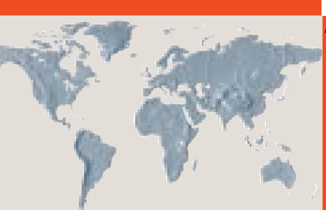
2000

Magellan 2000 Annual Report

MAGELLAN
AEROSPACE CORPORATION

Magellan Aerospace Corporation is a leading global supplier of technologically advanced aerospace systems and components. As one of the most integrated and comprehensive aerospace industry suppliers in the world, Magellan designs, engineers and manufactures a wide range of aeroengine and aerostructure components for aerospace markets, advanced products for military and space markets, and complementary proprietary products for the power/ oil/gas markets.

Magellan enjoys strong relationships with Original Equipment Manufacturers (OEMs), space, civil and defence organizations and sells to the major aerospace markets of the world. Magellan is recognized by its customers for its innovative technology, product design, quality manufacturing and total program solutions.

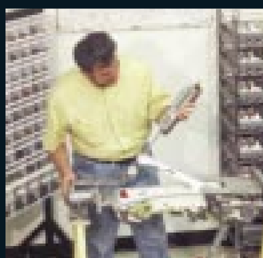
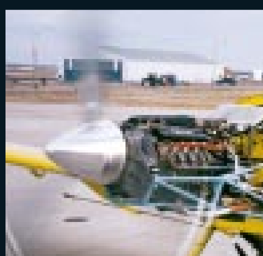


About the Cover: Approaching The Future

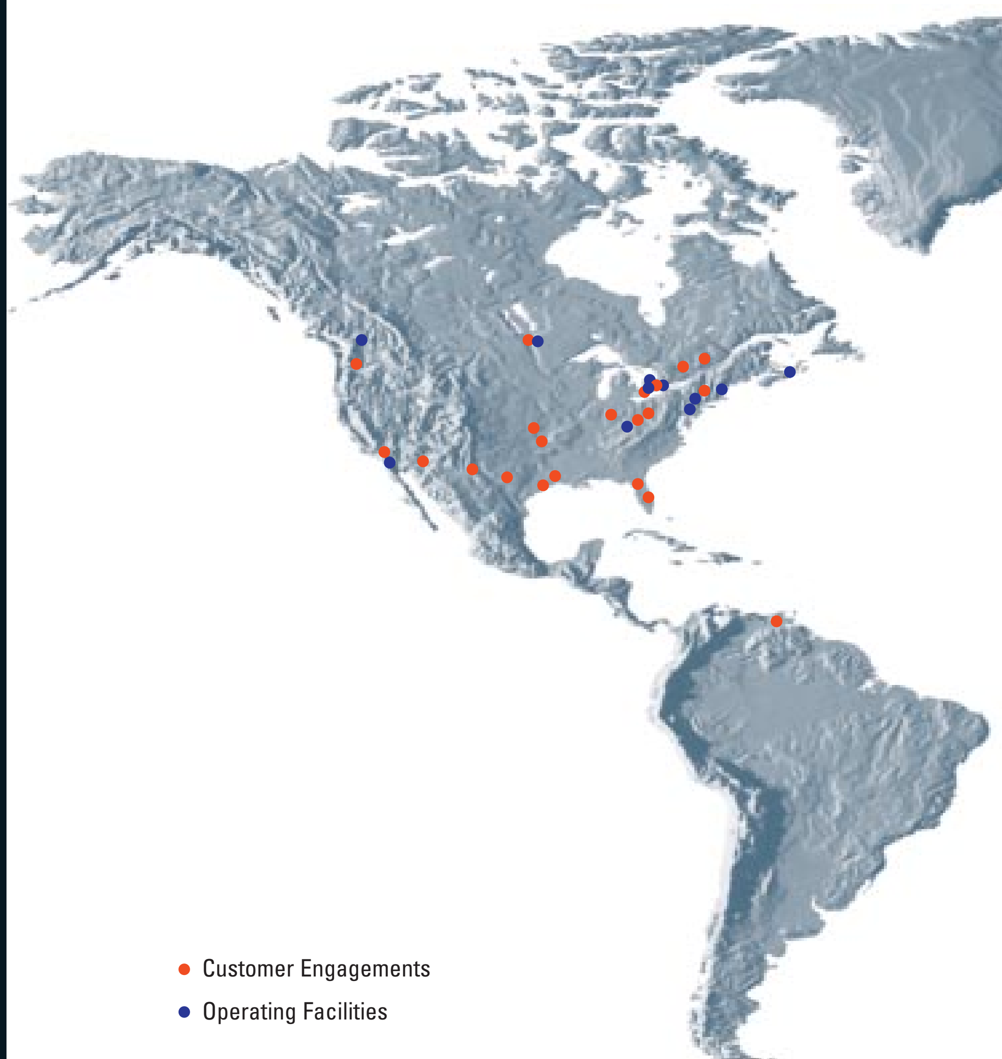
The Lockheed Martin Joint Strike Fighter X-35C Concept Demonstrator for the multi-national JSF program. Magellan has positioned itself strategically to compete for future high-technology opportunities.









Customer Engagements
Operating Facilities

Business Lines	Customers	Products	2000 Achievements
Aeroengines	• Aircelle • General Electric • Hispano-Suiza • Honeywell • Pratt & Whitney • Rolls-Royce • DND • US DoD	• Disks, Shafts, Spacers and Rings • Bypass Ducts and Nacelle Components • Cases, Combustors, Frames and Fairings • Nozzle and Plug Assemblies • Repair and Overhaul	• New Honeywell AS907 ran in Magellan test cells • Certification Nozzles and Plugs for Airbus A340 – 500/600 delivered • Contract won for Airbus A318 Nozzle and Plug Assemblies
Aerostructures	• Bell Helicopter • BF Goodrich • Boeing • Bombardier • Eurocopter • Northrup Grumman • Westland Helicopter	• Composite and metal assemblies and components • Flap and Aileron assemblies • Wing and fuselage panels • Machined wing and landing gear components • Fan cowl doors • Aircraft bulkheads • Wire Strike Protection System (WSPS™)	• Awarded 5-year $600 million contract with Boeing Commercial Airplanes Group for 737NG, 747, 757, 767 and 777 components and assemblies • Awarded multi-year $400 million contract with Boeing for 717 wing assemblies • Awarded A/F18-C/D and A/F18-E/F contracts for structural components
Space and Defence	• CSA • NASA • Various defence organizations	• Space and defence rocket systems • Rocket engine thrust gimbals • Cryogenic seals	• Contracts awarded for Sci-Sat
Proprietary/Other Products	• Siemens Westinghouse • Southwest Airlines • Oil and Gas Service companies • General and Utility Aviation	• OE600 engines and conversion packages • Biomedical and lithography parts and assemblies • Industrial turbine power systems and overhaul • Materials technology and specialized repair • Oil and Gas drilling heads • Industrial power sets	• OGT 2500 co-generation industrial engine ran in Magellan test cells • First Orenda-powered aircraft entered into commercial service • Reached agreement with Siemens Westinghouse to supply industrial power components

Magellan Aerospace Corporation is an aerospace industry success story. A leading, integrated supplier

An Integrated Approach

of innovative products and services to the aerospace, defence and space industries around the globe.

