

MAGELLAN AEROSPACE CORPORATION

ANNUAL INFORMATION FORM

May 15, 2003

TABLE OF CONTENTS

| | |
|--|----|
| THE CORPORATION..... | 1 |
| GENERAL DEVELOPMENT OF THE BUSINESS | 2 |
| RECENT DEVELOPMENTS..... | 4 |
| DESCRIPTION OF THE BUSINESS | 4 |
| AEROSPACE INDUSTRY | 11 |
| SELECTED CONSOLIDATED FINANCIAL INFORMATION..... | 12 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 13 |
| MARKET FOR SECURITIES..... | 17 |
| DIRECTORS AND OFFICERS | 17 |
| ADDITIONAL INFORMATION..... | 19 |

ADVISORY

In the interest of providing the shareholders and potential investors of Magellan Aerospace Corporation ("Magellan" or the "Corporation") with information regarding the Corporation, including management's assessment of the Corporation's future plans and operations, this Annual Information Form contains forward-looking information that represents the Corporation's internal projections, expectations, estimates or beliefs concerning, among other things, future operating results and various components thereof or the Corporation's future economic performance. The projections, expectations, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties which may cause the Corporation's actual performance and financial results in future periods to differ materially from any projections, expectations, estimates and beliefs of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, such risk and uncertainties described in this Annual Information Form and in documents incorporated by reference into this Annual Information Form and the Corporation's other reports and filings with the Canadian securities authorities. Accordingly, shareholders and potential investors are cautioned that events or circumstances could cause actual results to differ materially from those predicted.

All dollars amounts in this Annual Information Form are expressed in Canadian dollars unless specifically designated to be in United States dollars.

THE CORPORATION

General

Magellan Aerospace Corporation ("Magellan" or the "Corporation") was incorporated on February 15, 1996 under the name 1169525 Ontario Inc. under the *Business Corporations Act* (Ontario). On April 3, 1996, as part of a statutory arrangement (the "Arrangement"), 1169525 Ontario Inc. changed its name to Fleet Aerospace Corporation. On October 17, 1996 the Corporation changed its name to Magellan Aerospace Corporation.

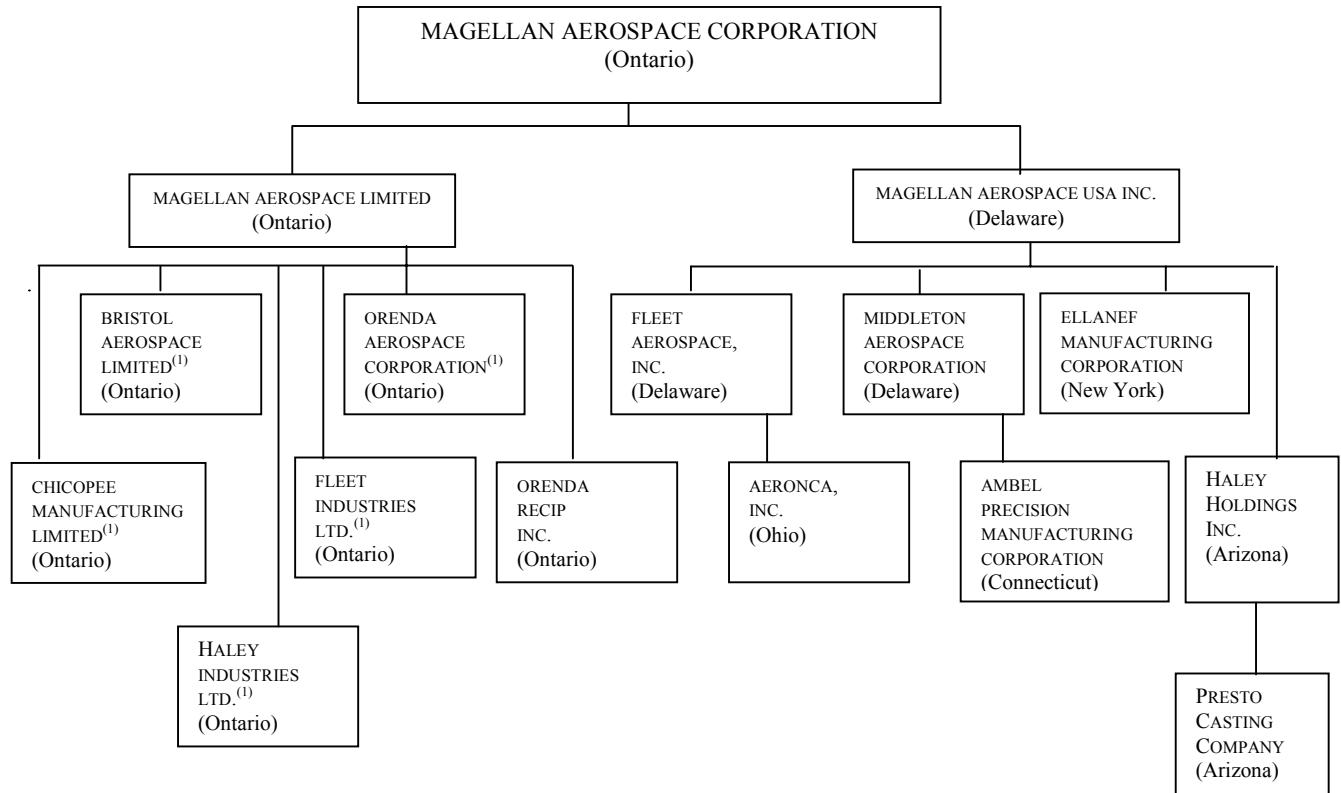
On the effective date of the Arrangement, Fleet Industries Ltd. (until that time the public company known as Fleet Aerospace Corporation) became a wholly-owned subsidiary of the Corporation (formerly a subsidiary of Fleet Industries Ltd. known as 1169525 Ontario Inc.) and holders of ordinary shares of Fleet Industries Ltd. became holders of Common Shares of the Corporation. On October 17, 1996 the Common Shares of the Corporation were consolidated on a one-for-five basis.

In Canada, the Corporation owns its aerospace businesses through its wholly-owned subsidiary, Magellan Aerospace Limited, which operates such businesses directly through its wholly-owned subsidiaries, Bristol Aerospace Limited, Orenda Aerospace Corporation, Fleet Industries Ltd., Haley Industries Limited and Chicopee Manufacturing Limited, and also owns and operates a portion of such business through its indirectly wholly-owned subsidiary, Orenda Recip Inc. In the United States, the Corporation owns and operates its aerospace business through its indirect subsidiaries, Fleet Aerospace, Inc., Aeronca, Inc., Ellanef Manufacturing Corporation, Middleton Aerospace Corporation, Magellan Aerospace Turbine Services LLC and AMBEL Precision Manufacturing Corporation and Presto Casting Company, all of which are direct or indirect subsidiaries of Magellan Aerospace USA, Inc. which is in turn a wholly-owned subsidiary of the Corporation. It is expected that any new businesses acquired by the Corporation will be operated as subsidiaries.

