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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – March 26, 2010 – Magellan Aerospace Corporation ("Magellan" of the "Corporation") released its financial results for the fourth quarter of 2009. All amounts are expressed in Canadian Dollars unless otherwise indicated. The results are summarized as follows:

(Expressed in thousands, except per share amounts)	**Three-months ended December 31**			**Twelve-months ended December 31**		
	2009	**2008**	**Change**	**2009**	**2008**	**Change**
Revenues	$ 165,838	$ 180,145	(7.9) %	$ 686,614	$ 686,436	0.0 %
Gross Profit	$ 19,100	$ 19,746	(3.3) %	$ 82,312	$ 77,459	6.3 %
Net Income	$ 1,957	$ 7,411	(73.6) %	$ 25,985	$ 12,900	101.4 %
Net Income per share – Diluted	$ 0.05	$ 0.39	(87.2) %	$ 0.61	$ 0.62	(1.6) %

This news 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 news 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.

Factors impacting the Corporation's performance in the fourth quarter of 2009 included the continued stability of the civil airliner market sub-sector, particularly in single-aisle models, and the strength of the defence market. Not withstanding this stability, lower than expected revenues from the business jet sub-sector and continued delays in ramping up production of the Airbus A380 and the Boeing 787 lead to lower revenue in Q4 2009 versus Q4 2008. In addition, some timing issues impacted the revenues reported in the fourth quarter of 2009 from the sale of proprietary products in the defence and space sector, but the underlying demand for these products remains solid.

The fourth quarter of 2009 also reflects the push out of deliveries by customers for inventory management, and isolated softening of specific sub-sectors of the civil aerospace markets in the third and fourth quarters of 2009. The continuing softness of the business jet sub-sector, and the weakening of the U.S. Dollar versus the Canadian Dollar, also contributed to reduced reported revenues in the fourth quarter 2009 when compared to the fourth quarter 2008. In spite of these headwinds experienced in the fourth quarter of 2009, the Corporation's overall revenue for the year 2009 matched that of the year 2008.

The fourth quarter of 2009 also saw continued improvements in operating efficiency and capacity in the Corporation's facilities, improved capability through the phase-in of new technology and training, and the continued transfer of non-core work to local and emerging market suppliers. Additionally, the Joint Strike Fighter F-35 program, which has recently received strong endorsement from both the United States Administration and Congress, continued to increase its pace of low-rate production and is projected to reach full scale production within the next five years. The Corporation continues to facilitize, train and develop the expertise to participate in this complex global program.

For additional information, please refer to the *"Management's Discussion and Analysis"* section of the Annual Report available on www.sedar.com.

Revenues

	Three-months ended December 31			Twelve-months ended December 31		
(Expressed in thousands)	**2009**	2008	Change	**2009**	2008	Change
Canada	$ **89,831**	$ 80,551	11.5 %	$ **337,765**	$ 304,123	11.1 %
United States	**42,931**	64,890	(33.8) %	**200,525**	245,455	(18.3) %
United Kingdom	**33,076**	34,704	(4.7) %	**148,324**	136,858	8.4 %
Total revenue	$ **165,838**	$ 180,145	(7.9) %	$ **686,614**	$ 686,436	0.0 %

Consolidated revenues for the fourth quarter of 2009 were $165.8 million, a decrease of $14.3 million or 7.9% lower than the fourth quarter of 2008. Higher volumes in the Corporation's proprietary and specialty products contributed to increased revenues in Canada. In US Dollars, revenues in the United States declined in the fourth quarter 2009 from the fourth quarter of 2008 primarily as a result of the push out of deliveries from some of the Corporation's customers as well as the decreased demand on some legacy programs. Revenues in the United Kingdom for the full year 2009 increased over revenues in the same period in 2008, despite the decline in the British Pound exchange rate versus the Canadian Dollar. Revenues in the United Kingdom, in British Pounds, in the fourth quarter 2009 increased over 2008 by 4.2% as production activity on the Airbus statement of work, although decreased quarter over quarter, continued to outpace the 2008 levels. The decline in both the US Dollar and the British Pound against the Canadian Dollar, over the exchange rates prevailing in the fourth quarter of 2008, contributed, on a net basis, to a decrease of $17.7 million in revenues in the fourth quarter of 2009 versus the fourth quarter of 2008.