The Magellan Product/Service Range | High-performance composite and metal structures • Rotating and non-rotating engine components • Space and defence rocket systems • General aviation engines • Jet engine repair and overhaul

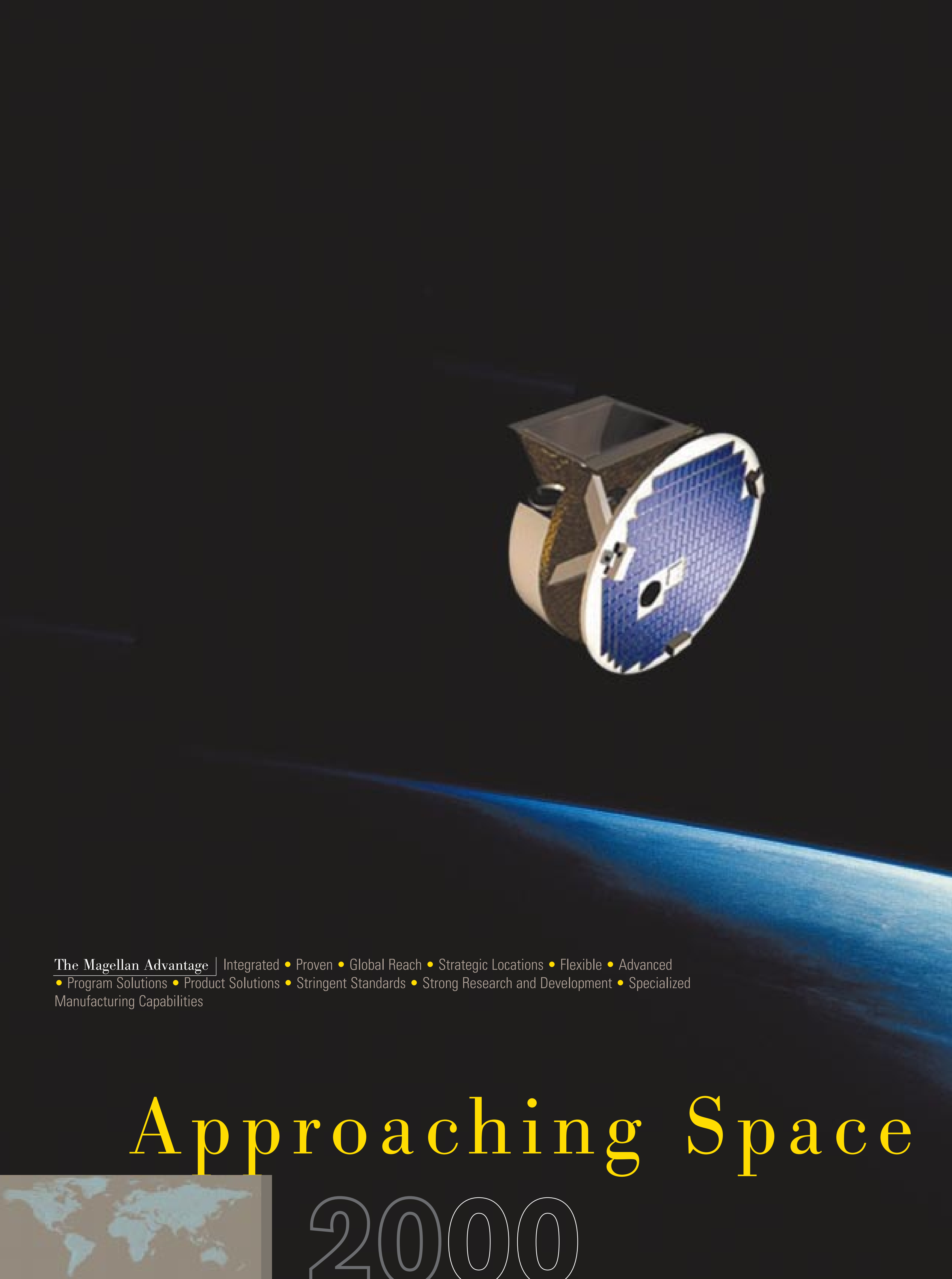
Approaching

2000

Magellan *is a prime source of a diversified catalogue of aeroengine and aerostructure products and services for the world's leading commercial aircraft manufacturers. From complex programs to essential engine and structural components, Magellan supplies the top three aircraft producers in the world, the top four engine makers, as well as a broad international customer base for proprietary products and services in aerospace and non-aerospace sectors.*

From business jets and commercial airliners of all sizes to helicopters – Magellan builds precise, technically advanced components and assemblies for all classes of planes.

Aerospace


The Magellan Advantage | Integrated • Proven • Global Reach • Strategic Locations • Flexible • Advanced • Program Solutions • Product Solutions • Stringent Standards • Strong Research and Development • Specialized Manufacturing Capabilities
Approaching Space
2000

Magellan | *is a vital supplier of highly specialized products to the global space and defence markets. Magellan's scope and extensive in-house expertise provide significant competitive advantages by adding value to our customer relationships. In addition to delivering products of the highest quality, Magellan partners with customers to design, develop and improve products that are a precise fit for their individual needs.*

From combat aircraft to rockets – Magellan supplies essential engine and structural components to global leaders in civil, defence and space organizations.

and Defence

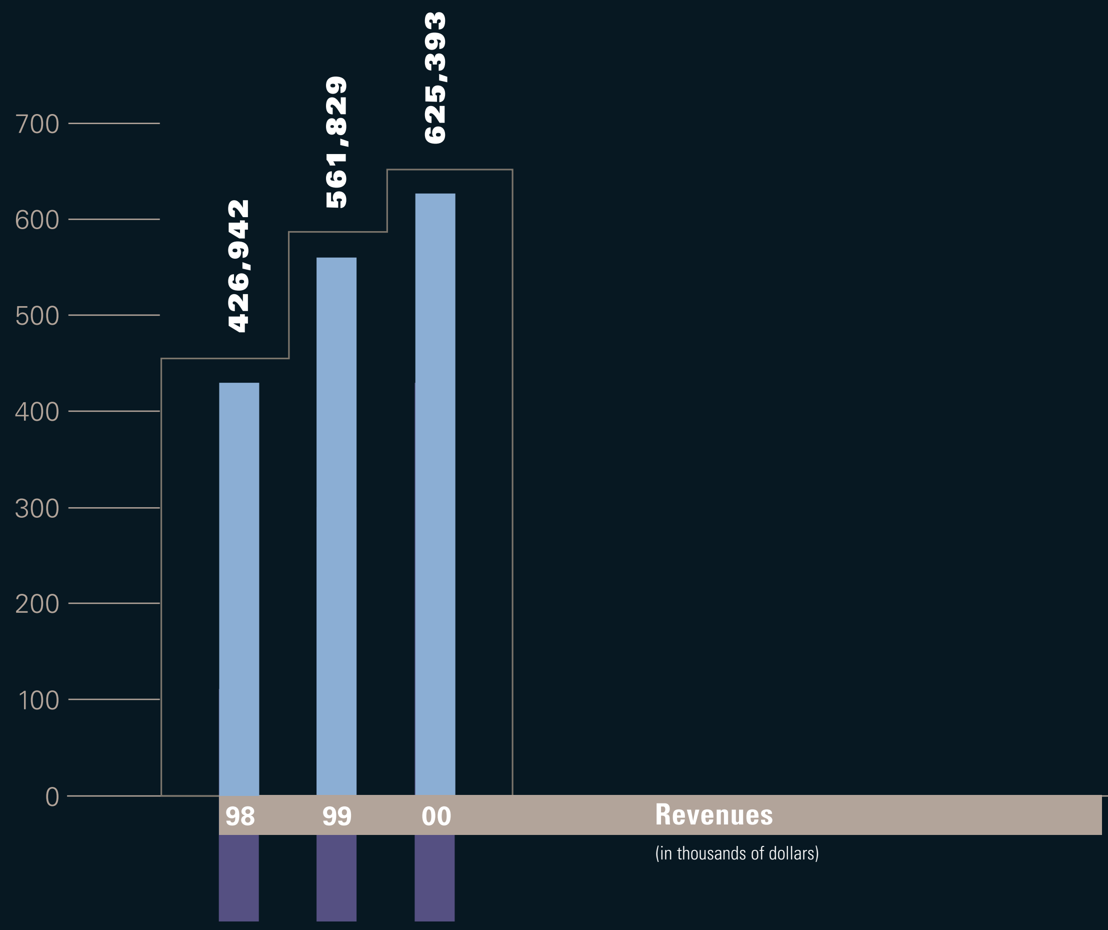
The Magellan Values | Integrity • Respect • Accountability • Speed • Precision • Quality • Trust + Honesty • Commitment • Value • Innovation • Dedication • Experience • Professionalism

