



MAGNA INTERNATIONAL INC.

**STATEMENT OF SIGNIFICANT CORPORATE GOVERNANCE DIFFERENCES
PURSUANT TO NYSE LISTED COMPANY MANUAL SECTION 303A.11**

March 27, 2015

MAGNA INTERNATIONAL INC.

STATEMENT OF SIGNIFICANT CORPORATE GOVERNANCE DIFFERENCES (NYSE LISTED COMPANY MANUAL SECTION 303A.11)

Section 303A Corporate Governance Standard

Description

1. Listed companies must have a majority of independent directors.

The definition of the term "independence" contained in corporate governance guidelines applicable to listed companies in Canada, focuses on whether or not a director has a material relationship with the listed company which could, in the view of the board of directors, interfere with the exercise of that director's independent judgment. The definition of the term "independence" in the NYSE Corporate Governance Standards focuses on the director's independence from management of the listed company. Magna's Board of Directors has determined that a majority of Magna's directors are "independent directors" within the standards set forth in both applicable Canadian requirements and in Section 303A.02 of the NYSE Corporate Governance Standards.

2. In order to tighten the definition of "independent director" for purposes of these standards:

- (a) (i) No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must identify which directors are independent and disclose the basis for that determination.

Magna's Board of Directors has affirmatively determined that the following ten out of eleven (91%) nominees for election by shareholders in connection with Magna's May 7, 2015 annual meeting of shareholders are independent directors: Scott B. Bonham, Peter G. Bowie, Hon. J. Trevor Eyton, V. Peter Harder, Lady Barbara Judge, Dr. Kurt J. Lauk, Cynthia A. Niekamp, Dr. Indira V. Samarasekera, Lawrence D. Worrall and William L. Young.

Donald J. Walker, Magna's Chief Executive Officer, is the only nominee for election by shareholders at Magna's May 7, 2015 annual meeting of shareholders who is not independent.

- (ii) In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the listed company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including but not limited to: (A) the source of

Conforms. The Corporate Governance, Compensation and Nominating Committee ("CGCNC") of Magna's Board consists of four independent directors: William L. Young (Chairman), V. Peter Harder, Hon. J. Trevor Eyton and Dr. Indira V. Samarasekera. None of the members of the CGCNC has any relationship with Magna other than as an independent director.

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compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and (B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

(b) In addition, a director is not independent if:

(i) The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company.

Conforms. None of Magna's ten incumbent independent directors is or has been within the last three years, an employee of Magna and no immediate family member of any independent director is or has been within the last three years, an executive officer of Magna.

(ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

Conforms. None of Magna's ten incumbent independent directors or any of their immediate family members, has received during any twelve-month period within the last three years, any compensation from Magna, other than director and committee fees.

(iii) (A) The director or an immediate family member is a current partner of a firm that is the company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an

Conforms. None of Magna's ten incumbent independent directors, or their immediate family members has any of the specified relationships with Deloitte LLP, Magna's external auditor or for the fiscal year ended December 31, 2014.

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immediate family member who is a current employee of such a firm and who participates in the firm's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company's audit within that time.

- (iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.

Conforms. Magna has no such compensation committee interlocks.

- (v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Conforms. None of Magna's ten independent directors or any of their immediate family members, is a current executive officer of a company that has made payments to, or received payments from Magna exceeding the greater of \$1 million or of 2% of such other company's gross revenues in any of the last three fiscal years.

3. To empower non-management directors to serve as a more effective check on management, the non-management directors of each listed company must meet at regularly scheduled executive sessions without management.

Conforms. During 2014, Magna's non-management directors met without management present at every Board and Committee meeting.

