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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – November 8, 2010 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the third quarter of 2010. All amounts are expressed in Canadian Dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars, except per share amounts	**2010**	**2009**	**Change**	**2010**	**2009**	**Change**
Revenues	$ 185,080	$ 164,165	12.7%	$ 544,445	$ 520,776	4.5%
Gross Profit	$ 23,659	$ 21,388	10.6%	$ 66,397	$ 63,212	5.0%
Net Income	$ 7,838	$ 10,756	(27.1)%	$ 17,263	$ 24,028	(28.2)%
Net Income per share – Diluted	$ 0.16	$ 0.20	(20)%	$ 0.35	$ 0.59	(40.7)%

This new 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 new release, including EBITDA, the terms for which are not defined under Canadian generally accepted accounting principles. 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 third quarter of 2010 than the third quarter of 2009, reflecting revenue of $37.3 million recognized n the third 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. Gross profit and net income for the third quarter of 2010 were $23.7 million and $7.8 million respectively, and $66.4 million and $17.3 million respectively for the nine months ending September 30 2010.

New aircraft and engines programs on which Magellan is participating in both the civil and defence aircraft markets demonstrated modest progress towards full scale production during the third quarter of 2010. The Boeing 787 program followed up its first flight in the fourth quarter of 2009 with successful tests of critical safety elements of the aircraft, and has accomplished a series of steps toward certification of the aircraft. However, the in-service date has been postponed to 2011 due to slow progress in selected flight tests. The Airbus 350XWB program has made progress towards finalizing design, configuration, and production plans to meet re-scheduled first flights in 2012. The F-35 Joint Strike Fighter ("JSF") program has demonstrated a number of key successes in its test flying; 63 production F-35s are now on order, and 19 development ground and flight test planes have been delivered. The Corporation's participation on the JSF program received additional support from the Government of Canada's announcement of 16 July, 2010, that the JSF F-35 aircraft has been selected for purchase by Canada. The Corporation has secured participation on each of these major civil and defence programs that are expected to provide accelerating production rates over the next several years and as such provide increased revenue for the Corporation.

Magellan continues to be active in the support of aerospace repair and overhaul markets as well as military customers both in Canada and in international markets. In addition to its traditional aerospace activities, the Corporation's long term goal to provide industrial power equipment is advancing as its first customer project in Ghana is both on schedule and on budget. Negotiations continue with the Ghanaian Power Authority regarding extensions to the project which, when concluded, will add to the overall project value.

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 Annual Report available on www.sedar.com.

Revenues

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2010**	2009	Change	**2010**	2009	Change
Canada	$ **110,064**	$ 78,353	40.7%	$ **312,604**	$ 247,934	26.2%
United States	**45,635**	48,854	(6.6)%	**140,351**	157,594	(10.9)%
United Kingdom	**29,381**	36,958	(20.5)%	**91,490**	115,248	(20.6)%
Total revenue	$ **185,080**	$ 164,165	12.7%	$ **544,445**	$ 520,776	4.6%

Consolidated revenues for the third quarter of 2010 were $185.1 million, an increase of $20.9 million or 12.7% over the third quarter of 2009. Increased revenues in Canada in the third quarter of 2010 in comparison to the same period in 2009 resulted largely from revenues recorded on the Ghana electric power generation project as well as increased volumes on the JSF program offset by decreased revenues in proprietary products. The decline of the U.S. dollar and the British Pound against the Canadian dollar, over the exchange rates prevailing in the third quarter of 2009, contributed, on a net basis, to a decrease of $10.3 million in revenues in the third quarter of 2010. In native currency, revenues in the United States were $0.6 million lower than the third quarter of 2009 primarily as a result of delays experienced on a few programs. Revenues in the United Kingdom in the third quarter of 2010 decreased over revenues in the same period in 2009, resulting from decreased customer demand.

