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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – March 29, 2011 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the fourth quarter of 2010. All amounts are expressed in Canadian Dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars, except per share amounts	**2010**	**2009**	**Change**	**2010**	**2009**	**Change**
Revenues	$ 188,063	$ 165,838	13.4%	$ 732,508	$ 686,614	6.7%
Gross Profit	$ 26,939	$ 19,100	41.0%	$ 93,336	$ 82,312	13.4%
Net Income	$ 8,145	$ 1,957	316.2%	$ 25,408	$ 25,985	(2.2)%
Net Income per share – Diluted	$ 0.16	$ 0.05	220.0%	$ 0.51	$ 0.61	(16.4)%

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 except as required by law.

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 ("GAAP"). The Corporation defines EBITDA as earnings before interest, dividends on preference shares, 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.

Overview

The Corporation reported higher revenue in the fourth quarter of 2010 than the fourth quarter of 2009, reflecting revenue of $28.1 million recognized in the fourth quarter of 2010 on the Ghana electric power generation project. Revenue on the Ghana project replaced revenue that had been anticipated on several commercial programs that experienced production delays in 2010. Gross profit and net income for the fourth quarter of 2010 were $26.9 million and $8.1 million, respectively, and $93.3 million and $25.4 million respectively for the twelve months ending December 31, 2010.

The global aerospace industry rallied in the second half of 2010, with world airlines reporting stronger load factors, revenues and profitability, and aircraft and engine manufacturers announcing increased production rates to accommodate growing demand for new aircraft. Business aircraft activity rates began to increase more broadly, hopefully a precursor to increased demand ahead while the Business and General Aviation markets have been slower to recapture their prerecession strengths. Production of defence aircraft, helicopters and engines maintained current build rates throughout 2010.

The Corporation has retained a strong position in the single-aisle airliner market with Airbus and Boeing, with production rates for both having been raised in 2010 to record levels. It also benefitted from increased production on certain of the current twin-aisle aircraft of Airbus (A330) and Boeing (B777). The Corporation has positioned itself for the new B787 twin-aisle from Boeing forecasted to enter service in 2011, and the new A350 twin-aisle from Airbus expected to enter service over the next several years. Both aircraft have built strong order books, and are expected to significantly improve long range air travel world-wide.

During 2010 and early 2011, Magellan maintained its participation on current civil aircraft work, and was awarded four additional contracts for work on civil aircraft. Magellan also increased its position on the F-35 multi-nation JSF program in 2010, assisted by its investment in technology, knowledge, plant and equipment. The F-35 program added new customers in 2010, and the air force and navy variants of the aircraft (F-35A and F-35C respectively) are ahead of schedule in testing. Low rate production of these variants is expected to accelerate annually in 2011 and beyond, with the vertical landing variant expected to rejoin production within two years.

The global space market is growing in segments that include science and space exploration, defence, and media, which affect earth observation, communication, navigation, and entertainment. Magellan has been involved in various space activities for over four decades and has more recently established itself as a satellite developer, obtaining a significant and growing role within the Canadian space program over the past decade. With two complete satellites delivered, Magellan is presently under contract to design the satellite bus for Canada's RADARSAT Constellation Mission (RCM), with manufacturing and assembly of the three-satellite RCM constellation to commence in 2012. In Europe, Magellan's Verdict Aerospace in the United Kingdom manufactured precision exotic metal alloy components for two communications satellites in 2010, and will participate in an explorer/lander mission to Mercury in 2012.

The Corporation's results continue to reflect the benefits of investment in new technology, equipment, and knowledge across all operating sites. Operations are developing the manufacturing processes that will be required over the next several years as strategically important, higher level core products are introduced. Concurrently, non-core work is being moved out to local and emerging market sites. Business development activities continue to focus on increasing the level and complexity of core activity within the operating sites, and adding value to the Corporation's key customers.

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

Consolidated Revenue

Overall, the Corporations revenues increased when compared to the fourth quarter of 2009.

		Three month period ended December 31			Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	Change	**2010**	2009	Change
Aerospace	**$ 159,978**	$ 160,617	(0.4)%	**$ 627,113**	$ 681,393	(8.0)%
Power Generation Project	**28,085**	5,221	437.9%	**105,395**	5,221	1918.7%
Total revenue	**188,063**	165,838	13.4%	**732,508**	686,614	6.7%

Consolidated sales for the fourth quarter ended December 31, 2010 increased 13.4% to $188.1 million from $165.8 million last year, due mainly to increased revenues earned on the Ghana electric power generation project, offset by reduced revenues in the Aerospace segment.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

		Three month period ended December 31			Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	Change	**2010**	2009	Change
Canada	**$ 82,048**	$ 84,610	(3.0)%	**$ 317,342**	$ 332,544	(4.6)%
United States	**47,204**	42,931	10.0%	**187,555**	200,525	(6.5)%
United Kingdom	**30,726**	33,076	(7.1)%	**122,216**	148,324	(17.6)%
Total revenue	**159,978**	160,617	(0.4)%	**627,113**	681,393	(8.0)%

Consolidated revenues for the fourth quarter of 2010 of $160.0 million were consistent with revenues of $160.6 million in the fourth quarter of 2009. Revenues in Canada in the fourth quarter of 2010 decreased 3.0% from the same period in 2009 primarily due to the decline of the US dollar against the Canadian dollar. Increased revenues in the United States in the fourth quarter of 2010 in comparison to the fourth quarter of 2009 resulted from increased volumes on several of the Corporation's single aisle aircraft programs as well as the introduction of new programs. Revenues in the United Kingdom in the fourth quarter of 2010 decreased over revenues in the same period in 2009 as a result of the decline of the British Pound against the Canadian dollar.

