MAGELLAN
AEROSPACE CORPORATION

FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – March 27, 2009 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the fourth quarter of 2008. All amounts are expressed in Canadian dollars unless otherwise indicated.

The results are summarized as follows:

	Three-months ended December 31			Twelve-months ended December 31		
(Expressed in thousands, except per share amounts)	**2008**	**2007**	**Change**	**2008**	**2007**	**Change**
Revenues	$ 180,145	$ 155,544	15.8%	$ 686,436	$ 597,808	14.8%
Gross Profit	$ 19,746	$ 12,896	53.1%	$ 77,459	$ 58,914	31.5%
Net Income (Loss)	$ 7,411	$ (4,949)	-	$ 12,900	$ (11,341)	-
Net Income (Loss) per share	$ 0.39	$ (0.29)	-	$ 0.62	$ (0.71)	-
EBITDA*	$ 21,989	$ 8,052	173.1%	$ 77,429	$ 36,398	112.7%
EBITDA* per share	$ 1.21	$ 0.50	142.0%	$ 4.26	$ 2.00	113.0%

This press release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements.

***The Corporation has included certain measures in this press release, including EBITDA, the terms for which are not defined under Canadian generally accepted accounting principles. The Corporation defines EBITDA as earnings before interest, taxes, depreciation and amortization and non-cash charges. The Corporation has included these measures, including EBITDA, because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in various jurisdictions. Although the Corporation believes these measures are used by certain investors (and the Corporation has included them for this reason), these measures may not be comparable to similarly titled measures used by other companies.**

In the fourth quarter of 2008, the Corporation generated increased revenue and gross profit over the fourth quarter 2007, and corresponding increases for the twelve months ending December 31, 2008. Revenues in the fourth quarter of 2008 benefited from the strengthening of the United States dollar in relation to the Canadian dollar. The benefit of the currency fluctuations in the fourth quarter of 2008 were offset, in part, by the negative impact of a two month strike at one of the Corporation's major customers.

The Corporation achieved improvements in EBITDA on a year-over-year quarterly basis, and on a year-to-date basis from 2007 to 2008. Underlying operational improvements, rationalization of product lines, and updates of commercial agreements have each contributed to earnings in the fourth quarter, and in the twelve months to December 31, 2008. In light of the current economic environment the Corporation has experienced decreased production expectations on certain product lines and expects this to continue through 2009.

The Corporation achieved improvements in operating efficiency as new technology and methodologies reached operational status at its operating sites, improving throughput in the fourth quarter. The Corporation also continued to transfer non-core work packages to emerging market sites, generating capacity in its facilities for additional complex core work. The Corporation's jointly owned treatments facility in India completed construction in the fourth quarter of 2008, and will receive customer certifications in early 2009.

In December 2008, the Corporation's Board of Directors established a committee consisting of three independent directors. This committee was formed to consider the financial condition of the Corporation and to consider proposals to restructure the capital structure of the Corporation through the issuance of debt or equity, or through the sale of assets or other alternative transaction should such transactions be required.

The independent committee and the independent members of the Board of Directors concluded that the Corporation is in serious financial difficulty because, even though management believes that the Corporation will generate sufficient cash through operations in order to meet its obligations as they come due, if the Corporation is unable to renew or re-finance its operating credit facility and extend the $50.0 million loan (the "Original Loan") from Edco Capital Corporation ("Edco"), its ability to continue as a going concern is uncertain. The Corporation's operating credit facility is due on May 23, 2009 and the Original Loan is due on July 1, 2009. While, the consolidated financial statements for the period ending December 31, 2008 have been prepared on the "going concern" basis which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, if the Corporation is unable to renew or refinance its operating credit facility and extend the Original Loan, its ability to continue as a going concern is uncertain.