Gross Profit

Expressed in thousands of dollars	Three month period ended September 30 2010	2009	Change	Nine month period ended September 30 2010	2009	Change
Gross profit	$ **23,659**	$ 21,388	10.6%	$ **66,397**	$ 63,212	5.0%
Percentage of revenue	**12.8%**	13.0%		**12.2%**	12.1%	

Gross profit of $23.7 million (12.8% of revenues) was reported for the third quarter of 2010 compared to $21.4 million (13.0% of revenues) during the same period in 2009. Gross profit, as a percentage of revenues, decreased in part, as a result of the recognition in the third quarter of 2009 of investment tax credits earned in the first three quarters of 2009 in the amount of $4.1 million compared to $1.0 million earned and recognized in the third quarter of 2010. The weakening of the U.S. dollar and British Pound also had an impact on the gross margin in the third quarter of 2010 when compared to the third quarter of 2009. Had the U.S. dollar and the British Pound exchange rates versus the Canadian dollar in the third quarter of 2010 remained the same as in the third quarter of 2009, gross profit would have been approximately $2.9 million higher for the third quarter of 2010.

Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended September 30 2010	2009	Nine month period ended September 30 2010	2009
Administrative and general expenses	**$ 9,567**	$ 9,982	**$ 29,133**	$ 32,783
Percentage of revenue	**5.2%**	6.1%	**5.4%**	6.3%

Administrative and general expenses were $9.6 million (5.2% of revenues) in the third quarter of 2010 compared to $10.0 million (6.1% of revenues) in the third quarter of 2009. Reduction in administrative and general expenses in the third quarter of 2010 resulted in part from the effect on translation of the weakening U.S. dollar and British Pound exchange rates against the Canadian dollar.

Other

Expressed in thousands of dollars	Three month period ended September 30 2010	2009	Nine month period ended September 30 2010	2009
Foreign exchange loss (gain)	**$ 243**	$ (1,171)	**$ 863**	$ (6,673)
Plant and program closure recoveries	**—**	—	**(820)**	—
Loss on sale of capital assets	**34**	180	**152**	189
Other	**$ 277**	$ (991)	**$ 195**	$ (6,484)

Other expense of $0.3 million in the third quarter of 2010 consisted of realized and unrealized foreign exchange losses. Other income in the third quarter of 2009 resulted from a foreign exchange gain of $1.2 million.

Interest Expense

Expressed in thousands of dollars	Three month period ended September 30 2010	2009	Nine month period ended September 30 2010	2009
Interest on bank indebtedness and long-term debt	**$ 3,567**	$ 4,331	**$ 11,214**	$ 10,544
Convertible debenture interest	**1,008**	1,010	**2,997**	2,796
Accretion charge for convertible debt	**155**	138	**452**	536
Discount on sale of accounts receivable	**75**	136	**297**	1,636
Total interest expense	**$ 4,805**	$ 5,615	**$ 14,960**	$ 15,512

Interest expense of $4.8 million in the third quarter of 2010 was lower than the third quarter of 2009 amount of $5.6 million. Interest on bank indebtedness and long-term debt decreased as principal amounts outstanding during the third quarter of 2010 were lower than those in the third 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 third quarter of 2009.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended September 30 2010	2009	Nine month period ended September 30 2010	2009
(Recovery of) provision for current income taxes	**$ (417)**	$ (321)	**$ 575**	$ 81
Expense (recovery) of future income taxes	**1,269**	(3,653)	**3,631**	(2,708)
Total expense (recovery) of income taxes	**$ 852**	$ (3,974)	**$ 4,206**	$ (2,627)
Effective Tax Rate	**9.1%**	(58.6)%	**19.0%**	(12.3)%

The Corporation recorded an income tax expense of $0.9 million for the third quarter of 2010, compared to an income tax recovery of $4.0 million for the third 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	2008
Expressed in millions of dollars	March 31	June 30	Sept 30	March 31	June 30	Sept 30	Dec 31	Dec 31
Revenues	177.9	181.5	185.1	179.3	177.3	164.2	165.8	180.2
Net Income	3.1	6.3	7.8	7.9	5.4	10.8	1.5	7.4
Net Income per common share								
Basic	0.15	0.35	0.43	0.41	0.27	0.57	0.09	0.39
Diluted	0.06	0.13	0.16	0.41	0.12	0.20	0.05	0.39

Revenue 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 the first nine months of 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 year's end. The British Pound/ Canadian dollar exchange rate in the first nine months of 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 year's end. Had exchange rates remained at levels experienced in the first three quarters of 2009, reported revenues in 2010 would have been higher by $25.6 million in the first quarter, $22.1 million in the second quarter and $10.3 million in the third quarter.