Power Generation Segment

Revenues for the Power Generation Project segment were as follows:

		Three month period ended December 31			Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	Change	**2010**	2009	Change
Power Generation Project	**$ 28,085**	$ 5,221	437.9%	**$ 105,395**	$ 5,221	1918.7%
Total revenue	**28,085**	5,221		**105,395**	5,221	

Increased revenues in the fourth quarter of 2010 over the same period in 2009 represents the Corporation's progress made on the Ghana electric power generation project.

Gross Profit

		Three month period ended December 31			Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	Change	**2010**	2009	Change
Gross profit	**$ 26,939**	$ 19,100	41.0%	**$ 93,336**	$ 82,312	13.4%
Percentage of revenue	**14.3%**	11.5%		**12.7%**	12.0%	

Gross profit of $26.9 million (14.3% of revenues) was reported for the fourth quarter of 2010 compared to $19.1 million (11.5% of revenues) during the same period in 2009. Gross profit, as a percentage of revenues, increased in the fourth quarter as the Corporation's revenue mix changed, price increases were negotiated and operational performance improvements were achieved.

Administrative and General Expenses

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Administrative and general expenses	**$ 10,893**	$ 11,706	**$ 40,026**	$ 44,489
Percentage of revenue	**5.8%**	7.1%	**5.5%**	6.5%

Administrative and general expenses were $10.9 million (5.8% of revenues) in the fourth quarter of 2010 compared to $11.7 million (7.1% of revenues) in the fourth quarter of 2009. Reduction in administrative and general expenses in the fourth quarter of 2010 resulted in part from the effect on translation of the weakening US dollar and British Pound exchange rates against the Canadian dollar.

Other

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Foreign exchange (gain) loss	**$ (183)**	$ 290	**$ 680**	$ (6,383)
Plant and program closure recoveries	**—**	(642)	**(820)**	(642)
Loss on sale of capital assets	**115**	83	**267**	272
Other	**(68)**	(269)	**127**	(6,753)

Other income of $0.1 million in the fourth quarter of 2010 consisted of realized and unrealized foreign exchange gains offset by losses realized on the sale of capital assets. Other income in the fourth quarter of 2009 resulted from a $0.6 million reversal of a portion of a provision that related to an obligation on a pension plan that was in the process of being wound-up.

Interest Expense

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Interest on bank indebtedness and long-term debt	**$ 3,437**	$ 4,070	**$ 14,651**	$ 14,614
Convertible debenture interest	**1,009**	1,014	**4,006**	3,810
Accretion charge for convertible debt and long-term debt	**225**	142	**677**	678
Discount on sale of accounts receivable	**105**	16	**402**	1,652
Total interest expense	**4,776**	5,242	**19,736**	20,754

Interest expense of $4.8 million in the fourth quarter of 2010 was lower than the fourth quarter of 2009 amount of $5.2 million. Interest on bank indebtedness and long-term debt decreased as principal amounts outstanding during the fourth quarter of 2010 were lower than those in the fourth quarter of 2009. Reduced interest rates on the long-term debt and lower interest rate spreads on bank indebtedness also contributed to the reduction in interest expense in the quarter when compared to the fourth quarter of 2009.

Provision for Income Taxes

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Recovery of current income taxes	**$ (906)**	$ (144)	**$ (331)**	$ (63)
Expense (recovery) of future income taxes	**3,859**	608	**7,490**	(2,100)
Total expense (recovery) of income taxes	**2,953**	464	**7,159**	(2,163)
Effective Tax Rate	**26.6%**	19.2%	**22.0%**	(9.1)%

The Corporation recorded an income tax expense of $3.0 million for the fourth quarter of 2010, compared to an income tax expense of $0.5 million for the fourth quarter of 2009. 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 future tax assets derived from temporary difference in the United Kingdom also contributed to the lower effective tax rate.