The Corporation's principal office is located at 3160 Derry Road East, Mississauga, Ontario, L4T 1A9.

Corporate Structure

The following chart shows Magellan's material active subsidiaries, all wholly-owned, directly or indirectly, and the respective jurisdiction of incorporation of each corporation, as at December 31, 2002.



(1) These corporations operate businesses owned by, and as agent on behalf of, Magellan Aerospace Limited.

GENERAL DEVELOPMENT OF THE BUSINESS

General

Magellan, through its wholly-owned subsidiaries: Bristol Aerospace Limited ("Bristol"), located in Winnipeg and Rockwood, Manitoba; Orenda Aerospace Corporation ("Orenda"), located in Mississauga, Ontario; Orenda Recip Inc. ("Orenda Recip"), located in Debert (Truro), Nova Scotia; Fleet Industries Ltd. ("Fleet Industries"), located in Fort Erie, Ontario; Chicopee Manufacturing Limited ("Chicopee") located in Kitchener, Ontario; Haley Industries Ltd. ("Haley") located in Haley, Ontario; Ellanef Manufacturing Corporation ("Ellanef") located in Corona and Bohemia, New York; Middleton Aerospace Corporation ("Middleton"), located in Middleton and Peabody, Massachusetts; Aeronca, Inc. ("Aeronca"), located in Middletown, Ohio; AMBEL Precision Manufacturing Corporation ("AMBEL") located in Bethel, Connecticut; Magellan Aerospace Turbine Services LLC and Presto Casting Company ("Presto"), each located in Glendale, Arizona and Fleet Aerospace, Inc. ("Langley"), located in Lemon Grove, California, is involved in the design, engineering, and manufacture of aeroengine and aerostructure components for aerospace markets, advanced products for military and space markets, and complementary specialty products.

The business carried on by the Corporation involves firm contracts generally having terms of one to five years. Component products and systems supplied are related to end-product sales by the Corporation's customers, and in accordance with industry practice, are generally subject to termination, modification or reduction at the option of the Corporation's customers. However, if a program is so terminated, the terms of the underlying contracts generally provide that the Corporation will be reimbursed for its allowable

costs to the date of termination plus any proportionate amount of profits attributable to the work actually performed.

Products that are delivered directly to the end-user generally involve contracts for specific quantities over specific time periods, and are less likely to experience variations to the terms.

The total revenue, the number of principal customers accounting for more than 10% of the consolidated revenues in each of the last two completed financial years, and the percentage of total revenues in each of Canada and the United States from the operations of the Corporation's business are set forth in the following table:

| | Year ended Dec. 31 2001 | Year ended Dec. 31 2002 |
|--|--------------------------------------|--------------------------------------|
| Canadian operations | | |
| Total revenues* | \$375,139 | \$241,216 |
| Number of principal customers | 2 | 3 |
| Percentage of total revenue from principal customers | 46% | 42% |
| U.S. operations | | |
| Total revenues* | \$239,322 | \$218,925 |
| Number of principal customers | 3 | 3 |
| Percentage of total revenue from principal customers | 70% | 59% |

*thousands of dollars

Development of Magellan's Business

The Corporation's principal business activities are the engineering, manufacture and repair and overhaul of sophisticated equipment and components for the aerospace industry, modernizing, repairing and overhauling jet engines, defence aircraft and helicopters and the manufacture of rocket systems, systems and the design and production of magnesium and aluminium castings, primarily for the aerospace industry.

On February 15, 2000, the Corporation announced that it was awarded a long-term contract with Boeing Commercial Airplanes Group, Seattle, Washington, to produce components and assemblies for the Next-Generation 737, 747, 757, 767 and 777 airplanes. The contract was effective for five years, through 2004, and is expected to generate revenue of \$82.2 million in 2003 and \$88.0 million in 2004. The work will be delivered from Magellan facilities in Ontario, Manitoba, Ohio and New York.

As of September 30, 2002, the Corporation had acquired approximately 83% of the issued and outstanding shares of Haley ("Haley Shares") and on November 29, 2002 the holders of the Haley Shares approved the amalgamation ("Amalgamation") of Haley with 2014835 Ontario Limited, an indirect wholly-owned subsidiary of Magellan Aerospace Limited. The amalgamation was effective on December 1, 2002. As a result of the Amalgamation, the holders of the Haley Shares received, at their election, or deemed election, either \$2.16 in cash or 0.45 of a common share of the Corporation for each Haley Share

held by them. The aggregate purchase price was \$23.4 million, consisting of both cash and common shares of the Corporation. The value of the 748,686 common shares issued was determined based on the average market price of the Corporation's shares over a three-day period after announcement of the amended terms of the acquisitions. The amalgamated company was called Haley Industries Limited. Effective January 1, 2003, Magellan Aerospace Limited amalgamated with its wholly owned subsidiary, Haley Industries Limited, and the amalgamated company is called Magellan Aerospace Limited.

The Corporation's strategy is to continue to expand through internal growth and selective acquisitions.

RECENT DEVELOPMENTS

In light of the significant downturn in the general aviation market and the general economic environment impacting Orenda Recip, a Canadian subsidiary of the Corporation, the decision was made by the Corporation to discontinue the product line produced by Orenda Recip, the reciprocating aeroplane engine. As a result, the Corporation recorded a provision at December 31, 2002 of \$30.2 million as an unusual item to write down the assets of Orenda Recip to their estimated net realizable value. Orenda Recip is exploring its ability to grant non-exclusive licenses of its technology and negotiating terminations of customer contracts.

On January 7, 2003, the Corporation completed an offering of \$70 million of 8.5 percent convertible unsecured subordinated debentures due January 31, 2008. The debentures pay interest on a semi-annual basis on January 31 and July 31 in each year commencing July 31, 2003. The debentures are convertible, at any time prior to the maturity date, by holders into common shares of the Corporation at a conversion price of \$4.50 per common share. The debentures are redeemable by the Corporation between January 31, 2006 and January 31, 2007 at a price equal to the principal amount, plus accrued and unpaid interest, if any, provided that the current market price is not less than 125 percent of the conversion price, and after January 31, 2007 and prior to the maturity date at a price equal to the principal amount, plus accrued and unpaid interest, if any. Upon redemption or at maturity the Corporation may, at its option (provided that there has not then occurred an event of default), elect to satisfy its obligation to pay the principal amount of the debentures by issuing and delivering to holders, that number of Common Shares obtained by dividing such amount by 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the twenty consecutive trading days prior to the date fixed for the redemption or the date of maturity, as applicable. The debentures are unsecured obligations of the Corporation and are subordinated in right of payment to all of the Corporation's existing and future senior indebtedness.

The net proceeds of the offering of \$68.0 million were applied as to \$34.0 million towards the permanent reduction of the principal amount of the term bank loan, as to \$8.9 million towards repayment of the long-term indebtedness of Haley, which was assumed by the Corporation upon the acquisition of Haley, and as to the remaining amount of \$25.1 million, by paying down, but not permanently reducing, the Corporation's revolving lines of credit.