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

In addition to the primary measures of earnings and earnings per share in accordance with GAAP, the Corporation includes certain measures in this 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 September 30		Nine-month period ended September 30	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
Net income	**$ 7,838**	$ 10,756	**$ 17,263**	$ 24,028
Interest	**4,805**	5,615	**14,960**	15,512
Dividends on preference shares	**320**	–	**640**	–
Taxes	**852**	(3,974)	**4,206**	(2,627)
Stock based compensation	**120**	170	**427**	575
Depreciation and amortization	**8,337**	8,233	**26,642**	26,650
EBITDA	**$ 22,272**	$ 20,800	**$ 64,138**	$ 64,138

EBITDA for the third quarter of 2010 was $22.3 million, compared to $20.8 million in the third 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 September 30		Nine-month period ended September 30	
Expressed in thousands of dollars	**2010**	2009	**2010**	2009
(Increase) decrease in accounts receivable	**$ (91)**	$ 8,302	**$ (9,739)**	$ (31,882)
(Increase) decrease in inventories	**(12,931)**	7,158	**(2,828)**	17,717
Decrease (increase) in prepaid expenses and other	**18,392**	1,806	**27,994**	(4,271)
Decrease in accounts payable	**(18,499)**	(11,676)	**(26,661)**	(28,789)
Changes to non-cash working capital balances	**(13,129)**	5,590	**(11,234)**	(47,225)
Cash provided (used in) by operating activities	**$ 2,705**	$ 11,855	**$ 32,106**	$ (5,473)

In the quarter ended September 30, 2010, the Corporation generated $2.7 million of cash from its operations, compared to cash generated by operations of $11.9 million in the third quarter of 2009. Cash was generated mainly by an increase in net income and through an increase in prepaid expenses and other offset by increased accounts receivable and decreased accounts payable. Accounts receivable increased as a result of the timing difference between when the Corporation recognizes revenue on the Ghana electric power generation project and when the progress payments are received. Decreased accounts payable reflects the reduction in advance payments received as revenue is recognized.

Investing Activities

Expressed in thousands of dollars	Three-month period ended September 30 **2010**	2009	Nine-month period ended September 30 **2010**	2009
Purchase of capital assets	**(7,825)**	(1,592)	**(12,999)**	(14,761)
Proceeds of disposals of capital assets	**-**	107	**136**	339
(Increase) in other assets	**(1,935)**	2,222	**(8,597)**	(47)
Cash (used in) provided by investing activities	**$ (9,760)**	$ 737	**$ (21,460)**	$ (14,469)

In the third quarter of 2010, the Corporation invested $7.8 million in capital assets to upgrade and enhance its capabilities for current and future programs. In addition, the Corporation advanced $1.4 million in deposits on capital equipment funded largely through government loans and grants.

Financing Activities

Expressed in thousands of dollars	Three-month period ended September 30 **2010**	2009	Nine-month period ended September 30 **2010**	2009
Increase (decrease) in bank indebtedness	**$ 4,587**	$ (8,221)	**$ (8,933)**	$ (10,845)
Decrease in long-term debt	**(5,569)**	(647)	**(11,253)**	(2,058)
Increase in long-term debt	**889**		**6,086**	15,000
Decrease in convertible debentures	**-**		**-**	(20,950)
Increase in convertible debentures	**-**		**-**	39,667
(Increase) decrease in long-term liabilities	**(31)**	(38)	**40**	(310)
Issue of Common Shares	**-**	-	**-**	8
Redemption of Preference shares	**-**	-	**(4,000)**	-
Dividends on Preference Shares	**(320)**	-	**(720)**	-
Cash (used in) provided by financing activities	**$ (444)**	$ (8,906)	**$ (18,780)**	$ 20,512

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 nine month period ended September 30, 2010 the Corporation repaid $5.0 million and $9.0 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 andon 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 September 30, 2010, the Preference Shares have been reclassified from shareholders' equity to current liabilities ($8.0 million) and long-term liabilities ($8.0 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.