Selected Quarterly Financial Information

				2010				2009
Expressed in millions of dollars	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Revenues	$ 177.9	$ 181.5	$ 185.1	$ 188.1	$ 179.3	$ 177.3	$ 164.2	$ 165.8
Net Income	3.1	6.3	7.8	8.1	7.9	5.4	10.8	2.0
Net Income per common share								
Basic	0.15	0.35	0.43	0.45	0.41	0.27	0.57	0.09
Diluted	0.06	0.13	0.16	0.16	0.41	0.12	0.20	0.05

Revenues and net income reported in the quarterly information was impacted by the fluctuations in the Canadian Dollar exchange rate in comparison to the US dollar and British Pound. The US dollar/Canadian dollar exchange rate in 2010 fluctuated reaching a low of 0.9928 and a high of 1.0846. During 2009 the US dollar relative to the Canadian dollar moved from an exchange rate of 1.2180 at the start of the year to 1.0510 by December 31, 2009. The British Pound/Canadian dollar exchange rate in 2010 fluctuated reaching a low of 1.4894 and a high of 1.7208. During 2009, the British Pound relative to the Canadian dollar moved from an exchange rate of 1.7896 at the start of the year to 1.6918 by December 31, 2009. Had exchange rates remained at levels experienced in 2009, reported revenues in 2010 would have been higher by $25.6 million in the first quarter, $22.1 million in the second quarter, $10.3 million in the third quarter and $8.0 million in the fourth quarter.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

In addition to the primary measures of earnings and earnings per share (basic and diluted) in accordance with GAAP, the Corporation includes certain measures in this news release, including EBITDA (earnings before interest expense, dividends on preference shares, 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 earnings as determined in accordance with GAAP or as an alternative to cash provided by or used in operations.

	Three-month period ended December 31		**Twelve-month period ended December 31**	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Net income	**$ 8,145**	$ 1,957	**$ 25,408**	$ 25,985
Interest	**4,776**	5,242	**19,736**	20,754
Dividends on preference shares	**240**	–	**880**	–
Taxes	**2,953**	464	**7,159**	(2,163)
Stock based compensation	**155**	142	**582**	717
Depreciation and amortization	**8,366**	8,443	**35,008**	35,093
EBITDA	**24,635**	16,248	**88,773**	80,386

EBITDA for the fourth quarter of 2010 was $24.6 million, compared to $16.2 million in the fourth quarter of 2009. As previously discussed, increased gross profit and a reduction in administrative and general expenses resulted in increased EBITDA for the current quarter.

Liquidity and Capital Resources

Cash Flow from Operations

	Three-month period ended December 31		Twelve-month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Decrease (increase) in accounts receivable	**$ 5,929**	$ 12,799	**$ (3,810)**	$ (19,083)
(Increase) decrease in inventories	**(5,393)**	4,568	**(8,221)**	22,285
(Increase) decrease in prepaid expenses and other	**(1,705)**	(23,920)	**26,289**	(28,191)
Increase (decrease) in accounts payable	**25,682**	40,646	**(979)**	11,857
Changes to non-cash working capital balances	**24,513**	34,093	**13,279**	(13,132)
Cash provided by operating activities	**42,974**	41,629	**74,760**	36,156

In the quarter ended December 31, 2010, the Corporation generated $43.0 million of cash from its operations, compared to cash generated by operations of $41.6 million in the fourth quarter of 2009. Cash was generated mainly by an increase in net income, an increase in accounts payable and a decrease in accounts receivable offset by increased inventory and prepaid expenses and other. Accounts receivable decreased as the Corporation entered into a new securitization agreement in the fourth quarter of 2010.

Investing Activities

	Three-month period ended December 31		Twelve-month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Purchase of capital assets	**$ (3,256)**	$ (6,914)	**$ (16,255)**	$ (21,675)
Proceeds of disposals of capital assets	**70**	-	**206**	339
Increase in other assets	**(7,756)**	(1,227)	**(16,353)**	(1,274)
Cash used in investing activities	**(10,942)**	(8,141)	**(32,402)**	(22,610)

In the fourth quarter of 2010, the Corporation invested $3.3 million in capital assets to upgrade and enhance its capabilities for current and future programs. In addition, the Corporation advanced $6.5 million in deposits on capital equipment funded largely through government loans and grants.

Financing Activities

	Three-month period ended December 31		Twelve-month period ended December 31	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Decrease in bank indebtedness	**$ (12,195)**	$ (16,609)	**$ (21,128)**	$ (27,454)
Decrease in long-term debt	**(10,647)**	(766)	**(21,900)**	(2,824)
Increase in long-term debt	**6,727**	-	**12,813**	15,000
Decrease in convertible debentures	**-**	-	**-**	(20,950)
Increase in convertible debentures	**-**	-	**-**	39,667
Increase in long-term liabilities	**70**	2,521	**110**	2,211
Issue of common shares	**-**	-	**-**	8
Redemption of preference phares	**(4,000)**	-	**(8,000)**	-
Dividends on preference phares	**-**	(1,600)	**(400)**	(1,600)
Cash (used in) provided by financing activities	**(20,045)**	(16,454)	**(38,505)**	4,058

On March 26, 2010, the Corporation amended its operating credit facility with its existing lenders. Under the terms of the amended agreement, the maximum amount available under the operating credit facility was decreased to a Canadian dollar limit of $105.0 million plus a US dollar limit of $70.0 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. On March 26, 2010 the annual standby guarantee fee provided by the Corporation in consideration for this guarantee was reduced from 1.35% to 1.15% (2009 – 1.35%) of the guaranteed amount.

