

NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER U.S. WIRE SERVICES

**MAGELLAN AEROSPACE CORPORATION ANNOUNCES
\$70 MILLION CONVERTIBLE DEBENTURE OFFERING**

December 16, 2002 (Toronto) – Magellan Aerospace Corporation (“Magellan” or the “Company”) announced today that it has entered into a bought deal agreement to issue and sell \$55 million aggregate principal amount of 8.5% convertible unsecured subordinated debentures due January 31, 2008 to a syndicate of underwriters co-led by Scotia Capital Inc. and RBC Capital Markets and including CIBC World Markets Inc., Dundee Securities Corporation, Paradigm Capital Inc. and Raymond James Ltd.

Magellan's principal shareholder, N. Murray Edwards, has agreed to purchase \$15 million aggregate principal amount of the debentures, on the same terms and conditions, concurrently with the completion of the bought deal financing. The debentures issued by way of the concurrent private placement will not be qualified by the short-form prospectus to be filed in connection with the bought deal financing.

The net proceeds of the public offering and concurrent private placement will be used to reduce outstanding indebtedness and for general corporate purposes, in order to strengthen the Company's financial position. The terms of Magellan's credit arrangements, which were most recently amended on December 16, 2002, require the Company to complete an equity or subordinated debt offering prior to January 31, 2003 and to apply a minimum of \$65 million of the net proceeds as to \$35 million to permanently reduce long term debt and as to \$30 million to pay down operating lines, with such operating lines being available to Magellan for future working capital purposes. Magellan's lenders include affiliates of Scotia Capital Inc., RBC Capital Markets and CIBC World Markets Inc.

The debentures will be convertible, at the option of the holder, at any time prior to maturity or redemption into common shares of Magellan at a conversion price of \$4.50 per share, which is equal to a conversion rate of 222.222 common shares per \$1,000 principal amount of debentures.

Magellan may not redeem the debentures prior to February 1, 2006. From February 1, 2006 to January 31, 2007 the debentures will be redeemable provided that Magellan's common shares are then trading at not less than 125% of the conversion price, and thereafter will be redeemable at par (plus accrued and unpaid interest).

The convertible debentures offered under the bought deal financing will be issued by way of a short form prospectus to be filed with the securities regulatory authorities in each of the provinces and territories of Canada. The transactions are subject to the receipt of all necessary regulatory and stock exchange approvals and other customary conditions. Closing of the issuances is expected to occur on or about January 7, 2003.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy the debentures in the United States. The debentures may not be offered or sold in the United States

absent registration under the U.S. securities laws or an exemption from the registration requirements of such laws, and any public offering of the debentures to be made in the United States will be made by means of a prospectus that may be obtained from Magellan and will contain detailed information about the company and management, as well as 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 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 (T: MAL), with operating units throughout the United States and Canada.

For further information contact:

John B. Dekker

Vice President Finance & Corporate Secretary

(905) 677-1889 ext. 224