Gross Profit

	Three-months ended December 31			Twelve-months ended December 31		
(Expressed in thousands)	**2009**	2008	Change	**2009**	2008	Change
Gross profit	$ **19,100**	$ 19,746	(3.3) %	$ **82,312**	$ 77,459	6.3 %
Percentage of revenue	**11.5 %**	11.0 %		**12.0 %**	11.3 %	

Gross profit of $19.1 million (11.5% of revenues) was reported for the fourth quarter of 2009 compared to $19.8 million (11.0% of revenues) for the same period in 2008. Product mix and production efficiencies achieved through process improvements contributed to the Corporation achieving consistent margins in 2008 and 2009 despite the fluctuations in the currencies that the Corporation transacts in. The decline in both the US Dollar and the British Pound against the Canadian

Dollar, over the exchange rates prevailing in the fourth quarter of 2008, contributed, on a net basis, to a decrease of $4.9 million in gross profit in the fourth quarter of 2009 versus the fourth quarter of 2008..

Administrative and General Expenses

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Administrative and general expenses	**$ 11,706**	$ 11,884	**$ 44,489**	$ 44,691
Percentage of revenue	**7.1 %**	6.6 %	**6.5 %**	6.5 %

Administrative and general expenses were $11.7 million (7.1% of revenues) in the fourth quarter of 2009 were comparable to $11.9 million (6.6% of revenues) in the fourth quarter of 2008.

Other

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Foreign exchange loss (gain)	**$ 290**	$ (3,658)	**$ (6,383)**	$ (6,904)
Plant and program closure (recovery) costs	**(642)**	4,558	**(642)**	4,558
Loss (gain) on sale of capital assets	**83**	288	**272**	(1,355)
Other	**$ (269)**	$ 1,188	**$ (6,753)**	$ (3,701)

Other income of $0.3 million in the fourth quarter of 2009 resulted from the partial reversal of a provision recorded on a pension plan obligation in the fourth quarter of 2008, offset by the realized and unrealized foreign exchange loss recorded due to the weaker United States Dollar in comparison to the Canadian Dollar. Other loss in the fourth quarter of 2008 resulted largely from the recording of a $4.5 million charge to income in respect to pension obligations and additional closure costs in relation to the 2006 closure of the Fleet Industries plant that was partially offset by a foreign exchange gain of $3.7 million.

Interest Expense

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Interest on bank indebtedness and long-term debt	**$ 4,070**	$ 4,066	**$ 14,614**	$ 15,070
Convertible debenture interest	**1,014**	450	**3,810**	2,141
Accretion charge for convertible debt	**142**	66	**678**	437
Discount on sale of accounts receivable	**16**	262	**1,652**	4,301
Total interest expense	**$ 5,242**	$ 4,844	**$ 20,754**	$ 21,949

Interest expense of $5.2 million in the fourth quarter of 2009 was higher than the fourth quarter of 2008 amount of $4.8 million. Convertible debenture interest and the accretion expense in relation to the Corporation's convertible debentures were higher in the fourth quarter of 2009 than the comparative quarter in 2008 due to a higher principal amount of convertible debentures outstanding. Lower discount expense on the sale of accounts receivable resulted from decreased amounts of accounts receivables sold in the fourth quarter of 2009 when compared to the same quarter of 2008.

(Recovery of) Provision for Income Taxes

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Recovery of current income taxes	**$ (144)**	$ (578)	**$ (63)**	$ (194)
Expense (recovery) of future income taxes	**608**	(5,003)	**(2,100)**	1,814
Total expense (recovery) of income taxes	**$ 464**	$ (5,581)	**$ (2,163)**	$ 1,620
Effective Tax Rate	**19.2 %**	(305) %	**(9.1)%**	11.1 %