The terms of the amended operating credit facility permit the Corporation to (i) repay the $65.0 million secured subordinated loan from Edco Capital Corporation (the "Original Loan") in whole or in part and (ii) retract up to 20% ($4 million) of the Corporation's 8% cumulative redeemable first preference shares series A (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.

During the three and twelve month period ended December 31, 2010 the Corporation repaid $10.0 million and $19.0 million respectively of the Original Loan.

On April 30, 2010, the Corporation completed the retraction of approximately 20% or 399,994 of its initial 2,000,000 Preference Shares and on November 1, 2010, the retraction of a further 399,993 Preference shares was completed as was permissible under the amended operating credit facility. Effective as of the Retraction Date, the holders of these Preference Shares ceased to be holders of these Preference Shares and were entitled to receive the retraction price of $10.00 for each Preference Share held plus accrued and unpaid dividends on the shares to be retracted. As at December 31, 2010, the Preference Shares have been reclassified from shareholders' equity to current liabilities ($8.0 million) and long-term liabilities ($4.0 million). Dividends accrued on the Preference Shares during the quarter have been reclassified from a charge to retained earnings to an expense on the income statement.

Share Data

As at March 25, 2011, the Corporation had 18,209,001 common shares outstanding, 1,200,013 outstanding First Preference Shares Series A convertible into 800,008 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, 2010 was 58,209,001.

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 help 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 "Risk Factors" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2010 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2010, which will be filed with SEDAR (www.sedar.com).

Changes in Accounting Policies

On January 1, 2010, the Corporation adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook sections:

"Business Combinations", Section 1582, which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard will impact the accounting treatment of future business combinations entered into after January 1, 2010.

"Consolidated Financial Statements", Section 1601, which, together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard had no impact on the Corporation's Consolidated Financial Statements.

"Non-controlling Interests", Section 1602, which establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard had no impact on the Corporation's Consolidated Financial Statements.

Future Changes in Accounting Policies

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

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 Corporation will begin reporting under IFRS for the quarter ending March 31, 2011 including presenting an opening balance sheet at January 1, 2010 and reporting under IFRS for comparative periods presented. The Corporation will also include its IFRS 1 note in the March 31, 2011 interim unaudited consolidated financial statements.

The Corporation commenced its IFRS conversion efforts during 2008. The transition project consists of four elements: planning and awareness raising; assessment; design; and implementation. The transition project addresses key areas such as accounting policies, financial reporting, disclosure controls and procedures, information systems, education and training and other business activities. The Corporation is tracking the changeover plan against key project milestones and will be ready to report all required financial statement information and reconciliations for the quarter ending March 31, 2011.

Adoption of IFRS requires that the IFRS standards be applied on a retroactive basis with the exception of those specifically exempted under IFRS 1 for first-time adopters. Absent an exemption, any changes to existing standards must be applied retroactively and reflected in the opening balance sheet of the comparative period. Noted within the summary table below are the Corporation's exemptions that it plans to apply upon transition. Other exemptions available under IFRS have been reviewed and are either not applicable or are not expected to have a significant impact on the Corporation's consolidated financial statements.

The Corporation is in the last element of the transition project, focusing on opening balance sheet adjustments and financial statement presentation. The Corporation is in the process of quantifying the expected material differences between IFRS and the current accounting treatment under Canadian GAAP. Differences with respect to recognition, measurement, presentation and disclosure of financial information are disclosed in the tables below.

IFRS 1 (First-time adoption of IFRS)

IFRS 1 requires that an entity apply IFRSs effective at the end of its first IFRS reporting period respectively. However, IFRS does provide certain mandatory exceptions and limited optional exemptions in specific areas of certain standards that will not require retroactive application of IFRS. The following are the exemptions and exceptions under IFRS 1 that are significant to the Corporation and that will be applied in preparing the first financial statements under IFRS.

AREAS OF IFRS	SUMMARY OF EXEMPTIONS AND EXCEPTIONS
Business combinations	IFRS 1 allows for the guidance under IFRS 3 (revised), Business Combinations, to be applied either retrospectively or prospectively. The Corporation has elected to adopt IFRS 3 (revised) prospectively. Accordingly, all business combinations on or after January 1, 2010 will be accounted for in accordance with IFRS 3 (revised) and prior business combinations will not be restated.
Employee benefits	IFRS 1 provides the option of retrospectively applying either the "corridor" approach under International Accounting Standard ("IAS") 19, Employee Benefits, for the recognition of actuarial gains or losses, or recognize all cumulative gains or losses deferred under Canadian GAAP in opening retained earnings at the date of transition. The Corporation will elect to recognize all cumulative actuarial gains or losses that existed at the date of transition in opening retained earnings for all employee benefit plans at the operating companies. The Corporation's opening shareholders' equity is expected to decrease.
Property, plant and equipment	Under IAS 16, Property, Plant and Equipment, an entity is required to choose to account for each class of property, plant and equipment, using either the cost model or the revaluation model. At date of transition, the Corporation has elected to use the depreciated historical cost to value all classes of

