



FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

## **Magellan Aerospace Corporation Announces Extension of Financing and Payment of Preferred Dividends**

TORONTO, December 23, 2009 - Magellan Aerospace Corporation ("Magellan" or the "Corporation") announced today that the independent members of its Board of Directors have approved and Magellan has entered into a commitment letter for the extension of a previous secured subordinated loan in the principal amount of \$65 million from Edco Capital Corporation ("Edco").

The extension of the secured subordinated loan is to July 11, 2011 and will be on the same terms and conditions as the prior loan except that the interest rate will be reduced from 12% per annum to 11% per annum. Magellan will pay a one time fee to Edco of 1% of the principal amount of the loan as to 0.20% on the execution and delivery by Edco of a commitment letter for the renewal and as to 0.80% on the satisfaction of all conditions and closing of the renewal transaction. The completion of the extension transaction is subject to the condition that the secured subordinated loan is not in default and on the condition that there is no material change in the business, operations or capital of Magellan.

Edco has also extended an option to Magellan exercisable on or before July 11, 2011 to renew the loan for a further one year period on payment of a fee of 1% of the principal amount of the loan and on the condition that the bank credit facility is renewed for an additional 364 day period beginning May 21, 2011 on terms satisfactory to the Board and on the condition that there is no material change in the business, operations or capital of Magellan.

Edco is wholly-owned by N. Murray Edwards, who is the Chairman of the Board of the Corporation and a major shareholder. As such the financing arrangements constitute related party transactions within the meaning of Ontario Securities Policy 61-501. The extension of the loan and the option for a further extension of the loan are not subject to the formal valuation requirements and are exempt from the minority approval provisions as the transactions have no equity participation component and are on reasonable commercial terms that are not less advantageous to Magellan than if obtained from an arm's length person from Magellan. The transactions were reviewed by a committee of independent directors, recommended to the Board of Directors and approved by the independent members of the Board of Directors.

In addition, the independent members of Board of Directors reviewed the Corporation's current financial position. Given the improvements in operations and results, the directors have decided to declare the outstanding cumulative \$0.20 dividends on the First Preference Shares, Series A ("Preferred Shares") for each of April 30, 2009, July 31, 2009 and October 31, 2009, and the regular dividend payable on January 31, 2010, which will be payable in the aggregate amount of \$0.80 per share on January 31, 2010 to shareholders of record of the Preferred Shares at the close of business on December 31, 2009.

## Forward Looking Statements:

This press release contains forward looking statements to provide investors and potential investors with information about the financing initiatives being undertaken by Magellan. Readers are cautioned that the information may not be appropriate for other purposes.

Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the expectations of management will not occur, which may cause Magellan's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties, as well as other risks, are disclosed in Magellan's annual filings (including our Annual Information Form) available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this press release. Except as expressly required by applicable securities laws, Magellan does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

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