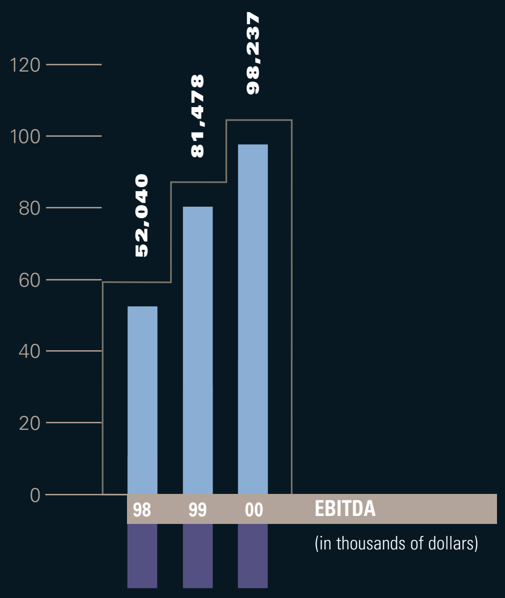
The Magellan

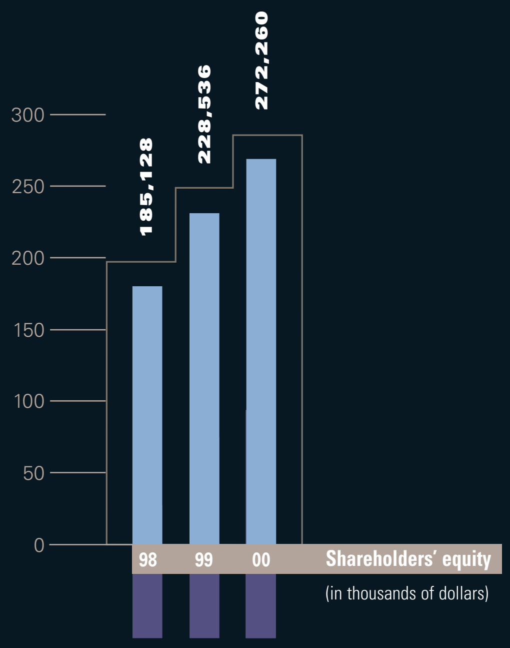
2000

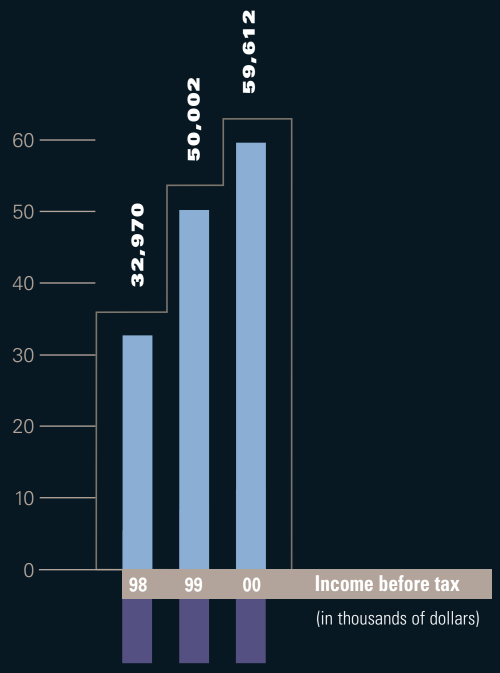
Magellan *has earned a global reputation for our commitment to quality and service. Our size, scope and modern, strategically located facilities are completely integrated and complemented by seasoned operational and management teams with extensive industry experience. We are dedicated to providing each of our customers with precise, technically advanced solutions to their specialized requirements.*

Approach: Integration


426,942
561,829
625,393
700
600
500
400
300
200
100
0
98
99
00
Revenues
(in thousands of dollars)


52,040
81,478
98,237
120
100
80
60
40
20
0
98
99
00
EBITDA
(in thousands of dollars)


185,128
228,536
272,260
300
250
200
150
100
50
0
98
99
00
Shareholders' equity
(in thousands of dollars)


32,970
50,002
59,612
60
50
40
30
20
10
0
98
99
00
Income before tax
(in thousands of dollars)

Financial Highlights

(in thousands of dollars except per share figures)

	2000	1999 (restated)	Percentage change
Revenues	**$ 625,393**	$ 561,829	+11.3%
Income for the year	**37,913**	30,879	+22.8%
EBITDA	**98,237**	81,478	+20.6%
EBITDA per share	**1.52**	1.30	+16.9%
Capital expenditures	**28,044**	31,666	-11.4%
Shareholders' equity	**272,260**	228,536	+19.1%
Cash provided by operating activities	**52,959**	39,490	+34.1%

The Magellan approach to growth through integration in the aerospace, space and defence markets and complementary non-aerospace sectors continues to achieve significant success. In 2000, the Corporation sustained its record for growth in revenues and net income.

The key to the Magellan approach is simplicity itself – that is, bringing simplicity to a complex industry in ways that leverage both the core capabilities of each Magellan operating division and the Corporation's combined strength.

An Integrated

The Simplicity of a Strong Financial Foundation

Magellan was founded on the premise that the consolidation of individually successful aerospace companies would lead to long-term profitability and growth unavailable by any other means. The strength of that foundation is evident in the double-digit growth we have achieved every year since Magellan's birth in 1996. The year 2000 was no exception. Once again, our record results deliver irrefutable proof of the Corporation's successful evolution into an integrated organization capable of strong internal growth and the rapid integration of acquisitions for immediate and sustained returns. Revenue for the year ended December 31, 2000 was $625.4 million, 11.3% higher than the $561.8 million reported for fiscal 1999. Net income for the year was $37.9 million, an increase of 22.8% over 1999 income of $30.9 million.