	property and equipment. The Corporation does not expect an impact to opening shareholders' equity upon transition to IFRS.
Cumulative translation differences	IAS 21, The Effects of Changes in Foreign Exchange Rates, requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. The Corporation will deem all cumulative translation differences to be zero on transition to IFRS. The Corporation expects to reclassify amounts between opening retained earnings and accumulated other comprehensive earnings, which are both within shareholders' equity.
Borrowing costs	IAS 23, Borrowing Costs, requires an entity to capitalize the borrowing costs related to all qualifying assets. The Corporation plans to adopt IAS 23 prospectively. Accordingly, borrowing costs related to qualifying assets on or after January 1, 2010 will be capitalized. The Corporation does not expect an impact to opening shareholders' equity upon transition to IFRS.
Share based payments	IFRS 2, Share Based Payments, applies to situations where an entity grants shares or share options to employees or to other parties providing goods and services and requires these payments to be recognized as an expense in the entity's financial statements. The Corporation plans to not apply IFRS 2 to equity instruments granted on or before November 7, 2002, or granted after November 7, 2002, that vested before January 1, 2010. For equity instruments with a cash-settlement option the Corporation plans not to apply IFRS 2 to liabilities that were settled before January 1, 2010. The Corporation expects to reclassify amounts between opening retained earnings and contributed surplus, which are both within shareholders' equity.

IFRS to Canadian GAAP difference

In addition to the exemptions and exceptions discussed above, the following discussion explains the significant accounting policy differences between Canadian GAAP and IFRS that may result in material adjustments to the Corporation's consolidated financial statements.

ACCOUNTING POLICY AREAS	IMPACT OF POLICY ADOPTION
Presentation of financial statements	Under IAS 1, Presentation of Financial Standards ("IAS 1"), a complete set of financial statements should include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, accounting policies, and explanatory notes. IAS 1 prescribes various formats and requirements for statement presentation and disclosure. The Corporation expects the adoption of IAS 1 to result in several changes to the format of the financial statements, in expanded note disclosure, and in different classification and presentation of line items in our consolidated statements of financial position and consolidated statements of income.
Foreign Currency	Under IAS 21, The Effects of Changes in Exchange Rate ("IAS 21"), each entity must determine its functional currency of the primary economic environment in which the entity operates. This assessment is made by first evaluating primary indicators, which include: 1) currency which mainly influences sales prices; and 2) currency which mainly influences labour material and other costs. If these indicators are mixed, and the functional currency is not obvious, secondary indicators are evaluated to determine the functional currency. Under Canadian GAAP, functional currency for a reporting entity is determined based on a number of criteria including: 1) currency which determines sales prices; 2) denomination of labour, materials and other costs; and 3) funding of the entities operations. Historically, based on facts and circumstances the Corporation's had determined its functional currency under Canadian GAAP to be the Canadian dollar.
Employee benefits	Under IAS 19, Employee Benefits ("IAS 19"), the Corporation will elect to recognize all actuarial gains and losses immediately in a separate statement of comprehensive income without recognition to the income statement in subsequent periods. As a result, actuarial gains and losses are not amortized to

	the income statement but rather are recorded directly to comprehensive income at the end of each reporting period. The Corporations' operating companies will adjust their pension expense to remove the amortization of actuarial gains or losses. The Corporation currently uses the "corridor" approach to recognize the actuarial gains or losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets. IAS 19 requires the Corporation to expense vested past service costs immediately and unvested service costs on a straight-line basis until the benefits become vested. The Corporation currently amortizes past service costs over the expected average remaining service to life to full eligibility of the employees covered by the plan. In addition IFRIC 14, The Limit on a Defined Benefit Asset - Minimum Funding Requirements, requires the Corporation to take into account solvency funding contributions it currently makes to its pension plans to cover it solvency deficit when determining its pension asset or obligation.
Impairment of assets	Under IAS 36, Impairment of Assets ("IAS 36"), an impairment loss is recognized if the recoverable amount, defined as the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent write-downs in the carrying value of assets under IFRS. In addition, previous impairment losses may be reversed where circumstances change such that the impairment loss has reduced.
Property, plant and equipment	Consistent with Canadian GAAP, IAS 16, Property, Plant and Equipment ("IAS 16") requires separable components of property, plant and equipment to be recognized initially at cost. The detailed assessment showed that no changes to current component accounting are required under IFRS. Under IAS 16, an entity is required to choose to account for each class of property, plant and equipment, using either the cost model or the revaluation model. The Corporation will account for each class of property, plant and equipment using the cost model. IAS 16 also, provides specific guidance such that when an individual component of an item within property, plant and equipment is replaced and capitalized, the carrying value of the replaced component of the original asset must be derecognized even if the replacement part was not separately accounted for.
Leases	When classifying capital leases (or "finance leases"), more judgment is applied and additional qualitative indicators are used under IAS 17, Leases ("IAS 17") to determine lease classification due to the lack of quantitative threshold as specified in Canadian GAAP. The Corporation identified certain leases with classification differences between Canadian GAAP and IFRS, which may result in certain operating leases under Canadian GAAP being classified as capital leases under IFRS.
Provisions, contingent liabilities and contingent assets	IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") requires an entity to recognize a provision when a contract is determined to be onerous. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Canadian GAAP only requires the recognition of such a liability in certain prescribed situations. This difference could result in the recognition of a liability under IFRS that was not previously recognized under Canadian GAAP. Other measurement differences under IFRS could result in the earlier recognition of provisions or the recognition of a different amount than under Canadian GAAP. IFRS also requires provisions for which payment extends beyond one year to be adjusted for time value of money.
Government grants	Under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"), government grants are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Under Canadian GAAP, government grants are recognized when received. In addition, IAS 20 accounts for the payment of royalties made in relation to government grants received against capital assets as an increase in the asset value with a corresponding increase in the