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4. (a) Listed companies must have a nominating/ corporate governance committee composed entirely of independent directors.
- Conforms. The CGCNC is composed entirely of independent directors.
- (b) The nominating/ corporate governance committee must have a written charter that addresses:
- (i) the committee's purpose and responsibilities – which, at minimum, must be to: identify individuals qualified to become board members, consistent with criteria approved by the board, and to select, or to recommend that the board select, the director nominees for the next annual meeting of shareholders; develop and recommend to the board a set of corporate governance guidelines to the corporation; and oversee the evaluation of the board and management; and
- Conforms. The full text of the CGCNC charter is available on Magna's website (www.magna.com) under "Corporate Governance".
- (ii) an annual performance evaluation of the committee.
- Magna's Board Charter includes a requirement for annual Board and Committee performance evaluations.
5. (a) Listed companies must have a compensation committee composed entirely of independent directors. Compensation committee members must satisfy the additional independence requirements specific to compensation committee membership set forth in Section 303A.02(a)(ii).
- Conforms. See response to Section 2(a)(ii) above.
- (b) The compensation committee must have a written charter that addresses:
- (i) the committee's purpose and responsibilities – which, at a minimum,
- Conforms in part. The CGCNC's charter sets forth the committee's responsibilities relating to executive and incentive compensation, including making recommendations to the Board with respect to

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must be to have direct responsibility to: (A) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation; and (B) make recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval; and (C) prepare the disclosure required by Item 407(e)(5) of Regulation S-K;

- (ii) an annual performance evaluation of the compensation committee.
- (iii) The rights and responsibilities of the compensation committee set forth in Section 303A.05(c).

(c)

- (i) The compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser.

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Magna's overall system of executive compensation, assessing the performance of the CEO and other members of Corporate Management (as defined in Magna's Corporate Constitution) and the determination of all direct, indirect and incentive compensation benefits and perks (cash and non-cash) for members of Corporate Management. However, Magna's compensation system is a formula-based system with minimal fixed compensation in the form of salaries, annual incentive bonuses tied to pre-tax profits and long-term incentives. While performance goals and objectives are applicable to the CGCNC's recommendations relating to long-term incentives, annual incentive bonuses (which typically form the largest element of compensation) are determined by formula.

Magna's Board Charter includes a requirement for annual Board and Committee performance evaluations.

Conforms. The CGCNC's charter sets out the committee's rights and responsibilities, including the scope of the CGCNC's authority regarding its independent advisers. The CGCNC's charter also addresses committee size, composition, member qualifications, appointment/removal of committee members, committee reporting to the board and other matters.

Conforms.

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(ii) The compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the compensation committee.

Conforms.

(iii) The listed company must provide for appropriate funding, as determined by the compensation committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the compensation committee.

Conforms.

(iv) The compensation committee may select a compensation consultant, legal counsel or other adviser to the compensation committee only after taking into consideration, all factors relevant to that person's independence from management, including the following:

(A) The provision of other services to the listed company by the person that employs the compensation consultant, legal counsel or other adviser;

(B) The amount of fees received from the listed company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage

While nothing in applicable Ontario (Canada) law requires consideration of specific factors in determining the independence of the CGCNC's advisors, the committee typically considers a range of factors in determining whether the advisor may have other relationships with Magna that could impair its independence as an advisor to the CGCNC. The CGCNC currently has two independent advisors – Hugessen Consulting (compensation) and Fasken Martineau DuMoulin LLP (legal). Neither of these firms has any relationships with Magna other than their relationships as advisors to the CGCNC. Neither of the CGCNC's advisors has any business or personal relationships with members of the CGCNC, any other director or any executive officer of Magna. Hugessen Consulting limits its retainers solely to board-side advice. Fasken Martineau DuMoulin has in place standard conflict procedures that would alert it to any proposed retainer with Magna other than that with the CGCNC. Magna's Corporate Secretary assists in managing any potential relationships which could impair the independence of the CGCNC's independent advisors.

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(C) of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(D) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(E) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;

(F) Any stock of the listed company owned by the compensation consultant, legal counsel or other adviser; and

(G) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the listed company.

6. Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.

Conforms.

7. (a) The audit committee must have a minimum of three members. In addition to any requirement of Rule 10A-3(b)(1), all audit committee members must satisfy the requirements for independence set out in Section 303A.02.

Conforms. Magna's Audit Committee currently is currently composed of four members meeting the independence requirements of Exchange Act Rule 10A-3 and Section 303A.02.