On February 13, 2003, due to the prolonged strike and the associated economic consequences of this strike, the Corporation announced its decision to cease operations at its Fleet Industries plant in Fort Erie, Ontario. Strike-bound for four months, Fleet Industries had a long history of troubled labour relations. When it became clear that disruptions to customer relations at the facility had become untenable, the course of action taken to safeguard commitments to customers was to transfer the majority of the work to other Magellan divisions and to close the plant. A provision of \$33.3 million was recorded in the first quarter of 2003 relating to this decision.

DESCRIPTION OF THE BUSINESS

The Corporation operates a single business segment: the manufacture and related services of aerospace components. In this segment, the Corporation has four product groupings; aerostructure components,

aeroengine components, rockets and space, and specialty products. Aerostructure and aeroengine products are used both in new aircraft, as well as for spares and replacement parts.

Bristol Aerospace Limited

Bristol owns its main facility, comprised of a 65,000 square metre (700,000 sq. ft.) plant located in Winnipeg, Manitoba. Bristol also owns and operates a solid fuel rocket propellant manufacturing and test facility on a 2,400 hectare (6,000 acre) site, 30 kilometers north of Winnipeg at Rockwood, Manitoba. Bristol currently employs over 700 employees. In addition to an experienced manufacturing and technical workforce, Bristol has strong engineering, marketing and administrative organizations. The Corporation believes that the available capacity at this facility is sufficient to meet its current and anticipated manufacturing requirements as indicated by current growth trends in the industry.

Bristol's aerospace group specializes in precision manufacturing of structures and engine components for the commercial and military aircraft industry. The products are supplied to the prime aircraft and aircraft engine manufacturers throughout the world. Commercial aerospace customers include The Boeing Company, Bombardier Inc., General Electric Company, Pratt & Whitney Inc. and Rolls Royce. Defence customers include the United States Air Force, NATO, and a number of Middle Eastern and Asian countries.

One of the unique products developed by Bristol is the Wire Strike Protection. This system provides a measure of protection for a helicopter in the inadvertent flight into horizontally strung cables. To date 15,000 units of this proprietary product have been produced for more than 50 military and commercial helicopter models worldwide and is offered as standard equipment for most new helicopter models.

The defence group manufactures rocket systems, unmanned vehicle and target systems and the Black Brant, a solid propellant high altitude research rocket. The rocket system and target systems are sold to the Canadian Armed Forces, NATO, Association of South-East Asian Nations as well as Australia and New Zealand. The major customer of the Black Brant is NASA, which uses the Black Brant in its suborbital Space Science Program.

On January 7, 2002 the Corporation announced a renewal of its pricing agreement with Pratt & Whitney Canada for the work performed at Bristol. The estimated revenue from this long-term agreement is \$36.0 million over four years.

Magellan announced on April 12, 2002 that it won a multi-million dollar contract for the manufacture of CF34 engine fan frames for General Electric Aircraft Engines through its Bristol facility. The fan frames are for the new 8D/E variant engine that has forecasted deliveries through 2010. The estimated revenue from this new contract is \$49.0 million with all options exercised.

On July 11, 2002, the Corporation announced new orders with revenues estimated at in excess of \$20.0 million to manufacture aerostructure assemblies for the AgustaWestland EH101/Cormorant helicopter. Magellan's Bristol facility will deliver the EH101/Cormorant engine and transmission cowlings, following on from production for the 15 Cormorant Search and Rescue helicopters ordered by the Canadian Forces. The facility will also deliver the aluminum-lithium sheet metal lower forward fuselage assemblies for the new international orders beginning in 2003.

Chicopee Manufacturing Limited

Chicopee produces precision machined medium and large components and sub-assemblies from high-strength steels, titaniums and a variety of aluminum alloys. Major aerospace customers include The Boeing Company, Lockheed Martin, Bombardier (deHavilland) and Goodrich and recent orders have been received for the power generation gas turbine industry.

Chicopee operates from a company owned modern one-storey, 8,000 square meter (80,000 square foot) industrial building situated on 8.5 acres of land in Kitchener, Ontario and employs approximately 116 people.

Magellan announced May 7, 2003, its selection by Lockheed Martin, Fort Worth, TX, to perform work packages on the F-35 Joint Strike Fighter (JSF) program. The work comprises twenty-four wing structural parts for all three variants of the Lockheed Martin F-35 JSF aircraft, and uses Magellan's industry-leading capability to perform high velocity machining (HVM) of hard metal structures. Under this order, Magellan will produce the product to support all requirements through 2013, estimated to be 899 aircraft, including conventional, carrier and short takeoff/vertical landing (STOVL) variants. This initial order has an estimated value of over \$17.0 million. Work will be performed at Magellan's Chicopee facility in Kitchener, Ontario.

Orenda Aerospace Corporation

Orenda conducts its activities in an owned 70,000 square meter (750,000 square foot) facility in Mississauga, Ontario near Toronto's Lester B. Pearson International Airport. Approximately 424 people are employed at the Mississauga facility. The Corporation believes that the available capacity at its Orenda facility is sufficient to meet its current and anticipated manufacturing requirements as indicated by current growth trends in the industry. Orenda's customers include aerospace original equipment manufacturers, gas turbine manufacturers, and commercial users of industrial gas turbine engines, as well as the Canadian Department of National Defence and U.S. Department of Defense.

Orenda is a precision manufacturer of high quality components for commercial, regional and military jet engines. Under the terms of a joint venture agreement with AlliedSignal Engines of Phoenix, Arizona, Orenda works with AlliedSignal on the research and development phase and manufactures a variety of parts within the high pressure turbine, compressor and combustor modules for the AS907 family of turbofan engines. The AS907 engine is targeted for the business and regional jet markets including the new Bombardier Challenger 300 Business Jet.

Orenda also provides complete repair and overhaul facilities for the GE J85 (used in F-5 and CT-114 aircraft) and F404 (used in CF-18 aircraft) engines for the Canadian Armed Forces and overhaul of exhaust frames for F404 engines used in the U.S. Navy F-18 fighter aircraft. The majority of repair and overhaul work is performed under fixed hourly rate contracts.

Orenda's Advanced Materials and Energy Systems group develops proprietary processes that allow re-manufacture of commercial gas turbine components with quality and performance equal to or exceeding that of original factory components. In addition, this group is researching the adaptation of turbine engines to burn bio-fuel.

On January 21, 2002, the Corporation announced a \$60.0 million revenue extension of its contract to provide repair and overhaul for the F404 engine powering Canada's CF18 fighter aircraft. Magellan's Orenda and Bristol operating units will combine efforts to deliver the contracted work.

Magellan announced May 7, 2002, a contract award from the United States Air Force to perform repair and overhaul through its Orenda facility of aircraft engines for US and foreign customers with estimated revenues of \$190.0 million. The contract was awarded by the USAF Air Logistics Center at Oklahoma City, and covers repair and overhaul of the J85 engine and components. The J85 powers the T38, F5 and other aircraft flown by the USAF, USN, NASA, Canadian Forces and allied air forces.