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Share Data

As at October 31, 2010, the Corporation had 18,209,001 common shares outstanding, 1,600,006 outstanding First Preference Shares Series A convertible into 1,066,670 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 nine month periods ending September 30, 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 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

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 Corporation has adopted these standards as of January 1, 2010 and the adoption of these standards did not have an impact on the Corporation's consolidated financial statements.

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Future Changes in Accounting Policies

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

Multiple Deliverable Revenue Arrangements

In January 2010, 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 2009, 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 2009. 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 2010, 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 as IFRS accounting policies are developed and the conversion process continues. Investor relations are involved in the conversion project to ensure that the stakeholders' queries during the time leading up to the conversion are addressed. The Corporation will continue to provide updates on the project progress throughout the conversion period to allow stakeholders to assess the impact of the conversion on our financial performance.

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, internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P"), and other business activities have been incorporated into the detailed analysis. Efforts to design solutions for the transition to IFRS are ongoing in 2010. The Corporation is determining the changes that are necessary to information technology and data systems including how to accumulate the data necessary for the fiscal 2010 comparatives. As a result of the transition to IFRS, we anticipate that the adoption of IFRS accounting standards will have an impact on processes, procedures and controls due to the fact that IFRS requires more judgement with respect to various accounting treatments. Although impacts are anticipated, to date, we have not made changes nor have made any decisions to make changes that materially affect, or are reasonably likely to materially affect the Corporation's ICFR in fiscal 2010.

Implementation – During the implementation phase leading up to the transition date, new IFRS updates are monitored and any changes that are relevant to the Corporation are identified and addressed. The Corporation is continuing the activities related to selecting and finalizing IFRS 1 and accounting policy choices and approval of these choices by senior management and review by the Audit Committee of the Board of Directors will be completed during the fourth quarter of 2010. Implementation of the accounting policy choices and required modifications to internal procedures controls and systems will be made. This will translate into a training program that will include an accounting manual available to our employees and new internal financial reporting policies and controls, which will be monitored by management throughout the implementation phase which is expected to continue into 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 conversion date are known. Preliminary analysis of some of the impacts of transition to IFRS on specific areas is detailed in the 2009 Management Discussion and Analysis. The preliminary analysis should not be regarded as a complete list of changes that will result from transition to IFRS. It is intended to highlight those areas the Corporation believes to be most significant; however, the analysis of possible changes is still in process and not all decisions have been made where choices of accounting policies are available.

The transition status is currently on track with the conversion schedule which calls for initial reporting under IFRS starting for the interim periods and the year ending December 31, 2011. There have been no significant modifications in key differences in accounting treatment and impacts as assessed in our 2009 Management Discussion and Analysis. Future disclosures will continue to report updated progress as well as any additional impacts identified on the Corporation's financial reporting and changes to systems and processes as they are determined.

Outlook

While the general economic outlook for Western economies is not yet clear, global aerospace markets showed further signs of stabilization in the third quarter of 2010. The North American business and regional aircraft markets appear to have stabilized. Passenger airliner and defence production appears to be strengthening. There are a number of measures that indicate the industry is growing on both the global and local level. A number of airlines have returned to profitability in the passenger subsector, and increasingly in freight hauling. Recent consolidations are for strength rather than survival, and the marketplace appears supportive of increased fares and business travel. Pacific Rim and Asian carriers are leading growth, matching the strong economic growth in the region.

