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Magellan Aerospace Corporation and BAE Systems Enter F-35 Partnership

Farnborough International Air Show, U.K. — July 19, 2006 – BAE Systems announced today that it has signed a Letter of Intent (LOI) for the newly named F-35 Lightning II low-rate initial production of empennage and tooling services with Magellan Aerospace Corporation and other key Canadian, Australian and Danish tooling and airframe suppliers.

Key representatives signed individual letters of intent during a press conference held at the Farnborough International Air Show in Farnborough, England. Hawker de Havilland signed a separate Letter of Intent in June 2006.

BAE Systems, a principal partner in the F-35 Lightning II team, is responsible for designing, engineering and manufacturing the aft fuselage and empennage (vertical and horizontal tails) for each F-35 aircraft.

“BAE Systems is committed to growing international participation in the F-35 program by identifying best-value sourcing opportunities in F-35 partner nations,” explains Tom Fillingham, Vice President and Deputy Program Manager. “These Letters of Intent are the culmination of a six-month evaluation process that ultimately found these companies to be the best value suppliers for these services.”

Tom Burbage, Executive Vice President, Program Integration, Lockheed Martin, explains, “As the F-35 Lightning II team plans ahead to rate production, we are analyzing the capacity available and investment required and determining how much outsourcing is needed. Thanks to the ongoing commitment and support of our partner BAE Systems, international participation in the F-35 program continues to grow and we are able to expand our second source supply chain.”

Fillingham concludes, “Today, BAE Systems is proud to welcome these tooling and airframe companies to the growing supplier network. These companies bring demonstrated experience, precision machining capabilities, and a reputation for quality, making them key assets to the BAE Systems supply chain.”

“Magellan Aerospace is delighted with this opportunity to join BAE Systems on the F-35 program”, said Jim Butyniec, Executive Vice President and Chief Operating Officer of Magellan Aerospace. “The advanced automated machining and assembly technologies that have been adopted for the F-35 program will augment a core business capability that is key to the long term strategies of Magellan. Canadian government support will be key in developing the advanced technologies that will serve to enhance the competitiveness of the Canadian aerospace industry. We are fortunate to have their support in the JSF program and look forward to continue to develop the Magellan BAE Systems relationship.”

The BAE Systems Letters of Intent (LOIs) with Magellan, Avcorp, Broens, Marand, Metaltec, Terma and Hawker de Havilland represent a potential value in excess of \$1 billion. The Letters of Intent include conventional take-off and landing horizontal tails for Magellan, carrier variant (CV) outboard wing work for Avcorp in Canada while Terma’s Letter of Intent specifies short take-off vertical landing horizontal tails (STOVL) in Denmark. Australian-based Broens, Marand and Metaltec will provide rate tooling

services and Boeing Hawker de Havilland will supply conventional take-off and landing (CTOL) vertical tails.

The inaugural flight of the first F-35, a preproduction conventional takeoff and landing variant, is planned for later this year. Fifteen F-35s will undergo flight test, seven will be used for ground testing and another will validate the aircraft's radar signature.

About Magellan Aerospace Corporation:

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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