

---

**MAGELLAN AEROSPACE CORPORATION**

MINUTES of the meeting of the AUDIT COMMITTEE of the Board of Directors of MAGELLAN AEROSPACE CORPORATION (the "Corporation") held on the 10th day of August, 2006 at the hour of 8:30 o'clock in the forenoon (Toronto time) at the offices of the Corporation, 3160 Derry Road East, Mississauga, Ontario.

---

PRESENT: William A. Dimma (telephone)  
Bruce W. Gowan  
Donald C. Lowe

PRESENT BY INVITATION:

Directors:

N. Murray Edwards  
William G. Davis  
Larry G. Moeller  
Richard A. Neill  
James S. Palmer  
M. Douglas Young

Management:

John B. Dekker, Vice President Finance and  
Corporate Secretary  
James S. Butyniec – Executive Vice  
President and Chief Operating Officer  
Steven P. Groot, Corporate Controller and  
Treasurer

Ernst & Young:

Don Linsdell

Beth Bandler

With the consent of the meeting, Mr. Bruce W. Gowan took the chair and Mr. John B. Dekker acted as Secretary.

**1 CONSTITUTION**

Notice of the meeting having been given to all members of the Audit Committee and all members being in attendance, the meeting was declared duly constituted.

**2 IN CAMERA MEETING**

The members of the Audit Committee agreed that it was not necessary that the members meet privately at the commencement of the meeting of the Audit Committee.

5 PRIVATE SESSION WITH ERNST & YOUNG

The Chairman then gave the auditors an opportunity to speak to the Audit Committee privately without the presence of management and Mr. Edwards, Mr. Moeller and Mr. Young, who then left the room. The purpose of such a discussion was to table any comments or concerns that might most appropriately be raised with the Audit Committee in the absence of management. Mr. Linsdell of Ernst & Young ("E&Y") reported that he had several discussions and had met with management prior to this meeting to discuss the second quarter's results and presentation of certain items, primarily related to the accounting treatment of the Ellanef rejuvenation initiative. He reported that while he had received schedules from management prior to this meeting he only received the financial statements and the MD&A at the meeting. Mr. Linsdell confirmed that E&Y would perform as much audit work as possible that was not tied to year end values prior to the end of 2006.

Mr. Linsdell was thanked for his work and was excused from the meeting.

6 CONFIDENTIAL MEETING

The members of the Audit Committee met in private.

7 PRIVATE SESSION WITH MANAGEMENT

Management and directors returned to the meeting. Mr. Gowan, the chair of this meeting of the Audit Committee, reported on the discussion with Mr. Linsdell. Mr. Neill expressed his concern that it had taken E&Y too long to make a final recommendation on the accounting treatment of the Ellanef initiative. Mr. Edwards reiterated his concern that the 2005 audit fee was too high and that management and E&Y must work together to find a way to reduce the 2006 audit fee.

8 TERMINATION

There being no further business to come before the meeting, the meeting then terminated.

Chairman

Secretary

MANAGEMENT OVERRIDE BY DENNER/NEILL  
OF (1) ELLANEF ACCOUNTS FOR BOEING 737 -  
TO AUDIT "CONTRACTED DISCOUNTS" WITHOUT ANY PAPERWORK  
(2) PIERONCA EAC Q2/2006 WITH \$5.2M GROSS  
LOSS TO "ASSUMED BREAKEVEN" DESPITE "KNOWN"  
PROPOSALS (except to me) FOR BAFO PRICING TO AIRCELLE.