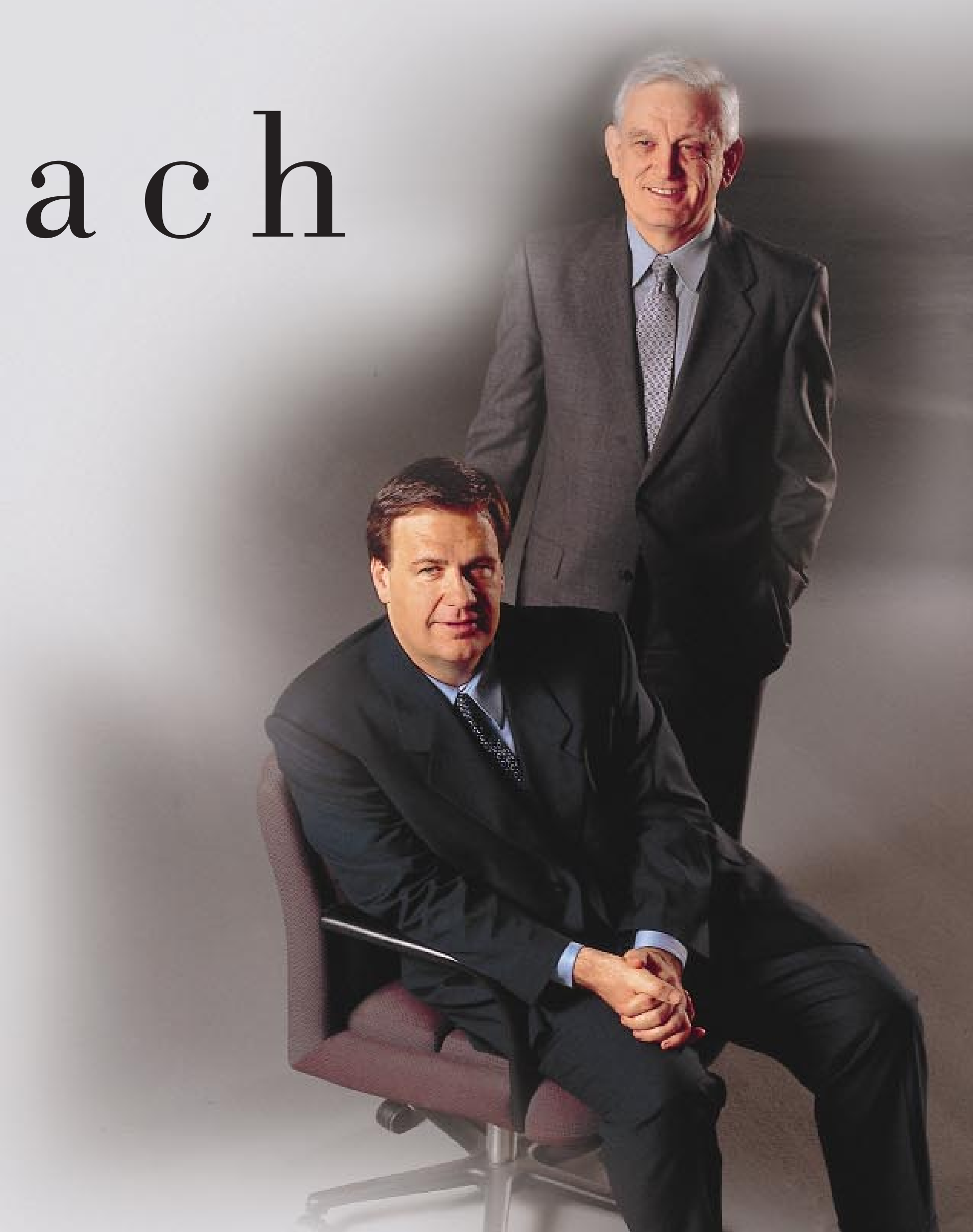
The Simplicity of Integration

The Corporation's strategic growth plan has rapidly elevated Magellan to world-class status in the aerospace industry. Our track record in identifying, acquiring and integrating key aerospace industry manufacturing facilities is evident in the strength of our balance sheet. In the simplest terms, by consolidating and integrating, we have made it advantageous for a diverse customer base to do business with Magellan.

From a strategic marketing perspective, Magellan is seeking to improve market penetration and customer retention by further developing our strong "brand" image as a leading aerospace supplier worldwide. To facilitate this, we have established a powerful umbrella image and identity for the Corporation, consolidated our marketing activities, and are implementing comprehensive organization changes aimed at strengthening Magellan's position as an integrated, capable and comprehensive aerospace industry supplier.

In addition to raising our profile in the aerospace industry, the consolidation and integration of key activities, combined with our Six Sigma and Lean operations initiatives, have contributed to improving gross margins to 18.5% in 2000. Our focus on controlling administrative and general expenses also paid off as these fell as a percentage of revenue to 5.7% in 2000 from 6.5% in the previous year.

Approach



Richard A. Neill
President & Chief Operating Officer

N. Murray Edwards
Chairman & Chief Executive Officer

The Simplicity of Turnkey Solutions

Consolidation is continuing on a global scale. The result is fewer, larger companies that are becoming more selective in choosing business partners. Strategic procurement has become the order of the day as our customers migrate toward a business model that retains product design and final assembly in-house while assigning the lion's share of subassembly design and manufacture to outside suppliers. That means that a growing number of our customers want the simplicity of dealing with a single supplier for a multitude of needs. The scope of Magellan's operations, combined with the breadth of our product lines and services, has allowed us to increasingly become a "single-source" supplier to an expanding customer base. This important competitive advantage not only brings us significant new business, it also strengthens our relationships with existing customers through long-term, multi-product agreements. The result: assured cash flow and insulation from market cycles.

Among our mutually beneficial long-term relationships with the world's leading aerospace companies, these stand out:

- **Boeing:** $600 million contract covers five Magellan divisions and five customer locations for five years; $400 million contract adds the Boeing 717 program.
- **Bombardier:** Two Magellan divisions have established long-term relationships on significant structural assemblies within the Bombardier family of companies. There are plans to expand this to other Magellan divisions.
- **GE:** The GE J85 world licence agreement enables Magellan direct contact with the end product users.
- **Rolls-Royce:** Annual sales in the order of $20 million covering Industrial Trent and aeroengine components.
- **Honeywell:** The Honeywell AS907 Revenue Sharing Participant agreement provides for Magellan's involvement at the design stage and thus influences the manufacturability and cost reduction of the product.
- **BF Goodrich:** Our long-standing relationship with BF Goodrich, coupled with outstanding quality and delivery ratings, resulted in a multi-year contract to produce landing gear components and assemblies for the Boeing 737NG, 747, 767, 777 and F-18E/F aircraft.
- **Aircelle/Airbus:** Performance on our initial contract for the Airbus A340-500/600 nozzles and plugs with revenue projections of $300 million led to the subsequent award of the acoustic nozzles and plugs for the Airbus A318 with program revenues in excess of $29 million.

- **NASA:** Continued deliveries to PRC Litton to support the NASA launch of 15 Black Brant sounding rockets per year.
- **CSA:** Continued work on the Sci-Sat project with launch date of June 2002 and a variety of other space payload and components to support the Canadian Space Agency.

Magellan ***has enjoyed fruitful long-term relationships with some of the world's leading OEMs. We have been a supplier to GE for over 40 years, Boeing for over 30 years and currently hold long-term contracts with Airbus, Honeywell and Bombardier.***

The Simplicity of Global Reach and Local Access

Our customers are woven into the fabric of the global marketplace. Aircraft assemblies and parts for Boeing, Airbus and Bombardier; cryogenic seals and rocket motors for NASA; engine overhaul services for various air forces worldwide: it doesn't matter where our customers are located, Magellan has the operational scope to deliver on time and on budget. But some customers want local access – a relationship with a nearby supplier with specific demonstrated strengths – and, through our strategically located divisions, we can deliver on those needs too. Dealing with Magellan either globally or locally is simplicity itself.

The Simplicity of Continuous Improvement

Magellan actively explores many ways of simplifying our operations to achieve improved effectiveness while reducing cost. That is why we have already made a major shift to applying two proven tools: Lean and Six Sigma.

Lean operation is the process of eliminating waste in an organization's value stream – and we have made it a primary tool in pursuing our strategic objectives by implementing Lean systems that produce cost savings by reducing waste, cycle times, and the number of steps in all production and transactional processes.

Magellan ***implemented one-piece flow for its Boeing 737 Fixed Trailing and Leading Edge programs utilizing Lean principles. This involved the internal processes of machining, deburring, painting, assembly, inspection and coordination with outside processors.***

The one-piece flow Lean initiative resulted in dramatic improvements: overall cycle time decreased from 80 to 18 days; inventory was reduced by over $2 million; assembly, deburring and painting hours were reduced by 50%; and overall quality was significantly improved.

The Simplicity of Assured Quality

Six Sigma is a rigorous, focused and highly effective implementation of proven quality principles and techniques. Incorporating elements from the work of many quality pioneers, Six Sigma aims for virtually error-free business performance. For a company like ours that is driven by a passion for quality, it was logical for Magellan to adopt Six Sigma, as we did in 2000.

We are committed to the implementation of Six Sigma as the vehicle to achieve breakthrough results in our business. Our Six Sigma initiative is driven from the top, and each Magellan division believes in its success. We aim to consistently raise the quality of our manufacturing and transactional processes so we can deliver world-class products and services to our customers. The ultimate aim, as always, is ***total*** customer satisfaction. Magellan's operating divisions are renowned for their quality – but even the best can, and should, get ***better***.

Magellan's ***introduction of Six Sigma and Lean is further supported by the enhancement of the manufacturing capabilities of our plants. Our manufacturing facility in Middletown, Ohio, is undergoing a 60,000 square foot expansion that will consolidate manufacturing activities currently spread over three buildings and provide the scope for future growth including the Airbus A340 program that is currently entering production as well as the recently announced nozzle and plug program with Aircelle for the Airbus A318 program.***

The Simplicity of Leveraging Core Competencies

Overall and within each of our operating divisions, Magellan has developed core competencies that are often industry-leading. That strength – the ability to identify, develop and introduce new products or enhancements to existing products – has enabled us to create a catalogue of products much in demand by our aerospace customers. It has also allowed us to leverage the strength of our core competencies through the creation of products for customers in non-aerospace sectors – thus allowing us to diversify and penetrate new markets at little cost or risk, yet with the potential for strong and continuing financial returns. In 2000, we made significant advances in this area.

- **Siemens Westinghouse:** Magellan will supply isolation ring segments for the combustion sections of 150-megawatt natural gas powered turbines. This new relationship represents a significant breakthrough in the industrial power market and is a strategic outgrowth of our specialized precision machining capabilities, honed on both aerospace and commercial applications.
- **Oilfield Services:** Magellan is currently manufacturing various shaft-like products used in the oil drilling industry. These products are manufactured from aerospace-type alloys and utilize two of our core competencies: shaft manufacturing technology and complex milling. They are an excellent strategic fit for our business, and demonstrate Magellan's ability to compete in commercial markets outside aerospace with significant growth potential.