The Corporation announced on February 4, 2009 that the independent members of its Board of Directors approved additional financing initiatives, which are designed to improve the Corporation's financial position and are reasonable for the Corporation in the circumstances. These financial initiatives consist of a new secured subordinated loan in the amount of $15.0 million, the extension of the Original Loan of $50.0 million to July 1, 2010, the issuance of up to $40.0 million principal amount of 10% convertible secured subordinated debentures (the "Convertible Secured Subordinated Debentures") and the continuation of one of the Corporation's existing securitization programs of up to $35.0 million of Canadian based accounts receivables, declining to $20.0 million by April 30, 2009 and to nil by December 31, 2009.

Edco and Mr. Edwards, the Chairman of the Board of the Corporation and the Corporation agreed to the following financing transactions:

(a) the subscription by Mr. Edwards, directly or indirectly, for the purchase of a minimum of $25.0 million principal amount of a new issue of the Convertible Secured Subordinated Debentures;

(b) the extension of the Original Loan from Edco to the Corporation in the principal amount of $50.0 million to July 1, 2010 in consideration of the payment of a one time fee to Edco equal to 1% of the principal amount outstanding and increasing the interest rate on the loan from 10% to 12% per annum (the "Amended Original Loan"); and

(c) an additional secured subordinated loan from Edco of $15.0 million maturing on July 1, 2010 with an interest rate of 12% per annum, payable monthly in arrears with similar terms as the Amended Original Loan.

(together the "2009 Financing Arrangements")

The agreement of the Corporation, Edco and Mr. Edwards is subject to the extension of the operating credit facility for a period of at least one year on or before April 30, 2009 on terms satisfactory to the Board of Directors of the Corporation. In addition the agreement of Mr. Edwards and Edco is subject to there being no material adverse change in the business, operations or capital of the Corporation.

The acquisition of a minimum of $25.0 million of Convertible Secured Subordinated Debentures would result, in the event of conversion of the Convertible Secured Subordinated Debentures, in Mr. Edwards holding in excess of 66 2/3% of the common shares of the Corporation on a fully diluted basis. As a result, such holdings would constitute a change of control and the Corporation, as defined in the 8.5% convertible unsecured debentures (the "New Debentures") will have an obligation to make an offer to purchase the New Debentures due January 31, 2010 and outstanding in the principal amount of $20.95 million at a price of 102.5% of the principal amount plus accrued and unpaid interest. In addition, subject to the terms of the Ontario Business Corporations Act, pursuant to a similar change of control definition in the First Preference Shares, Series A (the "Preference Shares") terms, the Corporation will be required to retract its outstanding Preference Shares at a price of $10.00 per share plus accrued and unpaid dividends. Dividends declared on the Preference Shares have been fully paid to December 31, 2008.

In order to provide the Corporation with sufficient funds to honour the obligation to purchase the New Debentures, Mr. Edwards has agreed to purchase the additional $15 million of the Convertible Secured Subordinated Debentures offered. These funds plus available working capital will be used to repurchase the New Debentures for 102.5% of the principal amount of the New Debentures or $21.5 million. This will result in the Corporation satisfying the obligation to purchase the New Debentures and dealing with the maturity of the New Debentures , which is in the next 12 months.

On March 20, 2009, the Board of Directors of the Corporation determined to commence with the negotiations with the Corporation's lenders on the extension of its operating credit facility and instructed management to formulate plans for the offer to purchase the outstanding New Debentures if and when required. The Board of Directors also determined not to declare or pay dividends, due on April 30, 2009, on the Preference Shares as it was unable to obtain reasonable assurances that such declaration and payment would not contravene the Ontario Business Corporation Act. The Corporation does not currently believe it will be able to retract the Preference Shares as it does not expect to have the funds to do so, and in any event it is prohibited from doing so by the terms of its operating credit facility and any default in the operating credit facility would result in the Corporation being unable to pay its liabilities as they become due and constitute a contravention of the Ontario Business Corporations Act.

There can be no assurance that the additional financing initiatives will be completed on the terms set forth or at all. The Corporation has commenced in initial discussions, but has not yet engaged in any negotiations, with its lenders to renew the operating credit facility. At this early stage, no assurance can be given that the operating credit facility will be renewed on terms satisfactory to the Board of Directors of the Corporation. As part of the refinancing, the holder of the Original Loan has already agreed to extend the terms of the Original Loan to July 1, 2010 subject to the extension of the operating credit facility for a period of at least one year.