Magellan also announced July 9, 2002, the signing of a long-term contract with Volvo Aero, Trollhatten, Sweden. This contract has estimated revenues of \$14.0 million dollars with deliveries commencing in the

third quarter of 2002. The work will be carried out in Magellan's Orenda facility in Mississauga, Ontario, and includes state-of-the-art machining, welding, assembly, and final hardware fitment.

Fleet Industries Ltd.

Fleet Industries manufactures products for commercial and military aircraft, and specializes in metal-to-metal bonding and high-performance composite bonded components. Fleet Industries owns a 46,500 square meters (501,000 square feet) manufacturing facility located on a 152 acre (62 hectare) site in Fort Erie, Ontario. The Corporation announced on February 13, 2003, that work performed at Fleet Industries would be transferred to other facilities, including the Orenda Recip facility in Debert, Nova Scotia, and the Fort Erie plant would close.

Prior to the announcement that Fleet Industries would cease operations, Fleet Industries manufactured components for such major aerospace programs as the Bombardier/deHavilland Dash 8, the Boeing 717, MD-80 and MD-11 commercial aircraft, the Bell Helicopter M430 commercial helicopter and the McDonnell Douglas F-18 military aircraft. Discussions are proceeding with these customers concerning the relocation of the contracts to other vendors, including other Magellan subsidiaries as appropriate.

Orenda Recip Inc.

In 1994, Orenda Recip acquired proprietary technology for the design and production of a series of high performance reciprocating aero engines capable of producing between 500 hp and 750 hp at a cost well below that of small turbine engines.

In light of the significant downturn in the general aviation market and the general economic environment impacting Orenda Recip, a decision was made to discontinue development of the Orenda reciprocating engine.

As a result of the discontinuance of the reciprocating aero-engine product line, Orenda Recip will not manufacture and assemble the engines in accordance with previous business plans. However, the Orenda Recip facility located in Debert, Nova Scotia will continue to perform contracts over the short term transferred to it by Fleet Industries. The number of employees located at Debert to perform these contracts is estimated to be 10 in 2003. The Corporation believes that the available capacity at Orenda Recip in Debert is sufficient to meet these current and anticipated manufacturing requirements.

Ellanef Manufacturing Corporation

Ellanef is a leading speciality contract engineering and manufacturing company which engineers, manufactures and assembles complex components and sub-assemblies for original equipment manufacturers of commercial and military aircraft. Ellanef's core competency is the manufacture of close-tolerance machined components and assemblies using high heat treat and speciality metals such as aluminum, titanium and inconel. Parts and sub-assemblies manufactured by Ellanef comprise primary aerospace product categories: mechanical and electromechanical assemblies, structural parts and assemblies, landing gear components and gearboxes. This range of components and sub-assemblies differentiates Ellanef from other aerospace component suppliers.

Ellanef's major customers include The Boeing Company (Commercial and Military), Northrop Grumman, Goodrich and Wyman Gordon. A significant portion of Ellanef's revenue for Boeing Commercial Aircraft is parts and sub-assemblies for the successful Boeing 737 Next Generation aircraft.

Ellanef currently employs approximately 359 people. Ellanef operates from two company-owned premises in New York. Machining and assembly operations are performed at the Corona (Queens) location which consists of six buildings totalling approximately 15,000 square meters (156,000 square

feet). Ellanef's large scale machining operations occur at the Bohemia facility, which is approximately 13,000 square meters (142,000 square feet) in size. The Corporation believes that the available capacity at these facilities is sufficient to meet its current and anticipated manufacturing requirements as indicated by current growth trends in the industry.

Magellan announced on February 19, 2002 that it has reached an agreement with Northrop Grumman Integrated Systems and Aerostructures to provide Northrop with a combination of bulkheads, horizontal stabilizer fittings, engine mounts and structural formers. The work will be performed in Ellanef's facilities and is estimated to generate revenues of \$15.0 million.

Middleton Aerospace Corporation

Middleton conducts its business in two leased facilities. One facility of approximately 4,300 square meters (46,000 square feet) is located in Middleton, Massachusetts, just north of Boston and an additional 2,000 square meters (22,000 square feet) of manufacturing space is located in nearby Peabody, Massachusetts. Middleton's 147 employees are skilled in sophisticated machining and measurement techniques.

In order to address the increasing customer demands in the growing aerospace industry, Middleton leased the Peabody facility and installed US \$2.6 million of new equipment during 1997. This new flexible manufacturing cell opened in mid-1997 and is dedicated to producing turbine engine shafts up to sixty inches in length and fourteen inches in diameter. The new equipment enables Middleton to repatriate processes previously secured outside, thus significantly reducing both cycle times and cost, and solidifying its position as a world class supplier of shafting. The new processes consist of deep hole drilling to very close tolerances, five-axis gear hobbing, contour boring and balancing.

Middleton manufactures critical rotating and non-rotating parts for major engine builders and the U.S. Department of Defense. Middleton utilizes the latest computer assisted technology and has the required quality approvals. It has long-term agreements in place with General Electric, Allison Engine Company, part of the Rolls-Royce Aerospace Group, AlliedSignal Aerospace and the U.S. Department of Defense.

Middleton manufactures both prototype and production parts using numerically controlled machines, and can turn, mill and grind parts as large as 60 inches in diameter. In addition, Middleton is using its five-axis machining capability to develop high value-added components for the medical equipment industry. Middleton has very strong exposure to the regional jet engine market through participation on both engines dominate in this market, namely the Rolls-Royce AE3007 and the General Electric CF34.

On February 5, 1999, the Corporation announced that Middleton received a new contract from AlliedSignal Aerospace for manufacture of aeroengine turbine shafts. The total estimated revenues from the contract is estimated to be in excess of \$23.0 million over a five-year period beginning in 1999. Under the terms of the contract Middleton will be the sole manufacturer of engine shafts for the AlliedSignal LF 507 engine. The LF 507 engine is currently in service with the BAE 146 Regional Jet.

Magellan announced January 13, 2003, the award of new engine assemblies contracts for the U.S. Department of Defense, with revenues in excess of \$40.0 million over 5 years for all options. The work comprises a supply contract for High Pressure Cylinder Assemblies for the AGT1500 engine that powers the M1 Abrams Tank, and a second supply contract for Inner Combustion Liners for the F110 engine that powers the F16 aircraft.

Aeronca, Inc.

Aeronca designs and manufactures engine exhaust systems and nacelle components, and produces conventional aircraft and missile structural components as a subcontractor to original equipment manufacturers.

Aeronca is located in Middletown, Ohio occupying a 20,900 square meter (225,000 square foot) building on a 40 acre (16 hectare) site which is owned by Aeronca. Aeronca employs approximately 240 people. The Corporation believes that the facility is sufficient to meet its current and anticipated manufacturing requirements as indicated by current growth trends in the industry. As the Corporation attracts new programs, retooling of existing equipment and the purchase of additional specialized equipment may be required for such programs.

