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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES ENTERING INTO AN AMENDED CREDIT AGREEMENT AND EXTENSION OF PREVIOUSLY ANNOUNCED SUBORDINATED LOAN ARRANGEMENTS

TORONTO, May 2, 2011 /CNW/ - Magellan Aerospace Corporation ("**Magellan**" or the "**Corporation**") announces that it has amended its operating credit agreement with its existing lenders and has extended its subordinated loan financing with Edco Capital Corporation ("**Edco**") in order to provide loan facilities for Magellan for a two year period.

Under the terms of the amended operating credit agreement, Magellan and the lenders have agreed that the maximum available under the operating credit facility will be amended to Cdn. \$125 million (up from Cdn. \$105 million) and U.S. \$50 million (down from U.S. \$70 million) and the maturity date will be extended to April 29, 2013 and will continue to be fully guaranteed until April 29, 2013 by N. Murray Edwards, the Chairman of the Board of the Corporation, in consideration of the continued payment by the Corporation of an annual fee payable monthly equal to 0.63% (down from 1.15%) of the loan amount. The facility is extendible for unlimited future one year renewal periods, subject to mutual consent of the syndicate of lenders and the Corporation.

The terms of the amended operating credit facility permit Magellan to (i) repay, in whole or in part, the secured subordinated loan outstanding as of December 31, 2010 in the principal amount of \$46 million from Edco and (ii) retract all (approximately \$12,000,000) of the Series A Preference Shares on or after April 30, 2011, 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 loan and the payment of the retraction amount Magellan has at least \$25 million in availability under the operating credit facility. As a result, Magellan has retracted \$4,000,000 of the Series A Preference Shares on April 30, 2011, and, subject to such limitations under the operating credit facility, applicable laws and board approval, Magellan will retract the remainder of the Series A Preference Shares as soon as practical thereafter.

In addition, the extension and restatement of the secured subordinated loan outstanding as at December 31, 2010 in the principal amount of \$46 million from Edco, which is wholly owned by Mr. Edwards, to the Corporation was completed. The Corporation has the right to repay the secured subordinated loan at any time without penalty. The interest rate was decreased from 11% per annum to 7.5% per annum commencing July 1, 2011 and the loan extended to July 1, 2013 in consideration of the payment of a fee to Edco equal to 1% of the principal amount outstanding on July 1, 2011.

The extension of the loan by Edco and the payment of the guarantee fee to Edco constitutes a related party transaction within the meaning of Ontario Securities Policy 61-501. The extension of the loan is not subject to the formal valuation requirements and is exempt from the minority approval provisions as the transaction has no equity participation component and is on reasonable commercial terms that are not less advantageous to Magellan than if obtained from an arm's length person from Magellan. The amount to be paid to Mr. Edwards under the guarantee of the operating credit facility is an annual fee of 0.63% of the loan amount which is less than 25% of Magellan's market capitalization. The transactions were reviewed by and approved by the independent members of the Board of Directors.



The transactions were agreed to by the parties and closed on April 29, 2011 in order to facilitate the redemption of all of the Series A Preference Shares as soon as practical.

In addition, the Corporation wishes to provide an update on the work stoppage at its Winnipeg, Manitoba facility. On April 1, 2011, 340 production workers represented by CAW Local 3005 walked off the job at Bristol Aerospace. At this time, there has been no progress in discussions with the union in coming to a resolution.

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.

Forward Looking Statements:

This press release contains information and statements of a forward-looking nature and is based on assumptions and uncertainties as well as on management's reasonable evaluation of future events. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond the Corporation's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements.

- 30 -

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