Revenues

	Three-months ended December 31			Twelve-months ended December 31		
(Expressed in thousands)	**2008**	**2007**	**Change**	**2008**	**2007**	**Change**
Canada	$ 80,551	$ 78,876	2.1 %	$ 304,123	$ 289,904	4.9 %
United States	64,890	48,285	34.4 %	245,455	188,330	30.3 %
United Kingdom	34,704	28,383	22.3 %	136,858	119,574	14.5 %
Total revenue	$ 180,145	$ 155,544	15.8 %	$ 686,436	$ 597,808	14.8 %

Consolidated revenues for the fourth quarter of 2008 were $180.1 million, an increase of $24.6 million or 15.8% over the fourth quarter of 2007. The strengthening of the United States dollar related to the Canadian dollar in the fourth quarter of 2008 contributed to the overall sales growth of the Corporation by approximately $23.9 million. Lower deliveries in Canada, in the fourth quarter of 2008 relative to the same period in 2007, in particular the proprietary products, were offset by the strengthening of the United States dollar. Higher activity levels in the United States combined with a more favourable exchange rate upon translation produced a 34.4% increase in sales in the fourth quarter of 2008 over the fourth quarter of 2007. Increased sales in the United Kingdom can be attributed to the Corporation's increased participation on the Airbus family of parts over the fourth quarter of 2007 and the acquisition of Verdict Aerospace Components Ltd.

Gross Profit

(Expressed in thousands)	Three-months ended December 31			Twelve-months ended December 31		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**
Gross profit	$ 19,746	$ 12,896	53.1 %	$ 77,459	$ 58,914	31.5 %
Percentage of revenue	11.0 %	8.3 %		11.3 %	9.9 %	

Gross profits of $19.8 million (11.0% of revenues) were reported for the fourth quarter of 2008 compared to $12.9 million (8.3% of revenues) during the same period in 2007. Gross profit, as a percentage of sales, increased over the fourth quarter of 2007 due to changes in the Corporation's product mix as well as the strengthening of the United States dollar over the Canadian dollar in the fourth quarter of 2008. Had exchange rates remained the same as in the fourth quarter of 2007, gross margins would have been approximately $5.9 million lower for the fourth quarter of 2008 and approximately 7.7% of revenues. The inability of the Corporation to record the future tax asset benefit of its scientific research and experimental development claims in the quarter impacted the gross margin by $1 million in the fourth quarter of 2008. The Corporation continues to assess its core competencies to look at improving efficiencies whether internally or through emerging markets to strengthen future gross margins.

Administrative and General Expenses

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2008	**2007**	**2008**	**2007**
Administrative and general expenses	$ 11,884	$ 10,774	$ 45,479	$ 42,446
Plant and program closure costs	4,558	–	3,770	–
Foreign exchange (gain) loss	(3,658)	(54)	(6,904)	5,576
Loss (gain) on sale of capital assets	288	5	(1,355)	(1,257)
Total administrative and general expenses	$ 13,072	$ 10,725	$ 40,990	$ 46,765
Percentage of revenue	7.3 %	6.9 %	6.0 %	7.8%

Total administrative and general expenses were $13.1 million (7.3% of revenues) in the fourth quarter of 2008 compared to $10.7 million (6.9% of revenues) in the same period of 2007. Administrative and general expenses before plant and program closure costs, foreign exchange and the loss on the sale of capital assets were $11.9 million (6.6% of revenues) in the fourth quarter of 2008, an increase when compared to $10.8 million (6.9% of revenues) in the fourth quarter of 2007. The Corporation increased a previously recorded provision by $0.8 million in relation to the 2006 closure of its Fleet Industries plant and also, due to the decline in the financial markets, recorded a charge to administrative and general expenses in the fourth quarter of 2008 of $3.8 million in respect of a pension obligation for the Fleet Industries pension plan that is in the process of being wound-up. Administrative and general expenses in the fourth quarter of 2007 were offset by currency collar gains of $0.6 million that did not recur in the fourth quarter of 2008. During the fourth quarter of 2008, the Corporation increased its allowance for bad debt by $0.6 million in relation to one customer.