Through Aeronca, the Corporation manufactures airframe structures and jet engine nacelle and exhaust components primarily for the commercial aerospace and defence industries. Aeronca has developed significant manufacturing expertise in brazed structures, especially titanium honeycomb structures, and conventional sheet metal structures which enables it to produce a wide variety of light-weight, high-strength products, including variable exhaust nozzles for jet engines, fairings for engines and wings, speed brakes and wing components.

Aeronca manufactures its products to meet demanding performance and environmental product specifications. These specifications include high strength, the capability to absorb high levels of energy and the ability to withstand extreme temperatures, shocks and vibrations. Aeronca's expertise in designing and manufacturing brazed structures allows it to address these product specifications because brazed structures are generally lighter, more temperature resistant and stronger than bonded or riveted structures.

As a result of a strategic decision to diversify its product base to include proprietary products, Aeronca focused on the design and development of the Boeing 737 fan cowl door project. The manufacturing tools, equipment and type certificates for this program will remain the property of Aeronca. Certification of the doors was received in March 1998 and deliveries on an initial order from Southwest Airlines followed. Aeronca is pursuing marketing opportunities for these replacement doors with other airlines, and currently supplies Continental and Lufthansa Technik.

In December, 1998 Aircelle, now owned by Hurel-Hispano, located in Harfleur, France awarded the exhaust nozzle and plug for the Airbus A340-500/600 to Aeronca and Magellan. This program is expected to provide U.S. \$20.0 million in annual revenue at full production rate. Magellan has invested over U.S. \$20.0 million for engineering and development of the new exhaust system for the A340 aircraft.

On October 10, 2000 Magellan announced the award of a \$35.0 million revenue follow-on contract to provide exhaust systems for Boeing 747 and 767 aircraft powered by General Electric CF6-80C2 engines. Commencing January 2001, the five-year contract will be carried out at Magellan's Aeronca facility in Middletown, Ohio for Boeing's Commercial Airplane Group in Seattle, Washington.

Magellan announced May 12, 2003, that it was selected by Hurel-Hispano as the sole source manufacturer of exhaust nozzles for the Rolls-Royce and Engine Alliance engines offered on the Airbus A380 aircraft. The contract, which has estimated revenues of \$160.0 million over 15 years, will be carried out in Magellan's Bristol and Aeronca facilities with deliveries beginning in 2003. The A380 aircraft has a capacity of 555 passengers in three classes over a range of up to 8,000 miles/14,800 km.

AMBEL Precision Manufacturing Corporation

AMBEL is conducting its business in leased premises of approximately 2,000 square meters (22,000 square feet). Shortly after completion of the acquisition in 1998, a 1,100 square meter (12,000 square foot) expansion of the facility was undertaken in order to accommodate growing customer requirements. AMBEL employs approximately 105 people.

AMBEL is a precision machining company that has been supplying high quality jet engine components for both military and commercial aircraft since 1969. Its primary customers include Pratt & Whitney Canada and the United States Department of Defense. In addition to aerospace, AMBEL provides a number of small assemblies to the medical industry.

On November 7, 2001, the Corporation announced that its AMBEL operating unit will manufacture compressor housing for Honeywell's LV100-5 engine program. The estimated revenue from this contract will approach \$30.0 million over 10 years.

Magellan announced on December 4, 2001, a ten year agreement by which AMBEL will supply precision-machined components and sealing rings for various small and medium sized Pratt & Whitney Canada jet engines. The estimated revenues from this agreement with all options exercised was estimated to be \$120.0 million.

Haley Industries Limited

Haley conducts its business in an owned facility, comprised of 19,000 square metres (192,000 sq. ft.) located in Haley, Ontario and currently employs 315 employees.

Haley produces precision magnesium and aluminum sand castings for the aerospace industry. Castings range in size from 300 mm to 3 metres in length and up to 455 kg (1000 lbs.). Typical parts include engine inlet cases, accessory gearbox housings, helicopter transmission housings, compressor inlet housings, generator housings and constant speed drive housings.

Haley's customers include AgustaWestland, Bell Helicopter, Boeing Defence and Space Group, Fiat Avio, Goodrich Actuation Systems, Hamilton Sundstrand, Honeywell Engine Systems, Kaman Aerospace Corporation, Mitsubishi Heavy Industries, Pratt & Whitney Aircraft, Pratt & Whitney Canada, Rolls-Royce Corporation, Shaw Aero Devices, Sikorsky Aircraft, and Smiths Aerospace.

Magellan announced January 20, 2003, its selection by Rolls-Royce Corporation, Indianapolis, to perform work packages on the Joint Strike Fighter (JSF) program. The work comprises four modules of the vertical lift fan for the Short Take-Off and Vertical Landing (STOVL) variant of the Lockheed Martin F-35 JSF aircraft, and integrates the capabilities of four Magellan operating divisions in the production of the package. This new opportunity includes aluminum casting operations at Haley's facilities near Ottawa, machining operations on the castings at Middleton and on the vane box assembly in Chicopee, and fabrication and assembly operations in Bristol. The contract has estimated future revenues of up to \$30.0 million over 10 years. The integration of Haley positions the Corporation to provide customers value-added services from within the Corporation.

Presto Casting Company

Presto conducts its business in an owned 8,000 square metre (89,000 square foot) facility located in Glendale, Arizona, USA and employs 120 people. Presto was founded in 1965 and, as a wholly-owned subsidiary of Haley, joined the Corporation as part of the Haley acquisition in 2002.

Presto produces small to medium, magnesium and aluminum sand castings for the aerospace industry. Casting range in size from 150 mm to 700 mm in length and up to 100 lbs. Typical parts include generator housings and pump housings, engine accessory gearbox housings, and auxiliary power unit gearboxes and aircraft air conditioning unit housings.

Presto's customers include Bell Helicopter, Boeing Commercial Airplane Company, Hamilton Sundstrand, Honeywell Corporation, Kawasaki Heavy Industries, Lockheed Aeronautical, Rolls-Royce Corporation, Shimadzu, and Sikorsky Aircraft.

As with Haley, the integration of Presto positions the Corporation to provide customers value-added services.

AEROSPACE INDUSTRY

Overview

The aerospace manufacturing industry differs from traditional manufacturing industries in a number of material respects. An aerospace manufacturer develops very small quantities of highly specialized products on a contract basis. Accordingly, an aerospace manufacturer is more like a contractor, hired to complete a very customized and specialized project to the specifications of a customer. The up-front costs in developing such products that are incurred prior to the completion of the first production unit are significant. Up-front costs generally include engineering, design and manufacture of tooling, test units required for certification and learning curve hours (first units have much higher production hours due to employee training and modification of tools and fixtures).

In the case of defence programs, progress payments are sometimes made as costs are incurred; and in such cases, defence programs are self-funding. In the case of commercial programs, the up-front costs of developing products are borne by the manufacturer, not the customer, and are only recovered when the project reaches the production phase and then usually on an amortization basis over the projected program life.