Demand for new aircraft in the civil airline sector remains stronger than previously expected, representing pent up demand in the developed world and new demand in emerging economies around the world. Demand is intensified by combined cost and green pressures that require lighter, cleaner and more economical aircraft and engines to replace current, aging equipment. Rate increases on a number of single aisle passenger models have been announced in the third quarter of 2010 extending to 2012. Decisions on retrofitting with an updated engine on the current single aisle A320 and B737 aircraft are yet to be finalized, although some guidance is expected by year end 2010. The decision is between retrofitting with an updated engine or launching new single aisle designs, and the issue in both cases is the degree to which either approach achieves the targeted improvement in operating and environmental performance. These developments are being closely monitored by the Corporation to determine how the Corporation could be impacted.

The sale of defence products has continued to be strong in North America and southern Asia, with defence cuts in the United States being primarily in the areas of consulting services and new information technology projects. Present military requirements demand more flexibility in aerospace capabilities, and this should attract new aircraft, engines and systems developed to enhance capabilities. Large new programs include the JSF program, the new United States Air Force aerial refuelling tanker program, a number of new helicopter programs for upgrade and replacement, and associated engine developments. Restoration of aircraft and helicopter fleets is also expected to continue over several years to compensate for heavy use over the past decade.

Forward Looking Statements

This Management and Discussion Analysis contain 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 uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. These forward looking statements can be identified by the words such as "anticipate", "continue", "estimate", "forecast", "may", "project", "could", "plan", "intend", "should", "believe" and similar words suggesting future events or future performance. In particular there are forward looking statements contained under the headings: "Overview" which outlines certain expectations for future operations; "International Financial Reporting Standards-IFRS Transition Plan" and Results of the detailed GAAP Assessment" which outlines certain expectations on conversion to IFRS; and "Outlook" which outlines certain expectations for the future. These statements assume the continuation of the current regulatory and legal environment; the continuation of trends for passenger airliner and defence production and are subject to the risks contained herein and outlined in our annual information form. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

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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MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars, except per share amounts	**2010**	2009	**2010**	2009
Revenues	**$ 185,080**	$ 164,165	**$ 544,445**	$ 520,776
Cost of revenues	**161,421**	142,777	**478,048**	457,564
Gross Profit	**23,659**	21,388	**66,397**	63,212
Administrative and general expenses	**9,567**	9,982	**29,133**	32,783
Other	**277**	(991)	**195**	(6,484)
Dividends on preference shares	**320**	–	**640**	–
Interest	**4,805**	5,615	**14,960**	15,512
	14,969	14,606	**44,928**	41,811
Income before income taxes	**8,690**	6,782	**21,469**	21,401
Provision for (recovery of) income taxes				
Current	**(417)**	(321)	**575**	81
Future	**1,269**	(3,653)	**3,631**	(2,708)
	852	(3,974)	**4,206**	(2,627)
Net income	**$ 7,838**	$ 10,756	**$ 17,263**	$ 24,028
Net income per share				
Basic	**0.43**	0.57	**0.93**	1.25
Diluted	**0.16**	0.20	**0.35**	0.59

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars amounts	**2010**	2009	**2010**	2009
Retained earnings, beginning of the period	**$ 93,162**	$ 73,024	**$ 84,137**	$ 59,752
Dividends	**–**	–	**(400)**	–
Net income	**7,838**	10,756	**17,263**	24,028
Retained earnings, end of the period	**$ 101,000**	$ 83,780	**$ 101,000**	$ 83,780

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

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars amounts	**2010**	2009	**2010**	2009
Net income	**$ 7,838**	$ 10,756	**$ 17,263**	$ 24,028
Other comprehensive loss:				
Unrealized loss on translation of financial statements of self-sustaining foreign operations	**(2,834)**	(15,183)	**(4,219)**	(17,987)
Comprehensive income (loss)	**$ 5,004**	$ (4,427)	**$ 13,044**	$ 6,041