Interest Expense

(Expressed in thousands)	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
Interest on bank indebtedness and other long-term debt	$ 4,066	$ 3,015	$ 15,070	$ 12,068
Convertible debenture interest	450	1,488	2,141	5,950
Accretion charge for convertible debt	66	585	437	2,354
Discount on sale of accounts receivable	262	1,528	4,301	4,211
Total interest expense	$ 4,844	$ 6,616	$ 21,949	$ 24,583

Interest expense in the fourth quarter of 2008 of $4.8 million decreased in comparison to the fourth quarter of 2007 of $6.6 million. Interest on bank indebtedness and other long-term debt has increased by $1.0 million as a result of higher debt levels in the fourth quarter of 2008 than the comparative quarter in 2007. This increase was offset by lower interest and accretion expense in the fourth quarter of 2008 in relation to the convertible debentures due to lower principal amounts of convertible debentures outstanding. Lower sales of accounts receivables in the fourth quarter of 2008 when compared to the same period in 2007 also resulted in lower interest charges.

Provision for (recovery of) Income Taxes

(Expressed in thousands)	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
(Recovery of) provision for current income taxes	$ (578)	$ (1,210)	$ (194)	$ 207
(Recovery of) provision for future income taxes	(5,003)	1,714	1,814	(1,300)
Total (recovery of) provision for income taxes	$ (5,581)	$ 504	$ 1,620	$ (1,093)
Effective Tax Rate	(305) %	(11.3) %	11.1 %	8.8 %

The Corporation recorded an income tax recovery of $5.6 million for the fourth quarter of 2008, compared to an income tax expense of $0.5 million for the fourth quarter of 2007. The recovery of taxes in the fourth quarter of 2008 resulted, in part, from an adjustment to the future tax asset as a result of rate adjustments recorded in the United States and the release of a future tax reserve. The recovery was offset by the recording of a non-cash charge of $3.0 million to establish a valuation allowance against the Corporation's net future tax assets in Canada.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) In addition to the primary measures of earnings and earnings per share in accordance with GAAP, the Corporation includes certain measures in this MD&A, including EBITDA (earnings before interest expense, income taxes, depreciation, amortization and certain non-cash charges). The Corporation has provided these measures because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in the various jurisdictions. Each of the components of this measure are calculated in accordance with GAAP, but EBITDA is not a recognized measure under GAAP, and our method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net earnings as determined in accordance with GAAP or as an alternative to cash provided by or used in operations.

(Expressed in thousands)	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
Net income (loss)	$ 7,411	$ (4,949)	$ 12,900	$ (11,341)
Interest	4,844	6,616	21,949	24,583
Taxes	(5,581)	504	1,620	(1,093)
Stock based compensation	(166)	400	742	1,450
Depreciation and amortization	8,192	5,481	25,744	22,799
Amortization of deferred development costs	7,289	–	14,474	–
EBITDA	$ 21,989	$ 8,052	$ 77,429	$ 36,398

EBITDA for the fourth quarter of 2008 was $22.0 million, compared to $8.1 million in the fourth quarter of 2007. Growth in revenues and higher gross profit in the fourth quarter of 2008 compared to 2007 contributed to the increase in EBITDA for the current quarter. Prior to the adoption of the CICA Handbook Section 3031, "Inventories", the Corporation included in inventory deferred development costs and the amortization of these costs were not a component within the EBITDA calculation.