	depreciation charge against the asset. Under Canadian GAAP, the Corporation recognizes these royalty payments as a cost of revenues when incurred and as a result an adjustment may be required upon transition to IFRS.
Financial Instruments	Under IAS 39, Financial Instruments ("IAS 39"), the criterion for derecognition of receivables under IFRS is different from Canadian GAAP as Canadian GAAP focuses mainly on surrendering control over the transferred assets while IFRS focuses on the transfer of substantive risks and rewards. A change will be required to the Corporation's opening balance sheet with respect to certain receivables which the company sells and which, under IFRS, the transfer of substantive risks and rewards does not occur.
Income taxes	While IAS 12, Income Taxes ("IAS 12") is similar to the existing Canadian GAAP standard, any material adjustments to balances resulting from the adoption to IFRS would have a corresponding effect on future income tax balance. Under Canadian GAAP, an entity is required to present both current and long-term future income taxes on its balance sheet. Under IFRS, all future income taxes will be presented as long-term assets or liabilities.
Investment properties	Investment property as defined by IAS 40, Investment Properties ("IAS 40") requires any item of property, plant and equipment to be presented as a separate item on the face of the balance sheet called "Investment Property" where the property is held to earn rentals or for capital appreciation. If the cost model is chosen for recording purposes, then fair value information is required to be disclosed in the notes to the financial statements. The Corporation holds properties that earn rental income from third parties in addition to holdings of excess land. The Corporation has determined that these properties meet the definition of investment property under IAS 40 and therefore may be separately disclosed as investment property in the consolidated financial statements.
Interests in joint ventures	Under IAS 31, Interest in Joint Ventures ("IAS 31"), an entity may account for interest in joint ventures using either the equity method or the proportionate consolidation method. Canadian GAAP requires the use of proportionate consolidation method to account for joint ventures. In 2007, the IASB issued an exposure draft to amend IAS 31, thereby prohibiting proportionate consolidation. The Corporation is not expecting the new standard to become effective before the Corporation's changeover date. Since proportionate consolidation is permitted under the current IAS 31, the Corporation has decided to maintain it as the current accounting policy choice.

The Corporation acknowledges that the above anticipated changes in accounting policy are not an exhaustive list of all possible significant items that will occur upon the transition to IFRS. The Corporation will continue to monitor developments in and interpretations of standards as well as industry practices and may change accounting policies described in the above tables.

The Corporation has completed its IFRS training for key financial staff impacted by IFRS, and further investments in training and resources will be made throughout the transition to facilitate any changes in IFRS. The Corporation also continues to deliver its' communication plan, informing key internal stakeholders about the anticipated effects of the IFRS transition, and to provide status updates to the Audit Committee.

The Corporation's IFRS changeover plan includes the modification of internal controls over financial reporting for changes in accounting policy arising from the transition to IFRS and the education of key stakeholders including the Board of Directors, management and employees. The impact on the Corporation's information technology, data systems and processes will be dependent upon the magnitude of change resulting from these and other items. At this time, no significant impact on information or data systems has been identified and the Corporation does not expect to make changes which will materially affect the internal controls over financial reporting.

The Corporation continues to monitor the potential changes proposed by the International Accounting Standards Board (IASB) and considers the impact changes in the standards would have on the Corporation's operations. In November 2009, the IASB issued IFRS 9 to amend how financial instruments are classified and measured. The standard is effective for annual periods beginning on or after January 1, 2013. The Corporation is analyzing the impact the new standard will have on its financial assets and liabilities.

The Corporation is monitoring the potential impact of other changes to financial reporting processes, disclosure controls and procedures, and internal controls over financial reporting though the Corporation does not expect the initial adoption of IFRS will have a considerable impact on the disclosure controls and procedures for financial reporting. The Corporation continues to capture IFRS comparative information for fiscal 2010 to quantify the effects of the potential significant difference between IFRS and Canadian GAAP which may or may not be material.

Outlook

Over the last two years, from the depths of the economic recession in late 2008 and early 2009, the Corporation has been effective in making the changes required to operate at today's foreign currency exchange environments, including parity between the Canadian and United States dollars. Increasingly, dollar-based costs are being sought by European and other aerospace companies as a natural currency hedge to improve their global competitiveness.