Trends

In the past, the Corporation has relied on a mix of commercial and defence aerospace programs. Over the last few years of the 1990s, defence spending remained stable, as a result the Corporation had looked to commercial programs to increase its business base. This reliance has increased the financing cost of programs, given the necessity of the Corporation to fund the up-front capital investment necessary to develop commercial programs. The financial burden is further increased because the pre-production phase of a typical aerospace product is about two years. The projected program life of such products is, typically, from five to ten years. These changes are necessitating that suppliers be of a larger size and have a stronger capital base in order to continue to participate in this industry. The growth of the Corporation up until 2001 in terms of its financial results and technological capabilities has better positioned Magellan for these challenges.

Due to the cyclical nature of the industry, aerospace manufacturers experience fluctuations in cash flow. Profit is recovered after a product is developed and sold. Recovery is generally based on a per unit sale price over the number of units sold; however, sometimes if sufficient units of a particular product are not sold, a loss may result on project termination. Slowdowns in production scheduling and program terminations can result in substantial delays in recovering costs since they result in the projected sales on which cost recovery is based not being met.

The September 11, 2001 terrorist attacks had a significant impact on the aerospace industry throughout 2002 and continues to impact the level of business in 2003. Airline travel fell considerably directly after

the attacks, and still has not fully recovered. Recovery may be further delayed as a result of the war in Iraq. Airlines have responded to the drop in traffic by decreasing the number of flights and, in some instances, by delaying the purchase of new aircraft. This has had a significant effect on the Corporation in the short term as the demand for new aircraft components has correspondingly declined.

Orders from military customers have been affected moderately by the response to the terrorist attacks and the ongoing exercise in Afghanistan. The Corporation has seen some increases in orders for spare parts, and is seeing new opportunities, albeit on a modest scale. It is too soon to know the impact on military orders as a result of the war in Iraq and the potential impact of reductions in travel due to the Severe Acute Respiratory Syndrome (SARS) outbreak.

Over the long term, growth in the aerospace industry has approximated growth in the overall economy and management expects this to continue. Industry analysts have indicated that the response to the current crisis will likely be similar to that of the Persian Gulf War in 1991, where approximately one year's worth of growth was lost.

As management recognized that overall activity levels would remain lower than expected for a longer period of time, management reacted by stabilizing businesses, aligning operations and workforce with market realities. Management continues to pursue opportunities for new contracts from existing and new customers.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out a consolidated summary of financial information relating to the Corporation for the periods indicated:

| | Years Ended December 31 | | |
|--|---|-----------|-----------|
| | 2002 ⁽¹⁾ | 2001 | 2000 |
| | (in thousands of dollars, except per share amounts) | | |
| Operating Results | | | |
| Revenues | \$460,141 | \$614,461 | \$625,393 |
| Unusual Item | (30,155) | - | - |
| Income (Loss) | (8,186) | 39,018 | 37,913 |
| Per Share Data | | | |
| Income (Loss) for the year | | | |
| Basic | (0.12) | 0.59 | 0.59 |
| Diluted | (0.12) | 0.59 | 0.58 |
| Year-end Financial Position | | | |
| Total assets | 749,181 | 717,565 | 694,351 |
| Working capital | 173,634 | 142,857 | 156,673 |
| Long-term debt (excluding current portion) | 146,328 | 102,240 | 140,595 |
| Shareholders' equity | 298,671 | 316,230 | 272,260 |

Note:

- (1) On September 3, 2002 the Corporation acquired 72% of the outstanding common shares of Haley and an additional 11% during September through subsequent tenders. On December 1, 2002, the Corporation acquired the remaining 17% of the outstanding common shares of Haley. The results of Haley's operations have been included in the consolidated financial statements, partially since September 3, 2002, and fully effective December 1, 2002.

The Corporation has not declared or paid any dividends on any of its shares in the last five years. It is intended that the Corporation will not pay any dividends in the near future and that future earnings will be retained to finance further expansion of the business and operations of the Corporation. Any decision to pay dividends on the Corporation's Common Shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

Quarterly Financial Information

| <u>Quarterly Summary (unaudited)</u> | <u>Revenues</u> (in thousands of dollars) | <u>Income (Loss)</u> (in thousands of dollars) | <u>Income (Loss) per Share</u> | |
|---|--|---|--------------------------------|----------------|
| | | | <u>Basic</u> | <u>Diluted</u> |
| December 31, 2002 Financial Year | | | | |
| December 31 | 115,222 | (19,321) ⁽¹⁾ | (0.29) | (0.29) |
| September 30 | 111,876 | 1,290 | 0.02 | 0.02 |
| June 30 | 104,999 | 3,493 | 0.05 | 0.05 |
| March 31 | 128,044 | 6,352 | 0.10 | 0.10 |
| Total | <u>460,141</u> | <u>(8,186)</u> | <u>(0.12)</u> | <u>(0.12)</u> |
| December 31, 2001 Financial Year | | | | |
| December 31 | 156,802 | 9,001 | 0.14 | 0.14 |
| September 30 | 138,653 | 6,774 | 0.10 | 0.10 |
| June 30 | 162,977 | 14,893 | 0.23 | 0.23 |
| March 31 | 156,029 | 8,350 | 0.12 | 0.12 |
| Total | <u>614,461</u> | <u>39,018</u> | <u>0.59</u> | <u>0.59</u> |

Note:

- (1) Results include a provision of \$30,155 to write-down the assets of Orenda Recip to their net realizable value as a result of its decision to discontinue the product line produced by Orenda Recip.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the commentary under the caption "Management's Discussion and Analysis" on pages 17 to 22 of the 2002 Annual Report to Shareholders, which is incorporated herein by reference. In addition to the risks and uncertainties set forth in the Management's Discussion and Analysis, the following risk and uncertainties apply to the Corporation.

Factors that have an adverse impact on the aerospace industry may adversely affect the Corporation's results of operations.

All of the Corporation's gross profit and operating income is derived from the aviation industry. The Corporation's aerospace operations are focused on engineering and manufacturing aircraft components on new aircraft, selling spare parts and performing repair and overhaul services on existing aircraft and aircraft components. Therefore, the Corporation's business is directly affected by economic factors and other trends that affect the Corporation's customers in the aerospace industry, including a possible decrease in outsourcing by aircraft operators and original equipment manufactures ("OEMs"), decreased demand for air travel or projected market growth that may not materialize or be sustainable. When these economic and other factors adversely affect the aerospace industry, they tend to reduce the overall customer demand for the Corporation's products and services, which decreases the Corporation's operating income. Economic and other factors, both internal to the aviation industry or general economic factors, that might affect the aerospace industry may have an adverse impact on the Corporation's results of operations.

As a result of the disruption of the commercial air travel market caused by the recent general economic slowdown, the terrorist attacks of September 11, 2001 and other factors, the demand for certain commercial aerospace products and services has been reduced. Demand for air travel has also been negatively affected by the outbreak of Severe Acute Respiratory Syndrome. This lower demand has had a

negative impact on the Corporation's business and results of operations. These or other events may lead to further declines in the worldwide aerospace industry that could adversely affect the Corporation's business and financial condition.