Liquidity and Capital Resources

Cash Flow from Operations

(Expressed in thousands)	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
(Increase) decrease in accounts receivable	$ (18,198)	$ 17,958	$ (22,844)	$ 16,148
Decrease (increase) in inventories	270	4,831	(16,628)	(16,112)
Decrease (increase) in prepaid expenses and other	1,401	2,887	2,176	(5,064)
Increase (Decrease) in accounts payable	9,240	(11,277)	4,475	(1,463)
Changes to non-cash working capital balances	$ (7,287)	$ 14,399	$ (32,821)	$ (6,491)
Cash provided by operating activities	$ 13,951	$ 17,329	$ 23,155	$ 3,050

In the quarter ended December 31, 2008, the Corporation generated $14.0 million of cash in its operations, compared to $17.3 million in the fourth quarter of 2007. Cash was generated by increased profits that were offset by a use in non-cash working capital balances. The use of working capital resulted from increased accounts receivable, offset by decreased inventories and prepaid expenses and an increase in accounts payable. The increase in accounts receivable resulted primarily from the decrease in the amount drawn on the Corporation's accounts receivable securitization facility.

Investing Activities

(Expressed in thousands)	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
Acquisition of Verdict	$ (28)	$ -	$ (4,268)	$ -
Purchase of capital assets	(4,444)	(6,504)	(18,769)	(22,968)
Proceeds of disposals of capital assets	732	545	3,540	2,240
Decrease (increase) in other assets	2,080	(1,724)	(3,768)	1,279
Cash used in investing activities	$ (1,660)	$ (7,683)	$ (23,265)	$ (19,449)

In the fourth quarter of 2008, the Corporation invested $4.4 million in capital assets to upgrade and enhance its capabilities for current and future programs.

Financing Activities

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2008	**2007**	**2008**	**2007**
(Decrease) increase in bank indebtedness	$ (10,170)	$ (6,684)	$ 19,065	$ 11,695
Decrease in loan payable	-	-	(15,000)	-
Increase in loan payable	-	-	15,000	-
Increase (decrease) in long-term debt	23	(367)	(16,841)	13,190
Increase in long-term debt	-	-	50,000	-
Decrease in convertible debentures	-	-	(69,985)	-
Increase in convertible debentures	-	-	20,778	-
Increase (decrease) in long-term liabilities	441	343	(392)	(9,780)
Issue of Common Shares	11	11	71	76
Dividends on Preference Shares	(400)	(400)	(1,600)	(1,600)
Cash (used in) provided by financing activities	$ (10,095)	$ (7,097)	$ 1,096	$ 13,581

The Corporation amended its operating credit facility with its existing lenders on June 24, 2008. Under the terms of the amended agreement, the maximum amount available under the operating credit facility was increased by $20.0 million to a Canadian dollar limit of $95.0 million plus a US dollar limit of $90.0 million, with a maturity date of May 23, 2009. The facility is extendable for unlimited one-year renewal periods by the agreement of the Corporation and the lenders and continues to be guaranteed by the Chairman of the Corporation. An annual standby guarantee fee in 2008 of 1.0% (2007 – 0.1%) of the guaranteed amount was provided by the Corporation in consideration for this guarantee. This standby fee was increased to 1.35% on June 24, 2008 in consideration for providing additional security for the Corporation's obligations. Due to this guarantee, interest is charged at the bankers' acceptance or LIBOR rates plus 1.0%, compared to the rate of bankers' acceptance or LIBOR rates plus 4.5% that was charged in 2005 prior to the guarantee being provided. The net annual savings to the Corporation is approximately $4.1 million assuming an average of $190.0 million borrowed under the operating capacity.

On March 30, 2007, the Corporation borrowed $15.0 million by way of a promissory note from a corporation wholly owned by a common director. This loan was due July 1, 2008 and bore interest at a rate of 9% per annum. This loan was repaid on January 30, 2008.

On January 30, 2008, the Corporation closed a private placement of an aggregate of $21.0 million of the New Debentures, due January 31, 2010 the proceeds of which were used to fund, in part, the repayment of the $70.0 million principal amount of outstanding 8.5% unsecured subordinated debentures (the "Existing Debentures") which matured on January 31, 2008.

