieved sales approaching \$100M Cdn. on the F-35 program to date. Canadian companies like Magellan Aerospace have had unprecedented competitive opportunities in this sophisticated international program since the inception of Canada’s participation in the Joint Strike Fighter program in 1997. This program milestone demonstrates that companies such as Magellan can be successful and competitive in the globalized aerospace supply chain that exists in the industry today.

About Magellan Aerospace:

Magellan Aerospace is one of the world’s most integrated 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, India, Northern Ireland, and Poland.

BAE Systems Involvement in the F-35 Programme:

BAE Systems brings military aircraft expertise that is key to the development and manufacture of the F-35 Lightning II. Along with being responsible for the design and delivery of the aft fuselage and empennage for each of the three F-35 variants, BAE Systems also plays a key role in other areas including vehicle and mission systems, life support system and prognostics health management integration. The Company also has significant work share in autonomous logistics and has a role in the Integrated Test Force in America including two BAE Systems pilots flight testing the F-35 as part of Team JSF.

Over the past ten years BAE Systems has made significant investment in the F-35 programme, including a new titanium machining facility which opened in 2010, a new office building and now the newly extended manufacturing facility. BAE Systems employs almost 2000 employees on the F-35 programme.

BAE Systems is teamed with Lockheed Martin and Northrop Grumman to deliver the F-35 Lightning II, which has a current requirement for 3000+ aircraft.

About the Strategic Aerospace and Defence Initiative:

Canada's Strategic Aerospace and Defence Initiative (SADI) supports industrial research and pre-competitive development projects in the aerospace, defence, space and security industries. The Government of Canada has invested \$827 million in the aerospace and defence industry through this initiative. These investments are expected to leverage an additional \$1.6 billion.

Forward Looking Statements:

This press release contains information and statements of a forward looking nature, including in relation to the estimated future revenues from an agreement over the next five years and timing of expected deliveries, and is based on a number of assumptions, including the continuing demand for the F-35 Lightning II aircraft, and is subject to a number of risks and uncertainties, including those associated with the economic recovery and general declines in defence spending, that are difficult to predict, and/or are beyond the Corporation's control. A number of important factors, including those set forth in the Corporation's Annual Information Form, could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements.

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