Approaching Simplicity – An Evolutionary Process

As a leading consolidator and integrator, Magellan is well on the road to reaching our mission: to deliver assured, long-term growth and returns to our shareholders and other stakeholders. That is the promise we made when Magellan began. That is the promise we have so far realized through intelligent consolidation and integration. And that promise is why in 2000 we took a slight pause in our relentless pursuit of further growth – a pause that allowed us to evaluate our progress and financial position and ensure a future as fulfilling as our past.

Even though in last year's annual report we noted that our active acquisition program would likely result in new growth through 2000, we did not make any acquisitions. We felt that the acquisitions reviewed were too expensive with a slowing economy, and our debt to equity ratio of 55% was too high. Not wishing to over-leverage the Corporation for the sake of immediate growth, we used the hiatus to achieve economical organic growth and consolidate our previous gains. Now with our integrated structures more firmly in place – with a strong balance sheet and a debt ratio reduced to 44% – we are ready to move aggressively in identifying possible candidates for future acquisition.

A Simply Bright Future

As this annual report went to press, a number of new and exciting developments were in the offing. We look forward to sharing them with you as 2001 unfolds. In the meantime, to all our stakeholders, we say this:

- Magellan will continue to grow organically and through strategic acquisitions that complement and extend our integrated offerings in niche markets.
- Magellan will continue to consolidate and integrate support functions across the Corporation and to employ such best practices as Six Sigma and Lean operations to reduce costs, improve productivity and increase profitability.
- Magellan will be more aggressive in communicating with key audiences – the investment community, our stakeholders and current and potential customers – to further enhance its position as a worldwide industry leader.
- Magellan has diversified our product/services offerings to insulate against aerospace business fluctuations and to fully participate in an expanding aerospace industry. Air travel is expected to grow 4% to 5% annually for the next 20 years – and we intend to grow with our customers in the provision of new/replacement aircraft assemblies, engines and related services.

The world of aerospace, space and defence is complex. The foundation we have laid and the structures we have and continue to put in place will make the selection of Magellan as the supplier of choice for major OEMs, civil, space and defence customers simplicity itself. Our approach is on target and our horizons look unlimited.

We thank Magellan's employees for their dedication and professionalism – they are the driving force of our success.

N. Murray Edwards (signed)
Chairman and Chief Executive Officer

Richard A. Neill (signed)
President and Chief Operating Officer

March 27, 2001

MD&A and Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

Magellan Aerospace Corporation ("Magellan") is a diversified supplier of components and assemblies to the aerospace industry. Through its network of facilities throughout North America, Magellan supplies the leading aircraft manufacturers, airlines and defence agencies throughout the world. Magellan's performance in 2000 showed growth in sales, earnings and shareholders' equity, strengthening its ability to serve the world aviation market.

YEAR ENDED DECEMBER 31, 2000 COMPARED WITH THE YEAR ENDED DECEMBER 31, 1999

Consolidated revenue for the year ended December 31, 2000 was $625.4 million, an increase of 11.3% or $63.6 million over 1999 levels. The increase resulted from the inclusion of a full year of sales from Ellanef Manufacturing Corporation, which was acquired in the second quarter of 1999, and organic growth throughout the balance of the Corporation.

Cost of revenues was $509.7 million for the year ended December 31, 2000, for a gross profit of $115.7 million or 18.5%. This compares favourably to the gross profit of $102.2 million or 18.2% recorded in 1999. The impact of Six Sigma and Lean operating techniques initiated throughout the Corporation are beginning to take effect, and management believes that significant results will be achieved as more employees are trained and improvements are implemented throughout the manufacturing and support processes.

Administrative and general expenses were $35.5 million for the year ended December 31, 2000, compared to $36.6 million in 1999. Management's focus on minimizing these costs has resulted in a slight decline, in spite of overall business levels increasing.

Interest expense was $19.7 million, which was an increase of 29.6% or $4.5 million over 1999 levels. The interest expense was higher in 2000 as this was the first full year of inclusion of the debt associated with the purchase of Ellanef, as well as the impact of higher interest rates.

Income tax expense was $21.7 million in 2000, on income before income taxes of $59.6 million for an effective tax rate of 36.4%. In 1999, income tax expense was $19.1 million on pre-tax income of $50.0 million for an effective rate of 38.2%. The income tax rate decreased during 2000 because of reduction in provincial income tax rates as well as the use of capital loss carryforwards applied to capital gains realized on the disposition of other assets.

Effective January 1, 2000 the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. The change resulted in the restatement of the 1999 provision to reflect the full tax rate for the year. This change is more fully explained in the notes to the Corporation's financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 1999 COMPARED WITH THE YEAR ENDED DECEMBER 31, 1998

Revenue for 1999 was $561.8 million, an increase of 31.6% or $134.9 million over 1998. The increase in sales was due to the addition of Ellanef in the second quarter, the full year results of Chicopee Manufacturing Limited and AMBEL Precision Manufacturing Corporation, and the effect of new aerostructures programs. Revenues in other areas showed modest gain despite a strong competitive environment.

Cost of revenues was $459.6 million, up 31.5% or $110.2 million over 1998. Gross profit percentage improved slightly from 18.1% in 1998 to 18.2% in 1999 due to increased manufacturing efficiencies.

Administrative and general expenses rose to $36.6 million in 1999 from $33.8 million in 1998, but fell as a percentage of revenue from 7.9% in 1998 to 6.5% in 1999.

Interest expense increased by 66.9% to $15.1 million, reflecting the higher debt levels as a result of the purchase of Ellanef, investments in new programs, and capital assets purchased in 1999.

Income before income taxes for the year was $50.0 million, an increase of $17.0 million or 51.7% over 1998. This increase was due to higher volumes at slightly higher margins. EBITDA increased from $52.0 million in 1998 to $81.5 million in 1999, a 56.7% increase year over year.

Income tax expense rose from $12.7 million in 1998 to $19.1 million in 1999. The effective tax rate fell slightly from 38.5% in 1998 to 38.2% in 1999 due to a shift to jurisdictions with lower tax rates. Income tax expense for 1999 and 1998 has been restated to reflect the adoption of the new standard for accounting for income taxes recommended by the Canadian Institute of Chartered Accountants. These changes are more fully described in the notes to the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation continues to generate increasing amounts of cash from operating activities. Cash flow from operations was $53.0 million for the year ended December 31, 2000, an increase of $13.5 million from the previous year. Non-cash working capital balances used $10.5 million, primarily due to an increase in accounts receivable.

During the year ended December 31, 2000, the Corporation invested $28.0 million in new production equipment to modernize current facilities and to enhance its capabilities. The Corporation also used a total of $25.8 million in funds generated to reduce bank indebtedness and long-term debt.

Management believes that adequate cash is available through internally generated liquidity and undrawn lines of credit to meet the Corporation's working capital, program and capital investment, and debt servicing requirements.

MANAGEMENT'S REPORT

The consolidated financial statements of **Magellan Aerospace Corporation** were prepared by management in accordance with accounting principles generally accepted in Canada. The financial and operating information presented in this report is consistent with that shown in the financial statements.

Management maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

External auditors appointed by the shareholders have examined the consolidated financial statements. The Audit Committee, consisting of non-management directors, has reviewed these consolidated financial statements with management and the auditors and has reported to the Board of Directors. The Board approved the consolidated financial statements.