The recent financial troubles of large airlines in the United States and Canada have created significant uncertainty in the aerospace industry. The consequences to the Corporation are difficult to ascertain, but could adversely affect the Corporation's business and financial condition.

Competitive pressures may adversely affect the Corporation.

The Corporation competes in the aerospace industry primarily with OEMs and the manufacturers that supply them, some of which are divisions or subsidiaries of OEMs, and other large companies that manufacture aircraft components and subassemblies. Competition for the repair and overhaul of aviation components comes from three primary sources: OEMs, major commercial airlines and other independent repair and overhaul companies. Some of the competitors' financial and other resources are substantially greater than the Corporation's. Competitive pressures may materially adversely affect the Corporation's operating revenues and, in turn, the Corporation's business and financial condition.

The Corporation may need to expend significant capital to keep pace with technological developments in its industry.

The aerospace industry is constantly undergoing development and change and it is likely that new products, equipment and methods of repair and overhaul service will be introduced in the future. In order to keep pace with any new developments, the Corporation may need to expend significant capital to purchase new equipment and machines or to train the Corporation's employees in the new methods of production and service. In addition, the Corporation makes significant expenditures for the research and development of new products and services. The Corporation may not be successful in developing new products and these capital expenditures may have a material adverse effect on the Corporation.

The Corporation may incur significant expenses to comply with new or more stringent governmental regulation.

The aerospace industry is highly regulated in most countries by specialized government agencies. The Corporation must be certified in such jurisdictions and, in some cases, by individual OEMs in order to engineer and service parts and components used in specific aircraft models. If any of the Corporation's material authorizations or approvals were revoked or suspended, the Corporation's operations would be adversely affected. Although it is not expected, new or more stringent governmental regulations may be adopted, or industry oversight heightened, in the future, and the Corporation may incur significant expenses to comply with any new regulations or any heightened industry oversight.

The loss of the Corporation's key customer could have a material adverse effect on the Corporation.

For the period ended December 31, 2002, The Boeing Company, or Boeing, represented approximately 27% of net sales. For fiscal 2001, Boeing represented approximately 36% of net sales. The loss of this customer or any significant decline in its purchasing from the Corporation could have a material adverse impact on us.

The Corporation may be unable to successfully achieve "key supplier" status with OEMs, and may be required to risk capital to achieve key supplier status.

Many OEMs are moving toward developing strategic partnerships with their key suppliers. Each key supplier provides an array of integrated services including purchasing, warehousing and assembly for OEM customers. The Corporation has been designated as a key supplier by some OEMs and is striving to

achieve a higher level of integrated supply with other OEMS. In order to achieve key status, the Corporation may need to expand the Corporation's existing capacities or capabilities, and there is no assurance that the Corporation will be able to do so.

Many new aircraft programs require that major suppliers become risk-sharing partners, meaning that the cost of design, development and engineering work associated with the development of the aircraft is partially born by the supplier, usually in exchange for a life-time agreement to supply those critical parts once the aircraft is in production. In the event that the aircraft fails to reach the production stage, inadequate number of units are produced, or actual sales otherwise do not meet projections, the Corporation may incur significant costs without any corresponding revenues.

The Corporation may not realize the Corporation's anticipated return on capital commitments made to expand its capabilities.

From time to time, the Corporation makes significant capital expenditures to implement new processes and to increase both efficiency and capacity. Some of these projects require additional training for the Corporation's employees and not all projects may be implemented as anticipated. If any of these projects do not achieve the anticipated increase in efficiency or capacity, the Corporation's returns on these capital expenditures may not be as expected.

A reduction in defence spending by, or the Corporation's ability to secure contracts from, the United States or other countries could result in a decrease in revenue.

The Corporation relies on sales to military customers particularly in the United States. A significant reduction in military expenditures by the United States or other countries with which we have contracts could materially adversely affect the Corporation's business and financial condition. In addition, the Corporation may not be able to secure contracts in defence spending to the same extent as in the past. The loss or significant reduction in government funding of a large program in which we participate could also materially adversely affect our sales and earnings.

Most of the Corporation's contracts are subject to competitive bidding. If the Corporation is unable to successfully compete in the bidding process, the Corporation's results of operations could suffer.

The Corporation obtains most of its contracts through a competitive bidding process that subjects it to the risk that it will expend substantial time and effort on the design, development and marketing of proposals for contracts that may not be awarded to us. The Corporation is sometimes required to bid on programs in advance of the completion of the prime vehicle or system design. This creates a risk that it will experience unforeseen technological difficulties and cost overruns. The Corporation cannot ensure that it will continue to win competitively awarded contracts at the same rate as in the past.

The Corporation may be adversely impacted by its level of indebtedness.

The Corporation and its subsidiaries have significant debt obligations, which in certain cases contain positive covenants the Corporation is required to meet. The degree to which this indebtedness could have consequences on the Corporation's prospects include the effect of such debts on the ability to obtain additional financing for working capital, capital expenditures or acquisition, the portion of available cash flow that will need to be dedicated to repayment of principal and interest on indebtedness, thereby reducing funds available for expansion and operations and the Corporation's vulnerability to economic downturn and its ability to withstand competitive pressure. If the Corporation is unable to meet its debt obligations or the associated covenants, it may need to consider refinancing or adopting alternative strategies to reduce or delay capital expenditure, selling assets or seeking additional equity capital.

The Corporation may be affected by interest rate fluctuations.

The Corporation's operations have been significantly financed by debt, and it has significant debt obligations. At December 31, 2002, the majority of the Corporation's interest bearing long-term debt bore a variable interest rate. Consequently, the Corporation is sensitive to fluctuations in interest rates. Interest rate risk is generally managed by maintaining a balance between long and short-term exposure, which the Corporation believes provides the best effective cost for the level of exposure management deems appropriate. The Corporation's actively monitors the economic outlook and may fix interest rates on some of this debt in the near future.

Fluctuations in the value of foreign currencies could result in currency exchange losses.

A portion of the Corporation's revenues and expenses are not currently denominated in Canadian dollars, and it is expected that some revenues and expenses will continue to be based in currencies other than the Canadian dollar. Therefore, fluctuations in the Canadian dollar exchange rate will impact our results of operations and financial condition from period to period. In addition, such fluctuations affect the translation of our results for purposes of our consolidated financial statements. The Corporation's currency hedging activities may not be successful.

The Corporation may need additional financing for acquisitions and capital expenditures and additional financing may not be available on acceptable terms.

A key element of the Corporation's strategy has been, and continues to be, internal growth and growth through the acquisition of additional companies and product lines engaged in the aerospace industry. In order to grow internally, the Corporation may need to make significant capital expenditures and may need additional capital to do so. The Corporation's ability to grow is dependent upon, and may be limited by, among other things, availability under the Credit Facilities and by particular restrictions contained therein and the Corporation's other financing arrangements. In that case, additional funding sources may be needed, and the Corporation may not be able to obtain the additional capital necessary to pursue its internal growth and acquisition strategy or, if the Corporation can obtain additional financing, the additional financing may not be on financial terms which are satisfactory to it.