During this period of time the Corporation has increased the efficiencies of individual operating sites through a number of physical enhancements to manufacturing capabilities. But over and above new equipment and facilities, the Corporation has been able to lead change in methodologies and management techniques that have generated ongoing cost reductions and created efficiencies.

Civil airline recovery was extensive in 2010 with the majority of airlines worldwide reporting profitable results and either operating modern aircraft or in the process of replacing old aircraft with new, efficient aircraft. The higher cost of oil and fuel recently experienced in early 2011, whether short-lived or long-term, may damage airline profitability in 2011 and beyond, especially those with older equipment. It should also spur the pace of replacement with fuel efficient aircraft, but new capacity is unlikely to be generated until the political climate allows. Global airfreight is also in recovery, and should continue to build in 2011 as newer aircraft reduce operating costs.

Nevertheless, there are uncertainties being generated by the political unrest in the Middle East. These political tensions and changes, while somewhat contained to date, represent uncertainty, oil disruption, and higher prices for fuel, a major cost to aviation. Should the Middle East situation continue, or materially worsen, significant global economic impacts are likely, including on the air travel industry.

The defence sector is in the process of slowing, driven by economic factors in Europe and by both political and economic factors in the United States. Defence sales in India and other parts of Asia and the Middle East are likely to proceed more slowly. Selected projects, such as the F35 aircraft, are most likely to return to planned growth in the second half of 2011, and continue steadily thereafter as initial issues are corrected. The USAF KC-45A Tanker program activity also scheduled to begin in 2011, with the first 18 aircraft deliveries programmed for 2017.

Industrial power generation opportunities continue to emerge in less developed areas such as central Africa. In the emerging world, China and India are growing rapidly, and need power sources to expand accordingly. These trends are expected to continue for much of this decade.

The Corporation's positioning in civil and defence aerospace sectors has been based on active analysis of opportunity and selective capture of new aircraft and engine opportunities. Magellan saw the opportunity in joining new programs early, applying its capabilities, and delivering value for the long term. The Corporation has significant roles in the civil airliner sector, including the Boeing B777 and B787, and the Airbus A380, and A350. Sales have been buoyed by the strength of both the B737 and the A320 single aisle aircraft that are now being delivered at an average of over 75 aircraft a month combined. The F35 aircraft is forecast to ramp up production, achieving a target of 32 aircraft annually by 2012.

The Corporation's strategy of engagement with its key customers has been very effective in Magellan targeting changes that help the Customer, and the Customer recognizing these changes as mutually beneficial. The level of complexity of the work being done in the Corporation's facilities is growing annually, and provides the means to apply the knowledge and capability of each site as high value-added benefit to the Customer. Selective off-load of less complex work continues to grow, with increasingly positive benefits being realized.

Forward Looking Statements

The news release contains forward-looking information that represents the Corporation's internal projections, expectations, estimates or beliefs concerning, among other things, future operating results and various components thereof or the Corporation's future economic performance. These statements relate to future events or future performance. All statements other than statements of historical facts may be forward-looking statements. In particular and without limitation there are forward looking statements under the heading "Outlook", "2010 Updates", "Liquidity" and "Future Changes in Accounting Policies". In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "anticipates", and similar expressions. The projections, estimates and beliefs contained in such forward-looking statements are based on management's assumptions relating to the production performance of Magellan's assets and competition throughout the aerospace industry in 2010 and continuation of the current regulatory and tax regimes in the jurisdictions in which the Corporation operates, and necessarily involve known and unknown risks and uncertainties, including the business risks discussed in this news release, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. Except as required by law, the Corporation does not undertake to update any forward-looking information in this document whether as to new information, future events or otherwise.

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 2010 audited financial statements and accompanying notes, and Management's Discussion and Analysis contained in the Corporation's 2010 Annual Report and the Annual Information Form which will be filed with SEDAR (www.sedar.com).

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MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars, except per share amounts	**2010**	2009	**2010**	2009
Revenues	**$ 188,063**	$ 165,838	**$ 732,508**	$ 686,614
Cost of revenues	**161,124**	146,738	**639,172**	604,302
Gross Profit	**26,939**	19,100	**93,336**	82,312
Administrative and general expenses	**10,893**	11,706	**40,026**	44,489
Other	**(68)**	(269)	**127**	(6,753)
Dividends on preference shares	**240**	–	**880**	–
Interest	**4,776**	5,242	**19,736**	20,754
	15,841	16,679	**60,769**	58,490
Income before income taxes	**11,098**	2,421	**32,567**	23,822
(Recovery of) provision for income taxes				
Current	**(906)**	(144)	**(331)**	(63)
Future	**3,859**	608	**7,490**	(2,100)
	2,953	464	**7,159**	(2,163)
Net income	**8,145**	1,957	**25,408**	25,985
Net income per share				
Basic	**0.45**	0.09	**1.37**	1.34
Diluted	**0.16**	0.05	**0.51**	0.61