Richard A. Neill (signed)
President and Chief Operating Officer

John B. Dekker (signed)
Vice President Finance
and Corporate Secretary

March 2, 2001

AUDITORS' REPORT

To the Shareholders of
Magellan Aerospace Corporation

We have audited the consolidated balance sheets of **Magellan Aerospace Corporation** as at December 31, 2000 and 1999 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP

Hamilton, Canada,
March 1, 2001

Ernst & Young LLP (signed) Chartered Accountants

CONSOLIDATED BALANCE SHEETS

years ended December 31	2000	1999
(expressed in thousands of dollars)		(restated – note 2)
Assets		
Current		
Cash and cash equivalents	**$ 5,684**	$ 6,297
Accounts receivable	**110,372**	91,058
Inventories (note 4)	**204,555**	209,534
Prepaid expenses and other	**6,771**	5,564
Future income tax asset (note 13)	**6,279**	6,594
Total current assets	**333,661**	319,047
Capital assets (note 5)	**325,442**	308,836
Goodwill	**13,194**	13,235
Other	**12,512**	10,525
Future income tax asset (note 13)	**9,542**	8,889
	$ 694,351	$ 660,532
Liabilities and Shareholders' Equity		
Current		
Bank indebtedness (note 6)	**$ 53,114**	$ 53,434
Accounts payable and accrued charges (note 8)	**89,194**	82,910
Deferred revenue	**2,602**	4,732
Current portion of long-term debt (note 7)	**32,078**	20,799
Total current liabilities	**176,988**	161,875
Future income tax liabilities (note 13)	**90,670**	84,180
Long-term debt (note 7)	**140,595**	171,267
Other long-term liabilities (note 8)	**13,838**	14,674
Shareholders' equity		
Capital stock (notes 9 and 10)	**146,557**	143,768
Retained earnings	**126,136**	87,467
Foreign exchange translation (note 11)	**(433)**	(2,699)
Total shareholders' equity	**272,260**	228,536
	$ 694,351	$ 660,532

see accompanying notes

On behalf of the Board:

N. Murray Edwards (signed)
Director

Bruce W. Gowan (signed)
Director

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

years ended December 31 (expressed in thousands of dollars except per share data)	**2000**	1999 (restated – note 2)
Revenues	**$ 625,393**	$ 561,829
Cost of revenues	**509,669**	459,581
Gross profit	**115,724**	102,248
Administrative and general expenses	**35,467**	36,622
Research and development	**977**	470
Interest (note 12a)	**19,668**	15,154
	56,112	52,246
Income before income taxes	**59,612**	50,002
Income taxes (note 13)		
Current	**15,122**	3,983
Future	**6,577**	15,140
Net income for the year	**37,913**	30,879
Retained earnings, beginning of year, as previously reported	**90,712**	47,872
Accounting changes		
Income taxes (note 2a)	**(3,245)**	8,716
Employee future benefits (note 2b)	**756**	–
Retained earnings, beginning of year, as restated	**88,223**	56,588
Retained earnings, end of year	**$ 126,136**	$ 87,467
Income per common share (note 2c)		
Basic	**$ 0.59**	$ 0.49
Diluted	**$ 0.59**	$ 0.49

see accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

years ended December 31 (expressed in thousands of dollars)	2000	1999 (restated – note 2)
Operating activities		
Net income for the year	**$ 37,913**	$ 30,879
Add items not affecting cash		
Depreciation and amortization	**18,957**	16,322
Future income taxes	**6,577**	15,140
	63,447	62,341
Net change in non-cash working capital items relating to operating activities (note 12c)	**(10,488)**	(22,851)
Cash provided by operating activities	**52,929**	39,490
Investing activities		
Acquisitions	**–**	(87,961)
Purchase of capital assets	**(28,044)**	(31,666)
Increase in other assets	**(1,785)**	(1,743)
Cash used in investing activities	**(29,829)**	(121,370)
Financing activities		
(Decrease) increase in bank indebtedness	**(1,978)**	9,113
Increase in long-term debt	**–**	101,633
Repayment of long-term debt	**(23,751)**	(49,630)
Issue of common shares	**2,789**	15,228
(Decrease) increase in other long-term liabilities	**(934)**	9,533
Cash (used in) provided by financing activities	**(23,874)**	85,877
Effect of exchange rate changes on cash	**131**	(153)
(Decrease) increase in cash and cash equivalents	**(613)**	3,844
Cash and cash equivalents, beginning of year	**6,297**	2,453
Cash and cash equivalents, end of year	**$ 5,684**	$ 6,297

see accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in thousands of dollars except share and per share data)

1. ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada within the framework of the accounting policies summarized below. The consolidated financial statements of the Corporation include the accounts of the Corporation and its wholly-owned subsidiaries.

Management's estimates

The preparation of financial statements in conformity with accounting principles generally accepted in Canada requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

Revenue recognition

Revenue includes sales from units delivered during the year and estimates of revenue earned on long-term contracts using the percentage of completion method. Where it is expected that a loss will be incurred on completion of a contract, a provision is made for the total estimated loss.

Cash and cash equivalents

Cash and cash equivalents includes cash on deposit and term deposits with remaining maturities at the date of acquisition of less than three months.

Inventories

Inventories are stated at the lower of cost and estimated net realizable value. Inventories are primarily attributable to long-term contracts on which the related operating cycles are longer than one year. In accordance with industry practice, these inventories are included in current assets. Inventoried costs on long-term contracts include pre-production costs consisting primarily of tooling production costs, including applicable finance and overhead and other development costs provided that their recovery can be regarded as reasonably assured. Inventoried costs are charged to cost of revenues by the estimated average cost of deliveries under contracts using the learning curve concept, which anticipates a predictable decrease in unit costs as tasks and production techniques become more efficient through repetition and management action.

Advances and progress billings received on long-term contracts are deducted from related costs in inventories. Advances and progress billings in excess of related costs are classified as deferred revenue.

Capital assets

Capital assets are recorded at cost less related government grants and investment tax credits and are depreciated over their estimated useful lives (with 10% residual value) as follows:

Buildings	40 years
Machinery and equipment	20 years

Research and development

Research and development costs are charged to operations as incurred, due to the nature of the projects. Where government incentives in the form of investment tax credits and grants are received for research and development projects initiated by the Corporation for its own purposes, these incentives are deducted from the research and development costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Government investment

The Corporation makes periodic applications for government investment under available government programs, including investment tax credits. Government investment relating to capitalized expenditures is reflected as a reduction of the related costs of such assets. Government investment relating to operating expenses is recorded as a reduction of the related expenses as incurred.

Goodwill

Goodwill is recorded at cost and amortized to income on a straight-line basis over 40 years. On an ongoing basis, management reviews the valuation and amortization of goodwill, taking into consideration any events or circumstances which might have impaired the carrying value. The amount of goodwill impairment, if any, is measured based on undiscounted projected future cash flows.

Foreign exchange translation

Monetary assets and liabilities of the Corporation denominated in foreign currencies are translated at the year-end exchange rates. Revenue and expenses are translated at actual rates of exchange when the transaction occurred. Exchange gains and losses on these items are recognized in income in the current year except for gains or losses on monetary assets or liabilities with fixed or ascertainable lives extending beyond one year which are deferred and amortized over the remaining life of the monetary item.

The Corporation's operations outside of Canada are considered self-sustaining. Consequently, the assets and liabilities are translated to Canadian dollars using the year-end exchange rates and revenues and expenses are translated at the average rates during the year. Exchange gains or losses on translation of the Corporation's net investment in these operations are deferred as a separate component of shareholders' equity.

The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in income when there is a reduction in the Corporation's net investment in the operations that gave rise to such exchange gains or losses.

Employee benefit plans

The cost of pension and post-employment benefits (including medical benefits and dental care) related to employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method prorated on services and management's best estimates of investment yields, salary escalation and other factors. Pension plan assets are valued at fair value for purposes of calculating the expected return on plan assets. Past service costs resulting from plan amendments are amortized over the remaining average service life of active employees. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligations and the fair value of plan assets is amortized over the average remaining service period of active employees.

Stock-based compensation plan

The Corporation has an incentive stock option plan as more fully described in note 10. No compensation expense is recognized for this plan when stock or stock options are issued. Any consideration paid on the exercise of stock options is credited to share capital.

Financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued charges are considered to be representative of their respective fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income taxes

The Corporation follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Income per common share

Basic income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the year. If all employee stock options were exercised, diluted income per common share would not be materially different than basic income per common share.

2. ACCOUNTING CHANGES

(a) Income taxes

Effective January 1, 2000, the Corporation adopted, retroactively with restatement of prior years, the new recommendations of The Canadian Institute of Chartered Accountants ("CICA") with respect to accounting for income taxes. Under the new liability method, future income tax assets and liabilities are determined based on differences between the basis of assets and liabilities used for financial statement and income tax purposes. Such differences are then measured using substantially enacted tax rates and laws that will be in effect when these differences are expected to reverse.

