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**MAGELLAN AEROSPACE CORPORATION ANNOUNCES  
CLOSING OF \$70 MILLION CONVERTIBLE DEBENTURE FINANCING**

**January 7, 2003 (Toronto)** — Magellan Aerospace Corporation ("Magellan" or the "Company") announced today the closing of its offering of \$55 million aggregate principal amount of 8.5% convertible unsecured subordinated debentures due January 31, 2008. The Offering was made on a bought deal basis through 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 has also concurrently closed a private placement with Edco Capital Corporation, which is indirectly owned by Magellan's principal shareholder, N. Murray Edwards, of \$15 million aggregate principal amount of debentures (approximately 21%), which were issued on the same terms and conditions as the public offering, with the exception that no commission was payable by Magellan on the sale of these debentures. Mr. Edwards has indirectly purchased the debentures for investment purposes and owns, directly or indirectly, approximately 27% of the issued common shares of Magellan.

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. In particular, Magellan applied approximately \$34.0 million dollars to permanently reduce long-term indebtedness; applied approximately \$9 million to retire the long-term indebtedness of Haley which was assumed by the Company upon its acquisition and the balance was applied against the Company's operating lines, which operating lines are available for future working capital purposes.

The debentures are 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 debentures trade on the Toronto Stock Exchange under the symbol MAL.DB.

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