The Corporation recorded an income tax expense of $0.5 million for the fourth quarter of 2009, compared to an income tax recovery of $5.6 million for the fourth quarter of 2008. The change in effective tax rates is a result of a changing mix of income across the different jurisdictions in which the Corporation operates. The recognition of previous unrecorded future tax assets derived from temporary difference in Canada also contributed to the lower effective tax rate in the fourth quarter of 2009. 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 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 net income and net income per share (basic and diluted) in accordance with GAAP, the Corporation includes certain measures in this news release, 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 the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net income 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		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Net income	**$ 1,957**	$ 7,411	**$ 25,985**	$ 12,900
Interest	**5,242**	4,844	**20,754**	21,949
Taxes	**464**	(5,581)	**(2,163)**	1,620
Stock based compensation	**142**	(166)	**717**	742
Depreciation and amortization	**8,443**	15,481	**35,093**	40,218
EBITDA	**$ 16,248**	$ 21,989	**$ 80,386**	$ 77,429

EBITDA for the fourth quarter of 2009 was $16.2 million, compared to $22.0 million in the fourth quarter of 2008. Decreased revenues in the fourth quarter of 2009 compared to 2008 contributed to the decrease in EBITDA for the current quarter.

Liquidity and Capital Resources

Cash Flow from Operations

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Decrease (increase) in accounts receivable	**$ 12,799**	$ (18,198)	**$ (19,083)**	$ (22,844)
Decrease (increase) in inventories	**4,568**	270	**22,285**	(16,628)
(Increase) decrease in prepaid expenses and other	**(23,920)**	1,401	**(28,191)**	2,176
Increase in accounts payable	**40,646**	9,240	**11,857**	4,475
Changes to non-cash working capital balances	**34,093**	(7,287)	**(13,132)**	(32,821)
Cash provided by operating activities	**$ 41,629**	$ 13,951	**$ 36,156**	$ 23,155

In the quarter ended December 31, 2009, the Corporation generated $41.6 million of cash in its operations, compared to $14.0 million in the fourth quarter of 2008. In the fourth quarter of 2009, cash was generated through decreased accounts receivable and inventory and increased accounts payable. This was offset by increased prepaid expenses and other.

Investing Activities

(Expressed in thousands)	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Acquisition of Verdict	**$ –**	$ (28)	**$ –**	$ (4,268)
Purchase of capital assets	**(6,914)**	(4,444)	**(21,675)**	(18,769)
Proceeds of disposals of capital assets	**-**	732	**339**	3,540
(Increase) decrease in other assets	**(1,227)**	2,080	**(1,274)**	(3,768)
Cash used in investing activities	**$ (8,141)**	$ (1,660)	**$ (22,610)**	$ (23,265)

In the fourth quarter of 2009, the Corporation invested $6.9 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	
	2009	2008	**2009**	2008
(Decrease) increase in bank indebtedness	**$ (16,609)**	$ (10,170)	**$ (27,454)**	$ 19,065
Decrease in loan payable	**–**	–	**–**	(15,000)
Increase in loan payable	**–**	–	**–**	15,000
(Decrease) increase in long-term debt	**(766)**	23	**(2,824)**	(16,841)
Increase in long-term debt	**–**	–	**15,000**	50,000
Decrease in convertible debentures	**–**	–	**(20,950)**	(69,985)
Increase in convertible debentures	**–**	–	**39,667**	20,778
Increase (decrease) in long-term liabilities	**2,521**	441	**2,211**	(392)
Issue of Common Shares	**–**	11	**8**	71
Dividends on Preference Shares	**(1,600)**	(400)	**(1,600)**	(1,600)
Cash (used in) provided by financing activities	**$ (16,454)**	$ (10,095)	**$ 4,058**	$ 1,096

On April 30, 2009, the Corporation also completed the following previously announced financing arrangements:

(a) the purchase by the Chairman of the Board of the Corporation, directly or indirectly, of $40 million principal amount of a new issue of 10% Convertible Secured Subordinated Debentures (the "New Convertible Debentures") with a three year term; and

(b) the extension and restatement of a previous secured subordinated loan (the "Original Loan") from Edco Capital Corporation ("Edco"), which is wholly owned by the Chairman of the Board of the Corporation, to the Corporation to increase the principal amount from $50 million to $65 million and to extend the maturity date of the loan to July 1, 2010 in consideration for the payment of a one time fee to Edco equal to 1% of the principal amount of $50 million outstanding and an increase in the interest rate on the loan from 10% to 12% per annum payable monthly in arrears.