Prior to the adoption of the new recommendations, income tax expense was determined using the deferral method of tax allocation. Under this method, future tax expense was based on items in income and expense that were reported in different years in the financial statements and tax returns and measured at the tax rate in effect in the year the difference originated.

As a result of this change, capital assets as at January 1, 1999 increased by $17,369, future income tax assets as at January 1, 1999 increased by $19,900, future income tax liabilities as at January 1, 1999 increased by $28,553, and retained earnings as at January 1, 1999 increased by $8,716. In addition, consolidated net income for 1999 decreased by $11,961 and retained earnings as at December 31, 1999 decreased by $3,245. Net income for the year ended December 31, 2000 decreased by $3,847.

(b) Employee future benefits

Effective January 1, 2000, the Corporation adopted, retroactively without restatement of prior years, the new recommendations of the CICA for accounting for employee future benefits. The result was to increase accrued pension assets by $3,364, increase other benefit plan liabilities by $2,370, increase future income tax liabilities by $238 and increase retained earnings by $756. The change did not have a significant impact on net income for the current year.

Under the new recommendations the Corporation's projected benefit obligation is discounted using a market related discount rate. Previously, the discount rate used was based on management's best estimate of long-term rates. In addition, the Corporation in one instance provides post-retirement benefits, other than pensions, which primarily include health care and life insurance benefits, which are not covered under the Corporation's principal pension plans. The new recommendations require that these costs, based on the terms of the plan, be recognized on an accrual basis during the years the plan participants provide the services. Previously the cost of providing these benefits was expensed when paid.

(c) Income per common share

Effective December 31, 2000, the Corporation retroactively adopted the new recommendations of the CICA with respect to the computation of diluted income per common share. Under the new standards, the treasury stock method is used in determining the dilutive effect of warrants and options. Previously, the imputed earnings approach was used.

As a result of this change, diluted income per common share for 1999 was restated from $0.48 to $0.49. This change had no impact on the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. ACQUISITION

On June 11, 1999, the Corporation purchased the shares of Ellanef Manufacturing Corporation, an aerospace company, for a total cost of $87,961. This acquisition was accounted for using the purchase method.

The purchase price was allocated in the accounts based on the estimated fair value of the assets acquired less liabilities assumed as follows:

Working capital acquired	$ 34,866
Capital and other assets	132,708
Future income tax liabilities	(46,328)
Long-term debt	(33,285)
Total consideration and net assets acquired	$ 87,961

This note has been restated in accordance with the Corporation's adoption of the new recommendations with respect to accounting for income taxes (note 2a).

4. INVENTORIES

	2000	1999
Production costs of contracts currently in process	**$ 181,668**	$ 176,879
Excess of production cost of delivered units over the estimated average of all units expected to be produced (learning curve costs)	**4,007**	4,646
Initial tooling and other costs	**35,304**	29,036
	220,979	210,561
Less advances and progress payments	**(16,424)**	(1,027)
	$ 204,555	$ 209,534

5. CAPITAL ASSETS

	2000		
	Cost	**Accumulated depreciation**	**Net book value**
Land	**$ 16,325**	**$ –**	**$ 16,325**
Buildings	**74,023**	**13,768**	**60,255**
Machinery and equipment	**308,435**	**59,573**	**248,862**
	$ 398,783	**$ 73,341**	**$ 325,442**

	1999		
	Cost	Accumulated depreciation	Net book value
Land	$ 15,287	$ –	$ 15,287
Buildings	71,479	11,450	60,029
Machinery and equipment	268,765	35,245	233,520
	$ 355,531	$ 46,695	$ 308,836

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. BANK INDEBTEDNESS

Bank indebtedness of $53,114 (1999 – $53,434) is payable on demand and bears interest at the bankers acceptance or LIBOR rates, plus 0.80% to 1.25%. A fixed and floating charge debenture on certain of the Corporation's assets is pledged as collateral for the operating loans and the term bank loan (see note 7).

7. LONG-TERM DEBT

	2000	1999
Term bank loan	**$ 161,912**	$ 178,087
Other non-bank loans	**10,761**	13,979
	172,673	192,066
Less current portion	**32,078**	20,799
	$ 140,595	$ 171,267

The term bank loan bears interest at bankers acceptance or LIBOR rates, plus 0.80% to 1.25%. Included in the term bank loan are amounts due in US dollars of $91,318.

The fair value of long-term debt has been calculated based on the contractual cash flows of the financial instruments. At year-end, the fair value of the long-term debt approximated the carrying value.

Long-term debt maturities for the next five years are as follows:

2001	$ 32,078
2002	40,360
2003	59,015
2004	40,304
2005 and thereafter	916

8. OTHER LONG-TERM LIABILITIES

	2000	1999
Non-interest bearing amounts owed to third parties	**$ 15,875**	$ 15,264
Other	**1,644**	964
	17,519	16,228
Less current portion included with accounts payable and accrued charges	**3,681**	1,554
Other long-term liabilities	**$ 13,838**	$ 14,674

Amounts owed to third parties for the next five years are as follows:

2001	$ 3,681
2002	5,594
2003	5,319
2004	726
2005 and thereafter	2,199

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. CAPITAL STOCK

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, and an unlimited number of common shares.

Common shares:

	Number of shares	Stated capital
Outstanding at December 31, 1998	59,447,764	$ 128,540
Issued upon exercise of warrants	4,600,000	13,800
Issued upon exercise of options	476,798	1,239
Issued to employees and directors	21,506	189
Outstanding at December 31, 1999	64,546,068	$ 143,768
Issued upon exercise of warrants	**240,000**	**516**
Issued upon exercise of options	**1,003,000**	**2,009**
Issued to employees and directors	**45,121**	**264**
Outstanding at December 31, 2000	**65,834,189**	**$ 146,557**

During the year, 240,000 common shares were issued on the exercise of outstanding warrants. At December 31, 2000, no warrants (1999 – 240,000) were outstanding.

10. STOCK-BASED COMPENSATION PLAN

The Corporation has an incentive stock option plan, which provides for the granting of options for the benefit of employees and directors. The maximum number of common shares that may be issued under this plan is 5.2 million. Options are granted at an exercise price that will be the market price of the Corporation's common shares at the time of granting. Options normally have a life of 5 years with vesting at 20% at the end of the first, second, third, fourth and fifth years from the date of the grant.

A summary of the plan and changes during each of 2000 and 1999 are as follows:

	2000		1999	
	Shares	**Weighted average exercise price**	Shares	Weighted average exercise price
Outstanding beginning of year	**2,540,302**	**$ 4.28**	2,610,100	$ 3.09
Granted	**500,000**	**5.50**	600,000	7.75
Exercised/cancelled	**(1,328,600)**	**3.27**	(669,798)	2.75
Outstanding end of year	**1,711,702**	**$ 5.42**	2,540,302	$ 4.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes information about options outstanding at December 31, 2000:

	Options outstanding			Options exercisable	
Range of exercise prices	**Number outstanding at December 31, 2000**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number exercisable at December 31, 2000**	**Weighted average exercise price**
$3.25	**630,600**	**2.0**	**$ 3.25**	**378,360**	**$ 3.25**
$5.50–$6.30	**609,701**	**4.5**	**5.65**	**67,021**	**6.30**
$7.35–$10.05	**471,401**	**3.6**	**8.04**	**134,041**	**8.13**
	1,711,702	**3.3**	**$ 5.42**	**579,422**	**$ 4.73**

11. FOREIGN EXCHANGE TRANSLATION

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the Corporation's self-sustaining foreign operations, resulted in an unrealized currency translation gain of $2,266 for the year ended December 31, 2000, which had no impact on net income for the current year. The unrealized gain resulted from the strengthening of the US dollar against the Canadian dollar.

12. SUPPLEMENTARY INFORMATION

(a) Interest expense on long-term debt in 2000 was $14,059 (1999 – $11,435).

(b) During 2000, the Corporation received $3,475 (1999 – $7,189) of government investment, which has been credited to the related assets. The Corporation is eligible for an additional $8,367 for the period from January 1, 2001 to December 31, 2006 based on approved expenditures. The investment is repayable as royalties ranging from 1% to 3% of certain future revenues.