On January 30, 2008, in order to fund the remaining balance of approximately $50.0 million on the maturity of the Existing Debentures, a corporation controlled by the Chairman of the Board, provided an Original Loan of $50.0 million and a $15.0 million bridge loan (the "Bridge Loan") to the Corporation. All of the funds from the Bridge Loan and approximately $35.0 million of the funds from the Original Loan were used to repay the balance of the Existing Debentures and the $15.0 million additional funds from the Original Loan was provided to the Corporation to retire $15.0 million of subordinated debt due to a company with a common director, who is also the owner of all of the shares of such lender. Both the Original Loan and the Bridge Loan bear interest at a rate of 10% per annum calculated and payable monthly and are collateralized and subordinated to the Corporation's existing bank credit facility. The Original Loan is repayable on July 1, 2009 and the Bridge Loan that was repayable on July 31, 2008 was repaid on June 24, 2008.

Share Data and Share Consolidation

As at March 24, 2009, the Corporation had 18,209,001 common shares outstanding and 2,000,000 outstanding First Preference Shares Series A.

At the Corporation's Annual General and Special Meeting on May 13, 2008, the Corporation's shareholders approved a consolidation of Magellan's issued and outstanding common shares on the basis of one new common share for each five common shares presently issued and outstanding, which was effective May 21, 2008.

Risks and Uncertainties

The Corporation manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without hindering the ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks.

For more information in relation to the risks inherent in Magellan's business, reference is made to the information under "Company Overview" in Management's Discussion and Analysis for the year ended December 31, 2008 and to the information under "Risks Inherent in Magellan's Business" in the Annual Information Form , which will be filed on SEDAR at www.sedar.com.

Changes in Accounting Policies

Effective January 1, 2008, the Corporation was required to adopt Canadian Institute of Chartered Accounts ("CICA"): Handbook Section 3031 "Inventories", which replaces Section 3030 "Inventories". The Corporation adopted this new section retrospectively, without restatement of prior periods. This new section provides revised guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides revised guidance on the cost methodologies that are to be used to assign costs to inventories and expands the disclosure requirements to increase transparency.

As a result of these required changes in accounting policies, the Corporation was required to adopt the unit cost method for inventory related to its long-term contracts in replacement of the long-term average cost method. The unit cost method is the prescribed cost method under which the actual production costs are charged to each unit produced and recognized to income as the unit is sold. The Corporation previously accounted for the cost of production inventory using the long-term average cost which reflected higher unit costs at the early phase of a program and lower unit costs at the end of the program (the learning curve concept).

As at January 1, 2008, the effect of these accounting changes, required under Section 3031, on the Corporation's consolidated balance sheet is as follows:

(Expressed in thousands)	**Reported, as at December 31, 2007**	**Impact of accounting changes**	**Restated, as at January 1, 2008**
Assets			
Inventories	$ 274,011	$ (121,462)	$ 152,549
Capital assets	245,727	10,852	256,579
Deferred development costs	8,143	67,471	75,614
	$ 527,881	$ (43,139)	$ 484,742
Liabilities			
Future income tax liabilities	$ 16,799	$ (8,844)	$ 7,955
Shareholders' equity	$ 265,927	$ (34,295)	$ 231,632

Learning curve balances of $43.1 million, net of a future income tax recovery of $8.8 million were charged to retained earnings on adoption of Section 3031, both effective January 1, 2008. This new section also prescribed that certain development costs and program tooling costs may no longer be classified as inventory. As a result, $67.5 million of deferred development costs related to long-term contracts have been reclassified to other assets and $10.9 million of program tooling costs have been reclassified to capital assets, both effective January 1, 2008.

Cost of revenue for the three and twelve month period ended December 31, 2008 increased by $0.4 million and $1.9 million, respectively on the adoption of this new section.

On January 1, 2008, the Corporation adopted three new presentation and disclosure standards that were issued by the CICA: Handbook Section 1535, Capital Disclosures ("Section 1535"), Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863").