(together the "2009 Financing Arrangements")

As a result of a requirement under a change of control provision in the previously issued 8.5% convertible unsecured debentures due January 31, 2010 (the "2008 Debentures"), the Corporation was required to make an offer to purchase the $20.95 million of the 2008 Debentures at a price of 102.5% of the principal amount plus accrued and unpaid interest utilizing the proceeds of the 2009 Financing Arrangements. In the second quarter of 2009, the 2008 Debentures were fully repurchased by the Corporation.

Pursuant to a similar change of control definition in the Corporation's outstanding Preference Shares' terms, the Corporation is required to retract its outstanding Preference Shares at a price of $10.00 per share plus accrued and unpaid dividends, unless such retraction contravenes any instrument of indebtedness of the Corporation or the terms of the Ontario Business Corporations Act (the "OBCA"). The Corporation is currently not in the position to retract the Preference Shares as it is prohibited from doing so by the terms of its operating credit facility. Accordingly, the Preference Shares continue to be classified as equity instruments.

During the quarter ended December 31, 2009, the Corporation declared a dividend in the amount of twenty cents ($.20) per share payable in respect of each of the following dates: April 30, 2009, July 30, 2009, October 29, 2009 and January 31, 2010 for a total dividend of eighty cents ($.80) per share on each of the Corporation's 8% cumulative redeemable first preference shares series A (the "First Preference Shares Series A") which was payable and was paid on January 31, 2010 to shareholders of record of the First Preference Shares Series A at the close of business on December 31, 2009.

On December 22, 2009, Edco provided a commitment letter that extends the due date of the Original Loan to July 1, 2011 on the same terms and conditions of the Original Loan except that the interest rate will be reduced from 12% to 11% per annum in consideration of the payment of a one time extension fee of 1% of the principal amount of $65.0 million to Edco as follows: (a) 0.20% on execution of the commitment letter for renewal and (b) 0.80% on the satisfaction of all conditions and closing of the renewal transaction. On March 26, 2010 the Original Loan was restated and extended in accordance with such terms. The Corporation was also granted the option to further extend the Original Loan on or before July 1, 2011, for a further period of one year maturing on July 1, 2012, on payment of an additional one time extension fee of 1% of the principal amount of the loan and on the condition 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 the Corporation. The Corporation has the right to prepay the Original Loan at any time without penalty.

On March 26, 2010, the Corporation amended its Bank Facility Agreement with its existing lenders. Under the terms of the amended agreement, the maximum amount available under the operating credit facility was reallocated to a Canadian dollar limit of $105.0 million (up from $90.0 million) plus a US dollar limit of US$70.0 million (down from US$85.0 million), with a maturity date of May 21, 2011. 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 Board of the Corporation. The terms of the amended operating credit facility permit the Corporation to (i) repay the Original Loan in whole or in part and (ii) retract up to 20% ($4,000,000) of the Preference Shares on each of April 30 and October 31 (or the next business day if that day is not a business day) of each year starting with April 30, 2010, together with accrued and unpaid dividends on the shares to be retracted provided there is no current default or event of default under the operating credit facility and after the repayment of the Original Loan and the payment of the retraction amount the Corporation has at least $25.0 million in availability under the operating credit facility. Any permitted retraction amount not used on any prior date can be carried forward to future retraction dates. As a result, subject to such limitation under the operating credit facility and to applicable laws, the Corporation will retract on each of April 30 and October 31, beginning April 30, 2010, any Preference Shares tendered for retraction up to the permitted percentage of Preference Shares. The Preference Shares tendered for retraction will be classified as a current liability.

Share Data

As at March 26, 2010, the Corporation had 18,209,001 common shares outstanding, 2,000,000 outstanding First Preference Shares Series A convertible into 1,333,333 common shares and $40.0 million convertible debentures convertible into 40,000,000 common shares. The dilutive weighted average number of common shares outstanding, resulting from the potential common shares issuable on the conversion of the convertible debentures, for the three and twelve month periods

ending December 31, 2009 were 58,209,001 and 45,900,161 respectively. Subject to law the Corporation will be required to retract the Preference Shares in whole or in part to the extent permitted by any instrument of indebtedness of the Corporation.

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, 2009 and to the information under "Risks Inherent in Magellan's Business" in the Annual Information Form for the year ended December 31, 2009, which will be filed with SEDAR (www.sedar.com).