(c) Details of changes in non-cash working capital items related to operating activities are as follows:

	2000	1999
Accounts receivable	**$ (18,276)**	$ 2,806
Inventories	**7,955**	(7,205)
Prepaid expenses and other	**(1,170)**	(1,558)
Accounts payable and accrued changes	**3,133**	(17,998)
Deferred revenue	**(2,130)**	1,104
	$ (10,488)	$ (22,851)

(d) Cash interest paid during 2000 amounted to $18,746 (1999 – $14,981) and cash income taxes paid during 2000 amounted to $2,673 (1999 – $1,989).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. INCOME TAXES

The following is a reconciliation of the expected tax expense obtained by applying the combined corporate tax rates to income before income taxes:

	2000	1999
Corporate tax rate for manufacturing companies	**37.4%**	38.5%
Expected tax expense	**$ 22,296**	$ 19,260
Benefit of capital loss carryforwards	**(655)**	(232)
Permanent differences and other	**135**	(375)
Large corporations tax	**250**	470
Adjustments for rate changes	**(327)**	–
	$ 21,699	$ 19,123

Components of future income taxes by jurisdiction are summarized as follows:

	2000	1999
Canada		
Future income tax asset – current		
Accounting provisions not currently deductible for tax purposes	**$ 3,642**	$ 2,827
Future income tax assets – long term		
Operating loss carryforwards	**4,051**	3,249
Accounting provisions not currently deductible for tax purposes	**3,300**	2,118
	7,351	5,367
Future income tax liabilities – long term		
Tax depreciation in excess of book depreciation	**35,652**	31,944
Deferred employee future benefits	**2,663**	939
	38,315	32,883
Foreign		
Future income tax asset – current		
Accounting provisions not currently deductible for tax purposes	**2,637**	3,767
Future income tax assets – long term		
Operating loss carryforwards	**1,202**	3,522
Accrued employee future benefits	**989**	–
	2,191	3,522
Future income tax liabilities – long term		
Tax depreciation in excess of book depreciation	**52,355**	50,551
Deferred employee future benefits	**–**	746
	$ 52,355	$ 51,297

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. EMPLOYEE FUTURE BENEFITS

The Corporation has a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to substantially all of the employees.

Information about the Corporation's defined benefit plans, in aggregate, is as follows:

	Pension 2000	Other benefit plans 2000
Change in benefit obligation		
Benefit obligation – beginning of year	$ 72,495	$ 2,369
Current service cost	1,498	–
Interest cost	5,314	(448)
Benefits paid	(5,536)	–
Actuarial loss	90	–
Actuarial obligation, end of year	$ 73,861	$ 1,921
Change in plan assets		
Market value of plan assets, beginning of year	$ 81,638	$ –
Actual return of plan assets	2,263	–
Member contributions during the period	433	–
Employer contributions	540	–
Benefits paid	(5,536)	–
Actual plan expenses	(194)	–
Market value of plan assets, end of year	$ 79,144	$ –
Reconciliation of funded status		
Funded status, surplus (deficit)	$ 5,283	$ (1,921)
Member contributions after measurement date	65	–
Unamortized net actuarial loss	4,064	–
Accrued benefit asset (liability)	9,412	(1,921)
Valuation allowance	(2,082)	–
Accrued benefit asset (liability) net of valuation allowance	$ 7,330	$ (1,921)

The accrued benefit asset related to pensions is included in other assets and the accrued benefit liability related to other benefit plans is included in other long-term liabilities.

Plan assets include common shares of the Corporation having a market value of $284 at December 31, 2000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows (weighted-average assumptions as of December 31):

	Pension 2000	Other benefit plans 2000
Discount rate	**7.4%**	**8.5%**
Expected long-term rate of return on plan assets	**7.4%**	**–**
Rate of compensation increase	**3.7%**	**–**

The Corporation's net benefit plan expense is as follows:

	Pension 2000	Other benefit plans 2000
Components of defined benefit plan expense		
Current service cost	**$ 1,499**	**$ 165**
Interest cost	**5,306**	**(448)**
Expected return on plan assets (income)	**(5,984)**	**–**
Net expense	**$ 821**	**$ (283)**

The total expense for the Corporation's defined contribution pension plans was $2,732.

15. SEGMENTED INFORMATION

The Corporation is organized and managed as a single business segment being aerospace and the Corporation is viewed as a single operating segment by the chief operating decision maker for the purposes of resource allocations and assessing performance.

Domestic and foreign operations consist of:

	2000			1999		
	Canada	**United States**	**Total**	Canada	United States	Total
Revenues						
Domestic	**$ 148,677**	**$ 199,881**	**$ 348,558**	$ 176,142	$ 196,434	$ 372,576
Export	**257,768**	**19,067**	**276,835**	175,211	14,042	189,253
Total revenues	**$ 406,445**	**$ 218,948**	**$ 625,393**	$ 351,353	$ 210,476	$ 561,829
Capital assets and goodwill	**$ 155,275**	**$ 183,361**	**$ 338,636**	$ 145,978	$ 176,093	$ 322,071

Revenues are attributed to countries based on the location of the customers and the capital assets and goodwill are based on the country in which they are located.

Major Customers	**2000**	1999
Canadian operations		
Number of customers	**2**	2
Percentage of total Canadian revenues	**34%**	37%
US operations		
Number of customers	**3**	3
Percentage of total US revenues	**69%**	63%

16. FINANCIAL INSTRUMENTS

The Corporation occasionally uses derivative financial instruments to manage foreign exchange risk. The Corporation does not trade in derivatives for speculative purposes.

The Corporation has entered foreign exchange contracts to hedge future cash flows in US dollars. Under these contracts the Corporation may be obliged to sell specific amounts of US dollars at predetermined dates and exchange rates. These contracts are matched with anticipated operational cash flows in US dollars.

The Corporation has US dollar exchange contracts outstanding at December 31, as follows:

	2000		1999	
	Amount	**Exchange rate**	Amount	Exchange rate
Maturity – Less than 1 year	**$ 12,000**	**1.48–1.51**	$ –	–

17. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the current year's presentation.

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Corporate Officers:

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Chairman and Chief Executive Officer

Richard A. Neill
President and Chief Operating Officer

John B. Dekker
Vice President Finance and
Corporate Secretary

William A. Mathews
Vice President Marketing

Jo-Ann C. Ball
Vice President Human Resources

Borys Chartchenko
Corporate Controller

Steven P. Groot
Treasurer

Board of Directors:

N. Murray Edwards (1, 3)
Chairman and Chief Executive Officer
Magellan Aerospace Corporation
Mississauga, Ontario
President
Edco Financial Holdings Ltd.
Calgary, Alberta

Richard A. Neill (1)
President and Chief Operating Officer
Magellan Aerospace Corporation
Mississauga, Ontario

Hon. William G. Davis (1, 2, 3)
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Toronto, Ontario

Bruce W. Gowan (2)
Corporate Director
Huntsville, Ontario

Donald C. Lowe (4)
Corporate Director
Toronto, Ontario

Larry G. Moeller (4)
Vice President Finance
Edco Financial Holdings Ltd.
Calgary, Alberta

James S. Palmer (2)
C.M., Q.C.
Chairman
Burnet, Duckworth & Palmer
Calgary, Alberta

Hon. M. Douglas Young
Chairman
Summa Strategies Canada Inc.
Ottawa, Ontario

Committees of the Board:

1 Executive Committee
Chairman: **N. Murray Edwards**

2 Audit Committee
Chairman: **William A. Dimma**

3 Human Resources and
Nominating Committee
Chairman: **William G. Davis**

4 Environment and Safety Committee
Chairman: **Donald C. Lowe**

Auditors:

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Stock Listing:

Toronto Stock Exchange
Common Shares – MAL

Annual Meeting:

The Annual Meeting of the Shareholders of Magellan Aerospace Corporation will be held on Thursday, May 17, 2001 at 2:00 p.m. at the Toronto Board of Trade, 1 First Canadian Place, Toronto, Ontario, Canada.

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This annual report 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.

Magellan
2000
Annual
Report

2000

MAGELLAN
AEROSPACE CORPORATION

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