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Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

CICA Handbook Section 1400, General Accounting was amended to include the requirement to assess and disclose uncertainties about the Corporation's ability to continue as a going concern. The new requirements came into effect for the Corporation's fiscal year beginning January 1, 2008. The amended standard did not have an impact on the valuation or classification of the Corporation's unaudited interim consolidated financial statements.

Future Changes in Accounting Policies

Future changes in accounting policies are described in detail in Note 1 of the audited consolidated financial statements for the period ended December 31, 2008. The reader is referred to this note for further details regarding the adoption of these standards.

Outlook

The positive sales trend in 2008 is expected to be tempered in the aerospace industry in 2009. It is anticipated that business aircraft may experience a continued decline in use and orders through 2009, bringing its extended growth period to an end. Air transportation deliveries are forecasted to be stable in 2009, with potential downward pressure in the second half of 2009 if credit availability is not maintained, or if oil prices rise sharply again.

Defence spending is forecasted to be stable in both new aerospace equipment and in the aftermarket. While historically independent of the overall economy, defence spending could be pressured by high government stimulus spending in 2009 and 2010. However, most defence development and procurement budgets are in place for 2009-2010, and defence sales growth should continue through 2010 as legacy programs are replaced with new programs reaching production.

Magellan has exposure to the anticipated growth sectors of the global aerospace industry. It has captured opportunities on new civil and defence programs, has continued to modernize its facilities and updated its capabilities, and has taken measures to address contingencies that may arise during the economic uncertainty of 2009.

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.

This release should be read in conjunction with the Corporation's audited financial statements and accompanying notes, Management's Discussion and Analysis contained in the Corporation's Annual Report, the Annual Information Form and with the Corporation's unaudited quarterly financial statements and accompanying notes and the quarterly Management's Discussion and Analysis which will be filed with SEDAR (www.sedar.com).

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MAGELLAN AEROSPACE CORPORATION

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(Expressed in thousands of dollars, except per share amounts)

	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
Revenues	$ 180,145	$ 155,544	$ 686,436	$ 597,808
Cost of revenues	160,399	142,648	608,977	538,894
Gross Profit	19,746	12,896	77,459	58,914
Administrative and general expenses	13,072	10,725	40,990	46,765
Interest	4,844	6,616	21,949	24,583
	17,916	17,341	62,939	71,348
Income (loss) before income taxes	1,830	(4,445)	14,520	(12,434)
Provision for (recovery of) income taxes				
Current	(578)	(1,210)	(194)	207
Future	(5,003)	1,714	1,814	(1,300)
	(5,581)	504	1,620	(1,093)
Net income (loss)	7,411	(4,949)	12,900	(11,341)
Net income (loss) per share				
Basic and Diluted	0.39	(0.29)	0.62	(0.71)

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

(Expressed in thousands of dollars)

	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
Retained earnings, beginning of the period	52,741	88,096	82,747	95,688
Effect of change in accounting policy	-	-	(34,295)	-
Adjusted retained earnings, beginning of period	52,741	88,096	48,452	95,688
Dividends	(400)	(400)	(1,600)	(1,600)
Net income (loss)	7,411	(4,949)	12,900	(11,341)
Retained earnings, end of the period	$ 59,752	$ 82,747	$ 59,752	$ 82,747

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

(Expressed in thousands of dollars)

	Three-months ended December 31 2008	Three-months ended December 31 2007	Twelve-months ended December 31 2008	Twelve-months ended December 31 2007
Net income (loss)	$ 7,411	$ (4,949)	$ 12,900	$ (11,341)
Other comprehensive income (loss):				
Unrealized gain (loss) on translation of financial	13,886	(2,917)	19,518	(25,264)
Comprehensive income (loss)	$ 21,297	$ (7,866)	$ 32,418	$ (36,605)