Changes in Accounting Policies

On January 1, 2009, the Corporation adopted CICA Handbook 3064, "Goodwill and Intangible Assets". This new section replaces the existing standards for "Goodwill and Other Intangible Assets" (CICA Handbook Section 3062) and "Research and Development Costs" (CICA Handbook Section 3450). The new standard (i) states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria; (ii) provides guidance on the recognition of internally generated intangible assets including research and development costs; and (iii) carries forward the current requirements of Section 3062 for subsequent measurement and disclosure of intangible assets and goodwill. The adoption of this new section did not have a material impact on the Corporation's consolidated financial statements.

On January 20, 2009, the Emerging Issues Committee ["EIC"] of the AcSB issued EIC Abstract 173, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The Corporation adopted this EIC on January 20, 2009 and applied the EIC retrospectively, without restatement of prior years to all financial assets and financial liabilities measured at fair value. The adoption of this new EIC did not have a material impact on the Corporation's consolidated financial statements.

In June 2009, the CICA amended section 3862, "Financial Instruments – Disclosures". The amendments include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in Level I are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data. The amendment to this standard did not have any impact on the classification and measurement of our financial instruments. The new disclosures pursuant to the new Handbook Section are included in note 18 of the 2009 audited consolidated financial statements.

Future Changes in Accounting Policies

The Corporation will adopt the following accounting standards recently issued by the CICA:

Sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests

In January 2009, the CICA issued Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests".

Section 1582 will be converged with IFRS 3, "Business Combinations". Section 1602 will be converged with the requirements of IAS 27, "Consolidated and Separate Financial Statements", for non-controlling interests. Section 1601 carries forward the requirements of Section 1600, "Consolidated Financial Statements", other than those relating to non-controlling interests.

Section 1582 applies to acquisitions made from January 1, 2011 in which the acquirer obtains control of one or more businesses. The term "business" is more broadly defined than in the existing standard. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be "improbable", will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. A bargain purchase will result in recognition of a gain. Acquisition costs must be expensed. Under Section 1602, any non-controlling interest will be recognized as a separate component of shareholders' equity. Net income will be calculated without deduction for the non-controlling interest. Rather, net income will be allocated between the controlling and non-controlling interests.

The new standards will become effective in 2011. The Corporation is currently evaluating the impact of the adoption of these new standards on its consolidated financial statements.

Multiple Deliverable Revenue Arrangements

In December 2009, the CICA issued EIC-175, Multiple Deliverable Revenue Arrangements ("EIC-175"). EIC-175, which replaces EIC-142, Revenue Arrangements with Multiple Deliverables, addresses some aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. These new standards are effective for the Corporation's interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The Corporation is assessing the impact of the new standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, will be converged with International Financial Reporting Standards ("IFRS") effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable to the Corporation for the first quarter of 2011 where current and comparative financial information will be prepared in accordance with IFRS.

IFRS Transition Plan
The Corporation commenced its IFRS conversion efforts during 2008. The transition project consists of four elements: planning and awareness raising; assessment; design; and implementation. Resources have been deployed and project management and governance practices are implemented to ensure a timely transition to IFRS. The progresses made to date are as follows:

Planning and awareness raising – As part of planning, the Corporation completed a high level assessment of the major differences between Canadian GAAP and IFRS. Key differences were identified which assisted in the development of the project plan as well as prioritization of issues that would have significant impact to the Corporation. With the assistance of external consultants, the Corporation has conducted sessions to raise awareness in its efforts to transition to IFRS. Throughout 2009, several training sessions were conducted at the business unit level in order to increase awareness and knowledge of the transition to IFRS. Training sessions will continue to be conducted throughout 2010.

Assessment and design – Detailed evaluation of the differences on recognition, measurement and disclosures between Canadian GAAP and IFRS was initiated in 2009 and continues in 2010. The impact to systems, processes, controls (internal control over financial reporting and disclosure controls), and other business activities have been incorporated into the detailed analysis. The design of solutions for the transition to IFRS is ongoing and the requirements are being developed. No significant changes to systems processes and controls have been identified to-date.