Cancellations, reductions or delays in customer orders may adversely affect the Corporation's results of operations.

The Corporation's overall operating results are affected by many factors, including the timing of orders from large customers and the timing of expenditures to manufacture parts and purchase inventory in anticipation of future sales of products and services. A large portion of the Corporation's operating expenses are relatively fixed. Because several of the Corporation's operating locations typically do not obtain long-term purchase orders or commitments from customers, the Corporation must anticipate the future volume of orders based upon the historic purchasing patterns of customers and upon discussions with customers as to their anticipated future requirements. These historic patterns may be disrupted by many factors, including changing economic conditions, inventory adjustments, work stoppages or labor disruptions, cancellations, reductions or delays in orders by a customer or group of customers, and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The agreements with labor unions representing certain of the Corporation's employees are subject to renewal.

The Corporation is party to collective bargaining agreements throughout its business which are subject to expiration at various times in the future. If the Corporation is unable to renew these agreements, or others as they become subject to renegotiation from time to time, it could result in work stoppages and other

labour disturbances which could have a material adverse effect on its business. This risk may be mitigated by the ability of the Corporation to transfer work from one location to another.

Any exposure to environmental liabilities may adversely affect the Corporation.

The Corporation's business, operations and facilities are subject to numerous stringent federal, provincial, state, local and foreign environmental laws and regulations. In Canada, the Corporation is required to maintain Certificates of Approval with respect to its water discharge, air emissions and land fill sites. The Ministry of Environment conducts periodic compliance reviews, and the Corporation is required to perform ongoing tests of its discharges. From time to time due to non-compliance matters which arise, remediation and containment orders are received which require action by the Corporation. The Corporation commits financial and technical resources as it deems necessary, including outside consultants, to develop action plans in accordance with the requirements of the various jurisdictions within which it operates. Although management believes that the Corporation's operations and facilities are in material compliance with such laws and regulations, future changes in these laws, regulations or interpretations thereof or the nature of the Corporation's operations may require the Corporation to make significant additional capital expenditures to ensure compliance in the future.

MARKET FOR SECURITIES

The Corporation's Common Shares and Convertible Debentures are listed and posted for trading on the Toronto Stock Exchange under the symbol "MAL" and "MAL.DB" respectively.

DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and officers of the Corporation, the offices held by them in the Corporation, their principal occupations and the year each director first became a director are set out below. Each of the directors, except for Larry G. Moeller who was not a director for the period from August 14, 1999 to March 3, 2000, has served continuously as a director since the date he was first elected or appointed, which date is indicated below such director's name. The present term of each director will expire immediately prior to the election of directors at the next annual meeting of shareholders, which is scheduled for May 14, 2003.

| <u>Name and Municipality of Residence</u> | <u>Office Held</u> | <u>Principal Occupation</u> |
|---|--|--|
| N. MURRAY EDWARDS ⁽³⁾ Calgary, Alberta (1995) | Chairman of the Board and Director | President, Edco Financial Holdings Ltd. (financial consulting company) |
| RICHARD A. NEILL Oakville, Ontario (1996) | President and Chief Executive Officer and Director | President and Chief Executive Officer, Magellan Aerospace Corporation |
| HON. WILLIAM G. DAVIS ⁽³⁾ Brampton, Ontario (1989) | Director | Counsel, TORYS (law firm) |
| WILLIAM A. DIMMA ⁽¹⁾⁽²⁾ Toronto, Ontario (1989) | Director | Corporate Director |
| BRUCE W. GOWAN ⁽¹⁾ Huntsville, Ontario (1990) | Director | Corporate Director |

| <u>Name and Municipality of Residence</u> | <u>Office Held</u> | <u>Principal Occupation</u> |
|--|---|---|
| DONALD C. LOWE ⁽³⁾⁽⁴⁾ Toronto, Ontario (1992) | Director | Corporate Director |
| LARRY G. MOELLER ⁽⁴⁾ Calgary, Alberta (1995) | Director | Vice-President, Finance, Edco Financial Holdings Ltd. (financial consulting company) |
| JAMES S. PALMER ⁽¹⁾⁽²⁾ Calgary, Alberta (1995) | Director | Chairman, Burnet, Duckworth & Palmer LLP (law firm) |
| HON. M. DOUGLAS YOUNG ⁽²⁾⁽⁴⁾ Ottawa, Ontario (1999) | Director | Chairman, Summa Strategies Canada Inc. (strategic counselling firm) |
| JO-ANN C. BALL Aurora, Ontario | Vice President, Human Resources | Vice President, Human Resources, Magellan Aerospace Corporation |
| JAMES S. BUTYNIEC Winnipeg, Manitoba | Senior Vice President and Chief Operating Officer Canadian Operations | Senior Vice President and Chief Operating Officer, of Canadian Operations, Magellan Aerospace Corporation |
| JOHN B. DEKKER Burlington, Ontario | Vice President, Finance and Corporate Secretary | Vice President, Finance and Corporate Secretary, Magellan Aerospace Corporation |
| WILLIAM A. MATTHEWS Mississauga, Ontario | Vice President, Marketing | Vice President, Marketing, Magellan Aerospace Corporation |
| LARRY A. WINEGARDEN Markham, Ontario | Vice President, Corporate Strategy | Vice President, Corporate Strategy, Magellan Aerospace Corporation |
| STEVEN P. GROOT Burlington, Ontario | Treasurer | Treasurer, Magellan Aerospace Corporation |

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Governance and Nominating Committee
- (3) Member of the Human Resources and Compensation Committee
- (4) Member of the Risk Management and Environmental Committee

During the past five years, all of the directors and officers of the Corporation have been engaged in their principal occupations or in other executive capacities with the corporations or firms with which they currently hold positions, with the exception of Mr. Gowan, who prior to February 28, 1999, served as Chief Financial Officer and Corporate Secretary of Magellan Aerospace Corporation, Mr. Young, who prior to 1998, served as Canada's Minister of Transport, Minister of Human Resources Development and Minister of National Defence and Mr. Groot, who served as Controller for Canada Brick Limited from 1998 to 1999.

As at March 31, 2003, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 20,250,410 Common Shares representing approximately 30.3% of the outstanding Common Shares of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's voting shares and options to purchase the Corporation's shares is contained in the Corporation's Management Information Circular dated March 31, 2003 prepared in connection with the annual meeting of shareholders of the Corporation to be held on May 14, 2003. Additional financial information is provided in the Corporation's comparative financial statements for its financial years ended December 31, 2002 and 2001 which are contained in the Corporation's 2002 Annual Report.

Copies of the Management Information Circular, the financial statements, including any interim financial statements, Management's Discussion and Analysis, additional copies of this Annual Information Form, and if the Corporation is in the course of a distribution pursuant to a short-form prospectus or a preliminary short-form prospectus, any other documents incorporated therein by reference may be obtained upon request from the Secretary of the Corporation at the head office, Magellan Aerospace Corporation, 3160 Derry Road East, Mississauga, Ontario, L4T 1A9. Telephone: (905) 677-1889; Facsimile: (905) 677-5658.