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| <p>(b) The audit committee must have a written charter that addresses:</p> <p>(i) the committee's purpose, which at a minimum, must be to: (A) assist board oversight of (1) the integrity of the listed company's financial statements, (2) the listed company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the listed company's internal audit function and independent auditors; and (B) prepare an audit committee report as required by the SEC to be included in the listed company's annual proxy statement;</p> <p>(ii) an annual performance evaluation of the audit committee; and</p> <p>(iii) the duties and responsibilities of the audit committee – which at a minimum, must include those set out in Rule 10A-3(b)(2), (3), (4) and (5) of the Exchange Act, as well as to:</p> <p>(A) at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or</p> | <p>Substantially conforms. The text of the charter is available on Magna's website (www.magna.com) under "Corporate Governance". Magna's Audit Committee charter does include most of the elements of Section 303A.02(7)(c)(i) among the committee's responsibilities. However, the charter does not specifically delegate to the committee the responsibility for Magna's compliance with legal and regulatory requirements. Oversight of such requirements is split among the Board's various committees, with the Audit Committee maintaining responsibility for legal and regulatory requirements related to financial disclosures, internal controls, ethical business conduct, Magna's Code of Conduct & Ethics, whistle-blowing procedures and other reports of fraud. Magna's Enterprise Risk Oversight Committee ("EROC") maintains oversight responsibility for a number of matters, including compliance with health, safety and environmental laws and regulations and various other aspects of legal compliance.</p> <p>Magna's Board Charter includes a requirement for annual Board and Committee performance evaluations.</p> <p>Conforms.</p> <p>Conforms.</p> |
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professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence; all relationships between the independent auditor and the listed company;

(B) meet to review and discuss the listed company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";

Conforms.

(C) discuss the listed company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;

Conforms.

(D) discuss policies with respect to risk assessment and risk management;

Conforms. While the EROC is responsible for risk oversight generally, certain risk oversight responsibilities rest with Magna's other Board Committees. The Audit Committee is responsible for assessing (together with Executive Management) the company's material financial and financial reporting risk exposures, as well as the company's efforts to identify, monitor and mitigate such exposures. The Audit Committee's risk oversight responsibilities are coordinated with the EROC, in part through cross-appointment of independent directors between such Board committees. In addition, the CGCNC is responsible for assessing all material risk exposures relating to corporate governance, executive compensation and management succession.

(E) meet separately, periodically, with management, with internal auditors (or other

Conforms.

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personnel responsible for the internal audit function) and with independent auditors;

(F) review with the independent auditor any audit problems or difficulties and management's response;

(G) set clear hiring policies for employees or former employees of the independent auditors; and

(H) report regularly to the board of directors.

Conforms.

Conforms.

Conforms.

(c) Each listed company must have an internal audit function.

Conforms.

8. Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto.

Magna currently maintains two stock option plans, both of which were previously approved by shareholders in accordance with the rules and regulations of the Toronto Stock Exchange.

Magna also has a number of compensation arrangements which involve the purchase of shares in the open market at market prices. The rules of the Toronto Stock Exchange do not require shareholder approval for these compensation arrangements.

9. Listed companies must adopt and disclose corporate governance guidelines.

Conforms. Magna's guidelines are contained in its Board Charter, the text of which is available on Magna's website (www.magna.com) under "Corporate Governance".

10. Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

Conforms. The text of Magna's Code of Conduct and Ethics is available on Magna's website (www.magna.com) under "Corporate Governance".

11. Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from those followed by domestic companies under NYSE listing standards.

Conforms.

12.(a) Each listed company CEO

As a foreign private issuer, Magna is exempt from this requirement.

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must certify to the NYSE
each year that he or she is
not aware of any violation by

the company of NYSE
corporate governance listing
standards, qualifying the
certification to the extent
necessary.

- (b) Each listed company CEO
must promptly notify the
NYSE in writing after any
executive officer of the listed
company becomes aware of
any material non-compliance
with any applicable
provisions of this Section
303A.

Magna will comply, if and when applicable.

- (c) Each listed company must
submit an executed Written
Affirmation annually to the
NYSE. In addition, each
listed company must submit
an interim Written Affirmation
each time a change occurs to
the board or any of the
committees subject to
Section 303A. The annual
and interim Written
Affirmations must be in the
form specified by the NYSE.

Conforms.