Implementation – During the implementation phase leading up to the transition date, new IFRS updates will be monitored and any changes that are relevant to the Corporation will be identified and addressed. Activities with respect to selecting and finalizing IFRS 1 and accounting policy choices, restating comparative information, testing, review and sign off will occur throughout 2010 and continue to the early part of 2011.

Results of the Detailed GAAP Assessment
While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of the transition to IFRS at the changeover date. The International Accounting Standard Board will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Corporation's financial results will only be measured once all the IFRS applicable at the conversation date are known. Preliminary analysis to-date of the impacts of transition to IFRS on specific areas is detailed below. The areas outlined below should not be considered as a complete analysis. Any remaining potential

accounting differences not discussed below are being analyzed and will be discussed further in 2010.

IFRS 1 – IFRS 1 First-Time Adoption of International Financial Reporting Standards ("IFRS 1") provides entities adopting IFRSs for the first time with a number of mandatory exceptions and optional exemptions, in certain areas, to the general requirement for full retrospective application of IFRSs. The following are the significant optional exemptions available under IFRS 1 that the Corporation expects to apply in preparing the first financial statements under IFRS.

- Business Combinations – The Corporation expects to elect to not restate any Business Combinations that have occurred prior to January 1, 2010
- Employee Benefits – The Corporation expects to elect to recognize any actuarial gains/losses as at January 1, 2010 in retained earnings
- Foreign Exchange – The Corporation expects to elect to reclassify cumulative translation gains or losses in accumulated other comprehensive income to retained earnings

Property, plant and equipment – International Accounting Standards ("IAS") 16 Property, Plant and Equipment ("IAS 16") provides a choice, for each class of property, plant and equipment, in accounting for each class using either the cost model or the revaluation model. The cost model is generally consistent with Canadian GAAP where an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Under the revaluation model, an item of property, plant and equipment is carried at its revalued amount, being its fair value at the date of the revaluation less any accumulated depreciation and accumulated impairment losses. In addition, under IAS 16, where part of an item of property, plant and equipment has a cost that is significant in relation to the cost of the item as a whole, it must be depreciated separately from the remainder of the item. Canadian GAAP is similar in this respect; however, it has often not been applied to the same extent due to practicality and/or materiality. The Corporation expects to use the cost model to account for all classes of property, plant and equipment. Review of the impact in depreciating an item of property, plant and equipment separately from the remainder of the item is currently underway.

Borrowing costs – IAS 23 Borrowing Costs ("IAS 23") requires the capitalization of borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset. Under Canadian GAAP, the Corporation's accounting policy is to expense these costs as incurred. IFRS 1 provides an election permitting the application of IAS 23 prospectively from the date of transition, January 1, 2010. The Corporation intends to apply this election and consequently, the Corporation does not expect to have an adjustment on its opening IFRS balance sheet.

Provisions – IAS 37 Provisions, Contingent Liabilities and Contingent Asset ("IAS 37") requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation. "Probable" under IFRS means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some contingent liabilities not recognized under Canadian GAAP which would require a provision under IAS 37. The Corporation is in the process of evaluating potential transactions to determine whether there is an impact of this difference on the opening balance sheet.

Impairments – IAS 36 Impairment of Assets ("IAS 36") uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). Under Canadian GAAP, assets other than financial assets, are generally tested using a two-step approach: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. This may potentially result in more write-downs where carrying values of the assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. In addition, the extent of any write downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses. The Corporation has not yet finalized the impairment testing for the opening balance sheet under IFRS, as such the impact, if any, is unknown at this time.

Government grants – IAS 20 Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20") requires the benefit of a government loan at a below-market rate of interest be treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined and the proceeds received. Under Canadian GAAP, these forms of government assistance have not been disclosed in the financial statements. However, where the benefits are significant to the operations of the enterprise, it is desirable to disclosure the relevant terms and conditions of the programs. The Corporation is reviewing the government grants and expects some minor impacts.

Outlook

There are a number of factors that indicate that a modest recovery may occur in the global aerospace industry in 2010. Global air freight levels began to improve in the second half of 2009 and air travel is expected to grow in 2010 in step with most sectors of the global economy. Weaknesses in certain subsectors of the civil market appear to have stabilized, and are expected to show signs of recovery during 2010 and 2011. The defence sector remains stable, and is introducing large, technologically advanced aircraft programs that are expected to be deployed and supported over the next 20 years or more. The strength and sustainability of the global economic recovery will strongly influence demand for industrial power installations, especially in those emerging markets that may lack large power-distribution capabilities.

