

Attention Business Editors:
Cross-border Cooperation Brings Major Program to Magellan Aerospace
Magellan signs long-term pact with General Electric Aircraft Engines
on F414

TORONTO, Feb. 10 /CNW/ - Magellan Aerospace Corporation announced today that it has signed a long-term Revenue Sharing Agreement with General Electric Company's GE Aircraft Engines unit (GEAE) to produce major components for the GE F414 military aircraft engine of the Boeing F/A-18E/F Super Hornet aircraft. The Agreement is the latest milestone in a strong, mutually beneficial relationship between the companies that dates back more than four decades.

Under the Revenue Sharing Agreement, Magellan will earn revenue on every GE F414 engine sale with a market potential of engine sales for 25 years or more. Magellan's investment under the Agreement will be \$US 27.9M over the next four years, funded from internally generated cash flow and existing bank lines.

"We are delighted to be continuing this outstanding relationship with GE that has weathered many industry ups and downs over the past 40 years", said Richard Neill, President and CEO of Magellan. "Our strategy of investing in long-term relationships and next-generation programs has provided Magellan with a strong backlog across both the defence and civil sectors. This Agreement is a major milestone. Most importantly, this latest engine from GE has a great future, and carries on the performance excellence that marks the work of both companies."

The Agreement covers orders of the F414 engine for current requirements and for new applications, for the life of the F414 program. The F414 is the U.S. Navy's newest and most advanced technology production fighter engine, and powers the Boeing F/A 18E/F Super Hornet aircraft in service with the U.S. Navy. In December 2003, the U.S. Navy awarded Boeing a second multiyear procurement contract for an additional 210 F/A-18 Super Hornets, and a new contract for the design and development of the EA-18G airborne electronic attack aircraft. The European Aeronautics Defence and Space Company (EADS) has also chosen the F414 for application in the Mako family of advanced trainer and light combat aircraft, in development, and it has a broad potential for additional new applications.

Magellan will build the engine front frame and exhaust frame for the F414 engine, with deliveries commencing in the first half of 2004 and reaching full production by the end of 2004. The work packages for Magellan will be performed in both US- and Canadian-based Magellan divisions, and falls fully within the Company's areas of expertise. Magellan companies manufactured the front and exhaust frames of the predecessor F404 engine over the past 24 years, and Magellan is currently a source of the exhaust frames for the F414. The Agreement adds the F414 front frame and increases the volume of exhaust frame orders for the life of the program.

GEAE, a division of General Electric Company (NYSE: GE) is the world's leading manufacturer of jet engines for civil and military aircraft, including engines produced by CFM International, a 50/50 joint company of Snecma Moteurs of France and GE. GEAE also manufactures gas turbines, derived from its highly successful jet engine programs, for marine applications. In addition, GEAE provides comprehensive maintenance support, through its GE Engine Services operation, for GE and non-GE jet engines in service throughout the world.

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 and the United Kingdom.

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/For further information: W.A. (Bill) Matthews, Vice President Marketing,
Tel: (905) 677-1889 ext. 222, Fax: (905) 677-5658,
E: bmatthew(at)magellanaerospace.com/
(MAL.)

CO: Magellan Aerospace Corporation

CNW 08:31e 10-FEB-04