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars amounts	**2010**	2009	**2010**	2009
Retained earnings, beginning of the period	**$ 101,000**	$ 83,780	**$ 84,137**	$ 59,752
Dividends	–	(1,600)	**(400)**	(1,600)
Net income	**8,145**	1,957	**25,408**	25,985
Retained earnings, end of the period	**109,145**	84,137	**109,145**	84,137

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

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars amounts	**2010**	2009	**2010**	2009
Net income	**$ 8,145**	$ 1,957	**$ 25,408**	$ 25,985
Other comprehensive loss:				
Unrealized loss on translation of financial statements of self-sustaining foreign operations	**(5,950)**	(2,499)	**(10,169)**	(20,486)
Comprehensive income (loss)	**2,195**	(542)	**15,239**	5,499

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

Expressed in thousands of dollars amounts	As at December 31 2010	As at December 31 2009
ASSETS		
Current		
Cash	**$ 24,952**	$ 22,641
Accounts receivable	**84,287**	82,850
Inventories	**151,741**	147,248
Prepaid expenses and other	**11,838**	38,458
Future income tax assets	**3,742**	3,958
Total current assets	**276,560**	295,155
Capital assets	**239,508**	254,700
Technology rights	**25,654**	29,158
Deferred development costs	**54,668**	59,510
Other assets	**39,791**	24,909
Future income tax assets	**18,082**	17,186
Total long-term assets	**377,703**	385,463
Total assets	**654,263**	680,618
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**117,046**	140,590
Accounts payable and accrued charges	**135,528**	135,373
Preference shares	**8,000**	–
Current portion of long-term debt	**48,438**	2,321
Total current liabilities	**309,012**	278,284
Long-term debt	**17,700**	73,716
Convertible debentures	**38,901**	38,182
Future income tax liabilities	**13,391**	10,281
Preference shares	**4,000**	–
Other long-term liabilities	**5,436**	9,803
Total long-term liabilities	**79,428**	131,982
Shareholders' equity		
Capital stock	**214,440**	234,389
Contributed surplus	**5,289**	4,708
Other paid in capital	**13,565**	13,565
Retained earnings	**109,145**	84,137
Accumulated other comprehensive loss	**(76,616)**	(66,447)
Total shareholders' equity	**265,823**	270,352
Total liabilities and shareholders' equity	**654,263**	680,618

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three month period Ended December 31		Twelve month period Ended December 31	
Expressed in thousands of dollars amounts	**2010**	**2009**	**2010**	**2009**
OPERATING ACTIVITIES				
Net income	**$ 8,145**	$ 1,957	**$ 25,408**	$ 25,985
Add (deduct) items not affecting cash				
Depreciation and amortization	**8,366**	8,443	**35,008**	35,093
Net loss on sale of capital asset	**115**	83	**267**	272
Employee future benefits	**(461)**	(2,065)	**(3,219)**	(5,799)
Deferred revenue	**61**	114	**271**	466
Stock based compensation	**155**	142	**582**	717
Accretion of convertible debentures and long term debt	**225**	142	**677**	678
Dividends on preference shares	**(320)**	–	**(640)**	–
Future income taxes	**2,175**	(1,280)	**3,127**	(8,124)
	18,461	7,536	**61,481**	49,288
Net change in non-cash working capital items relating to operating activities	**24,513**	34,093	**13,279**	(13,132)
Cash provided by operating activities	**42,974**	41,629	**74,760**	36,156
INVESTING ACTIVITIES				
Purchase of capital assets	**(3,256)**	(6,914)	**(16,255)**	(21,675)
Proceeds from disposal of capital assets	**70**	–	**206**	339
Increase in other assets	**(7,756)**	(1,227)	**(16,353)**	(1,274)
Cash used in investing activities	**(10,942)**	(8,141)	**(32,402)**	(22,610)
FINANCING ACTIVITIES				
Decrease in bank indebtedness	**(12,195)**	(16,609)	**(21,128)**	(27,454)
Decrease in long-term debt	**(10,647)**	(766)	**(21,900)**	(2,824)
Increase in long-term debt	**6,727**	–	**12,813**	15,000
Decrease in convertible debentures	**–**	–	**–**	(20,950)
Increase in convertible debentures	**–**	–	**–**	39,667
Increase in long-term liabilities	**70**	2,521	**110**	2,211
Issuance of common shares	**–**	–	**–**	8
Redemption of preference shares	**(4,000)**	–	**(8,000)**	–
Dividends on preference shares	**–**	(1,600)	**(400)**	(1,600)
Cash (used in) provided by financing activities	**(20,045)**	(16,454)	**(38,505)**	4,058
Effect of exchange rate changes on cash	**(864)**	(68)	**(1,542)**	(325)
Net increase in cash during the period	**11,123**	16,966	**2,311**	17,279
Cash, beginning of period	**13,829**	5,675	**22,641**	5,362
Cash, end of period	**24,952**	22,641	**24,952**	22,641