For the last number of years, the Corporation has maintained a focus in its activities to concentrate key core capabilities in its own plants, while off-loading non-core activity to its local and emerging market supply bases. The air transportation market has remained stable throughout the economic downturn and higher levels of output have been forecasted for key aircraft platforms in 2010 and 2011. Large civil aircraft design and production issues appear to have been addressed during 2009, and annual production volumes are expected to increase somewhat, and workhorse single-aisle aircraft are expected to increase output in 2010 and beyond. In defence, combat aircraft and helicopter fleets are being replaced in an effort that is expected to continue for the foreseeable future. The Corporation has positions in civil airline aircraft, military aircraft and helicopters, respective aircraft engines, and aero-derivative industrial power generation sets globally in demand.

Sales in 2010 will be affected by fluctuations due to temporary cash management measures at customer and supplier levels, and potential exchange rate fluctuations. For 2010, the Corporation 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 hopefully address further uncertainties that may arise during any residual economic volatility in 2010-2011.

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, the United Kingdom and India.

This release should be read in conjunction with the Corporation's 2009 audited financial statements and accompanying notes, Management's Discussion and Analysis contained in the Corporation's 2009 Annual Report and the Annual Information Form which will be filed with SEDAR (www.sedar.com).

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For additional information contact:

James S. Butyniec
President and Chief Executive Officer
T: (905) 677-1889 ext. 233
E: jim.butyniec@magellan.aero

John B. Dekker
Vice President Finance & Corporate Secretary
T: (905) 677-1889 ext. 224
E: john.dekker@magellan.aero

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

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

	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Revenues	**$ 165,838**	$ 180,145	**$ 686,614**	$ 686,436
Cost of revenues	**146,738**	160,399	**604,302**	608,977
Gross Profit	**19,100**	19,746	**82,312**	77,459
Administrative and general expenses	**11,706**	11,884	**44,489**	44,691
Other	**(269)**	1,188	**(6,753)**	(3,701)
Interest	**5,242**	4,844	**20,754**	21,949
	16,679	17,916	**58,490**	62,939
Income before income taxes	**2,421**	1,830	**23,822**	14,520
(Recovery of) provision for income taxes				
Current	**(144)**	(578)	**(63)**	(194)
Future	**608**	(5,003)	**(2,100)**	1,814
	464	(5,581)	**(2,163)**	1,620
Net income	**$ 1,957**	$ 7,411	**$ 25,985**	$ 12,900
Net income per share				
Basic	**0.09**	0.39	**1.34**	0.62
Diluted	**0.05**	0.39	**0.61**	0.62

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

(Expressed in thousands of dollars)

	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Retained earnings, beginning of the period	**$ 83,780**	52,741	**$ 59,752**	$ 82,747
Effect of change in accounting policy	**–**	–	**–**	(34,295)
Adjusted retained earnings, beginning of period	**83,780**	52,741	**59,752**	48,452
Dividends	**(1,600)**	(400)	**(1,600)**	(1,600)
Net income	**1,957**	7,411	**25,985**	12,900
Retained earnings, end of the period	**$ 84,137**	$ 59,752	**$ 84,137**	$ 59,752

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

(Expressed in thousands of dollars)

	Three-months ended December 31		Twelve-months ended December 31	
	2009	2008	**2009**	2008
Net income	**$ 1,957**	$ 7,411	**$ 25,985**	$ 12,900
Other comprehensive (loss) income:				
Unrealized (loss) gain on translation of financial statements of self-sustaining foreign operations	**(2,499)**	13,886	**(20,486)**	19,518
Comprehensive (loss) income	**$ (542)**	$ 21,297	**$ 5,499**	$ 32,418

MAGELLAN AEROSPACE CORPORATION

CONSOLIDATED BALANCE SHEETS

(unaudited)

(Expressed in thousands of dollars)