MAGELLAN AEROSPACE CORPORATION

MAGELLAN AEROSPACE CORPORATION

CONSOLIDATED BALANCE SHEETS

(unaudited)		As at December 31 2008		As at December 31 2007
(Expressed in thousands of dollars)				
ASSETS				
Current				
Cash	$	5,362	$	4,884
Accounts receivable		67,435		35,659
Inventories		178,474		274,011
Prepaid expenses and other		10,717		13,127
Future income tax assets		5,097		6,264
Total current assets		267,085		333,945
Capital assets		277,207		245,727
Technology rights		32,567		34,491
Other assets		69,225		8,143
Other assets		15,970		13,073
Future income tax assets		8,643		14,064
Total assets	$	670,697	$	649,443
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Bank indebtedness	$	177,766	$	139,748
Accounts payable and accrued charges		125,116		119,881
Convertible debentures		-		13,834
Current portion of long-term debt		52,321		2,099
Total current liabilities		355,203		275,562
Long-term debt		11,803		27,839
Future income tax liabilities		11,392		16,799
Convertible debentures		20,544		55,950
Other long-term liabilities		7,947		7,366
Total liabilities		406,889		383,516
Shareholders' equity				
Capital stock		234,381		234,310
Contributed surplus		3,991		3,249
Other paid in capital		11,645		11,100
Retained earnings (restated)		59,752		82,747
Accumulated other comprehensive loss		(45,961)		(65,479)
Total shareholders' equity		263,808		265,927
Total liabilities and shareholders' equity	$	670,697	$	649,443

MAGELLAN
AEROSPACE CORPORATION

MAGELLAN AEROSPACE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) *(Expressed in thousands of dollars)*	**Three-months ended December 31**		**Twelve-months ended December 31**	
	2008	**2007**	**2008**	**2007**
OPERATING ACTIVITIES				
Net income (loss)	$ 7,411	$ (4,949)	$ 12,900	$ (11,341)
Add (deduct) items not affecting cash				
Depreciation and amortization	15,481	5,481	40,218	22,799
Net gain on sale of capital asset	288	5	(1,355)	(1,257)
Employee future benefits	2,789	(1,745)	(1,277)	(6,977)
Write down of assets	312	206	2,184	206
Deferred revenue	60	1,155	313	3,544
Stock based compensation	(166)	400	742	1,450
Issuance of common shares to the Directors	-	63	-	63
Accretion of convertible debentures	66	600	437	2,354
Future income tax expense (recovery)	(5,003)	1,714	1,814	(1,300)
	21,238	2,930	55,976	9,541
Net change in non-cash working capital items relating to operating activities	(7,287)	14,399	(32,821)	(6,491)
Cash provided by (used in) operating activities	13,951	17,329	23,155	3,050
INVESTING ACTIVITIES				
Acquisition of Verdict	(28)	-	(4,268)	-
Purchase of capital assets	(4,444)	(6,504)	(18,769)	(22,968)
Proceeds from disposal of capital assets	732	545	3,540	2,240
Decrease (increase) in other assets	2,080	(1,724)	(3,768)	1,279
Cash used in investing activities	(1,660)	(7,683)	(23,265)	(19,449)
FINANCING ACTIVITIES				
(Decrease) increase in bank indebtedness	(10,170)	(6,684)	19,065	11,695
Decrease in loan payable	-	-	(15,000)	-
Increase in loan payable	-	-	15,000	13,190
Increase (decrease) in long-term debt	23	(367)	(16,841)	-
Increase in long-term debt	-	-	50,000	-
Decrease in convertible debentures	-	-	(69,985)	-
Increase in convertible debentures	-	-	20,778	-
Increase (decrease) in long-term liabilities	441	343	(392)	(9,780)
Issuance of common shares	11	11	71	76
Dividends on preference shares	(400)	(400)	(1,600)	(1,600)
Cash (used in) provided by financing activities	(10,095)	(7,097)	1,096	13,581
Effect of exchange rate changes on cash	(204)	(1,451)	(508)	(2,194)
Net increase (decrease) in cash during the period	1,992	1,098	478	(5,012)
Cash, beginning of period	3,370	3,786	4,884	9,896
Cash, end of period	$ 5,362	$ 4,884	$ 5,362	$ 4,884