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

Expressed in thousands of dollars amounts		As at September 30 2010		As at December 31 2009
ASSETS				
Current				
Cash	**$**	**13,829**	$	22,641
Accounts receivable		**92,045**		82,850
Inventories		**148,336**		147,248
Prepaid expenses and other		**10,323**		38,458
Future income tax assets		**3,379**		3,958
Total current assets		**267,912**		295,155
Capital assets		**246,951**		254,700
Technology rights		**26,580**		29,158
Deferred development costs		**54,286**		59,510
Other assets		**34,231**		24,909
Future income tax assets		**17,883**		17,186
Total long-term assets		**379,931**		385,463
Total assets	**$**	**647,843**	$	680,618
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Bank indebtedness	**$**	**130,450**	$	140,590
Accounts payable and accrued charges		**108,170**		135,373
Preference shares		**8,000**		–
Current portion of long-term debt		**57,706**		2,321
Total current liabilities		**304,326**		278,284
Long-term debt		**13,437**		73,716
Convertible debentures		**38,713**		38,182
Future income tax liabilities		**11,052**		10,281
Preference shares		**8,000**		–
Other long-term liabilities		**8,841**		9,803
Total long-term liabilities		**80,043**		131,982
Shareholders' equity				
Capital stock		**214,440**		234,389
Contributed surplus		**5,135**		4,708
Other paid in capital		**13,565**		13,565
Retained earnings		**101,000**		84,137
Accumulated other comprehensive loss		**(70,666)**		(66,447)
Total shareholders' equity		**263,474**		270,352
Total liabilities and shareholders' equity	**$**	**647,843**	$	680,618

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Expressed in thousands of dollars amounts	Three month period Ended September 30 2010	2009	Nine month period Ended September 30 2010	2009
OPERATING ACTIVITIES				
Net income	**$ 7,838**	$ 10,756	**$ 17,263**	$ 24,028
Add (deduct) items not affecting cash				
Depreciation and amortization	**8,337**	8,233	**26,642**	26,650
Net loss on sale of capital asset	**34**	180	**152**	189
Employee future benefits	**(1,095)**	(5,555)	**(2,758)**	(3,734)
Deferred revenue	**94**	132	**210**	352
Stock based compensation	**120**	170	**427**	575
Accretion of convertible debentures	**155**	138	**452**	536
Future income taxes	**351**	(7,789)	**952**	(6,844)
	15,834	6,265	**43,340**	41,752
Net change in non-cash working capital items relating to operating activities	**(13,129)**	5,590	**(11,234)**	(47,225)
Cash provided by (used in) operating activities	**2,705**	11,855	**32,106**	(5,473)
INVESTING ACTIVITIES				
Purchase of capital assets	**(7,825)**	(1,592)	**(12,999)**	(14,761)
Proceeds from disposal of capital assets	**–**	107	**136**	339
Increase in other assets	**(1,935)**	2,222	**(8,597)**	(47)
Cash (used in) provided by investing activities	**(9,760)**	737	**(21,460)**	(14,469)
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	**4,587**	(8,221)	**(8,933)**	(10,845)
Decrease in long-term debt	**(5,569)**	(647)	**(11,253)**	(2,058)
Increase in long-term debt	**889**	–	**6,086**	15,000
Decrease in convertible debentures	**–**	–	**–**	(20,950)
Increase in convertible debentures	**–**	–	**–**	39,667
(Decrease) increase in long-term liabilities	**(31)**	(38)	**40**	(310)
Issuance of common shares	**–**	–	**–**	8
Redemption of preference shares	**–**	–	**(4,000)**	–
Dividends on preference shares	**(320)**	–	**(720)**	–
Cash (used in) provided by financing activities	**(444)**	(8,906)	**(18,780)**	20,512
Effect of exchange rate changes on cash	**(329)**	(389)	**(678)**	(257)
Net (decrease) increase in cash during the period	**(7,828)**	3,297	**(8,812)**	313
Cash, beginning of period	**21,657**	2,378	**22,641**	5,362
Cash, end of period	**$ 13,829**	$ 5,675	**$ 13,829**	$ 5,675