	As at December 31 2009	As at December 31 2008
ASSETS		
Current		
Cash	**$ 22,641**	$ 5,362
Accounts receivable	**82,850**	67,435
Inventories	**147,248**	178,474
Prepaid expenses and other	**38,458**	10,717
Future income tax assets	**3,958**	5,097
Total current assets	**295,155**	267,085
Capital assets	**254,700**	277,207
Technology rights	**29,158**	32,567
Deferred development costs	**59,510**	69,225
Other assets	**24,909**	15,970
Future income tax assets	**17,186**	8,643
Total long-term assets	**385,463**	403,612
Total assets	**$ 680,618**	$ 670,697
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$ 140,590**	$ 177,766
Accounts payable and accrued charges	**135,373**	125,116
Current portion of long-term debt	**2,321**	52,321
Total current liabilities	**278,284**	355,203
Long-term debt	**73,716**	11,803
Future income tax liabilities	**10,281**	11,392
Convertible debentures	**38,182**	20,544
Other long-term liabilities	**9,803**	7,947
Total long-term liabilities	**131,982**	51,686
Shareholders' equity		
Capital stock	**234,389**	234,381
Contributed surplus	**4,708**	3,991
Other paid in capital	**13,565**	11,645
Retained earnings	**84,137**	59,752
Accumulated other comprehensive loss	**(66,447)**	(45,961)
Total shareholders' equity	**270,352**	263,808
Total liabilities and shareholders' equity	**$ 680,618**	$ 670,697

MAGELLAN AEROSPACE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) *(Expressed in thousands of dollars)*	**Three-months ended December 31**		**Twelve-months ended December 31**	
	2009	**2008**	**2009**	**2008**
OPERATING ACTIVITIES				
Net income	**$ 1,957**	$ 7,411	**$ 25,985**	$ 12,900
Add (deduct) items not affecting cash				
Depreciation and amortization	**8,443**	15,481	**35,093**	40,218
Net gain (loss) on sale of capital asset	**83**	288	**272**	(1,355)
Employee future benefits	**(2,065)**	2,789	**(5,799)**	(1,277)
Write down of deferred costs	**–**	312	**–**	2,184
Deferred revenue	**114**	60	**466**	313
Stock based compensation	**142**	(166)	**717**	742
Accretion of convertible debentures	**142**	66	**678**	437
Future income tax (recovery) expense	**(1,280)**	(5,003)	**(8,124)**	1,814
	7,536	21,238	**49,288**	55,976
Net change in non-cash working capital items relating to operating activities	**34,093**	(7,287)	**(13,132)**	(32,821)
Cash provided by operating activities	**41,629**	13,951	**36,156**	23,155
INVESTING ACTIVITIES				
Acquisition of Verdict	**–**	(28)	**–**	(4,268)
Purchase of capital assets	**(6,914)**	(4,444)	**(21,675)**	(18,769)
Proceeds from disposal of capital assets	**–**	732	**339**	3,540
(Increase) decrease in other assets	**(1,227)**	2,080	**(1,274)**	(3,768)
Cash used in investing activities	**(8,141)**	(1,660)	**(22,610)**	(23,265)
FINANCING ACTIVITIES				
(Decrease) increase in bank indebtedness	**(16,609)**	(10,170)	**(27,454)**	19,065
Decrease in loan payable	**–**	–	**–**	(15,000)
Increase in loan payable	**–**	–	**–**	15,000
(Decrease) increase in long-term debt	**(766)**	23	**(2,824)**	(16,841)
Increase in long-term debt	**–**	–	**15,000**	50,000
Decrease in convertible debentures	**–**	–	**(20,950)**	(69,985)
Increase in convertible debentures	**–**	–	**39,667**	20,778
Increase (decrease) in long-term liabilities	**2,521**	441	**2,211**	(392)
Issuance of common shares	**–**	11	**8**	71
Dividends on preference shares	**(1,600)**	(400)	**(1,600)**	(1,600)
Cash (used in) provided by financing activities	**(16,454)**	(10,095)	**4,058**	1,096
Effect of exchange rate changes on cash	**(68)**	(204)	**(325)**	(508)
Net increase in cash during the period	**16,966**	1,992	**17,279**	478
Cash, beginning of period	**5,675**	3,370	**5,362**	4,884
Cash, end of period	**$ 22,641**	$ 5,362	**$ 22,641**	$ 5,362