
**United States
Securities and Exchange Commission
Washington, D.C. 20549**

FORM 40-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13(a) or 15(d) of THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

Commission File Number 001-11444

Magna International Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English (if applicable))

Province of Ontario, Canada

(Province of other jurisdiction of incorporation or organization)

3714

(Primary Standard Industrial Classification Code number (if applicable))

Not Applicable

(I.R.S. Employer Identification Number (if applicable))

337 Magna Drive, Aurora, Ontario, Canada L4G 7K1 (905) 726-2462
(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company, 1180 Avenue of the Americas, Suite 210 New York, New York 10036-8401
Telephone 212-299-5600

(Name, address (including zip code) and telephone number (including area code)
of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

For annual reports, indicate by check mark the information filed with this Form:

Annual Information Form

Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report 205,162,635 Common Shares.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also hereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

1. ANNUAL INFORMATION FORM

The Registrant's Annual Information Form for the year ended December 31, 2014 is attached hereto as Exhibit 1 (the "Annual Information Form").

2. AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Registrant's Annual Report to Shareholders for the year ended December 31, 2014 (the "Annual Shareholders' Report") was previously filed with the U.S. Securities and Exchange Commission (the "Commission") as Exhibit 99.1 to the Registrant's Report on Form 6-K dated March 27, 2015. For the Registrant's consolidated audited annual financial statements, including the reports of Independent Registered Public Accounting Firm (Deloitte LLP for the fiscal year ended December 31, 2014 and Ernst and Young for the fiscal years ended December 31, 2013 and 2012) relating to such financial statements, see pages 33 to 70 and pages 33 and 35, respectively, of the Annual Shareholders' Report. For the Registrant's Management's Discussion and Analysis of Results of Operations and Financial Position, see pages 1 to 31 of the Annual Shareholders' Report.

3. WEBSITE INFORMATION

Notwithstanding any reference to the Registrant's website on the World Wide Web in the Annual Information Form or in the documents attached or incorporated as exhibits hereto, the information contained in the Registrant's website, or any other site on the World Wide Web referred to in the Registrant's website, is not a part of this annual report on Form 40-F and, therefore, is not filed with the Commission.

4. FORWARD-LOOKING STATEMENTS

The Registrant has made in the documents filed as part of this annual report on Form 40-F, and from time to time may otherwise make "forward-looking statements", within the meaning of Section 21E of the Exchange Act and Section 27A of the U.S. Securities Act of 1933, and related assumptions concerning its operations, economic performance and financial matters. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of factors. Reference is made to the section entitled "Forward-Looking Statements" on page i of the Annual Information Form for a discussion of such factors.

5. CONTROLS AND PROCEDURES

The Registrant's Chief Executive Officer and its Executive Vice-President and Chief Financial Officer are responsible for establishing and maintaining the Registrant's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) and internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

Disclosure Controls and Procedures

The Registrant maintains disclosure controls and procedures designed to provide reasonable, but not absolute, assurance that material information required to be disclosed in reports under the Exchange Act is communicated in a timely manner to senior management to enable them to make timely decisions regarding public disclosure of such information. The Registrant has conducted an evaluation of the effectiveness of its disclosure controls and procedures as of December 31, 2014 under the supervision, and with the participation of, its Chief Executive Officer and its Executive Vice-President and Chief Financial Officer. Based on this evaluation, the Registrant's Chief Executive Officer and its Executive Vice-President and Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures are effective in providing reasonable assurance that material information relating to it (including all consolidated subsidiaries) is made known to them and information required to be disclosed by the Registrant is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

Internal Controls Over Financial Reporting

Management of the Registrant is responsible for establishing and maintaining adequate internal control over financial reporting for the Registrant. Such management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (1992) framework to evaluate the effectiveness of the Registrant's internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and preparation of financial statements for

external purposes in accordance with generally accepted accounting principles. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Additionally, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Registrant's Chief Executive Officer and its Executive Vice-President and Chief Financial Officer have assessed the effectiveness of the Registrant's internal control over financial reporting and have concluded that, as at December 31, 2014, such internal control over financial reporting is effective and that there were no material weaknesses in the Registrant's internal control over financial reporting. Deloitte LLP, who audited the Registrant's consolidated financial statements for the year ended December 31, 2014, also issued a report on internal controls under the auditing standards of the Public Companies Accounting Oversight Board (United States). This report is located on page 35 of the Annual Shareholders' Report.

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

6. AUDIT COMMITTEE MEMBERS AND AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant has a separately designated standing audit committee of its Board of Directors (the "Audit Committee"), which is currently comprised of the following members of the Registrant's Board of Directors: Lawrence D. Worrall (Chair), Scott B. Bonham, Peter G. Bowie and Dr. Kurt J. Lauk.

The Registrant's Board of Directors has determined that each of Mr. Worrall, the Chair of the Audit Committee, and Messrs. Bonham, Bowie and Lauk, is an "audit committee financial expert" and that each member of the Audit Committee is "independent" and "financially literate", as such terms are defined in the listing standards of the New York Stock Exchange and Exchange Act Rule 10A-3.

7. CODE OF ETHICS

The Registrant has adopted a code of ethics that applies to all of its employees, including its Chief Executive Officer, its Executive Vice-President and Chief Financial Officer, its Vice-President, Finance and its Controller and other persons performing similar functions. The text of such code of ethics is contained in the Registrant's Code of Conduct and Ethics, which is posted on the Corporate Governance section of the Registrant's website at www.magna.com.

8. CORPORATE GOVERNANCE

As a "foreign private issuer" listed on the New York Stock Exchange (NYSE), the Registrant is required to disclose the significant ways in which its corporate governance practices differ from those to be followed by U.S. domestic issuers under the NYSE listing standards. The Registrant has disclosed on its website (www.magna.com) a Statement of Significant Corporate Governance Differences (NYSE), which discloses such differences.

9. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The tables below show the fees for each of the last two fiscal years for professional services rendered by our current principal accountant, Deloitte LLP (the "2014 Auditor") for the fiscal year ended December 31, 2014, and our previous principal accountant, Ernst & Young LLP (the "2013 Auditor") for the fiscal year ended December 31, 2013.

2014 Auditor

Type of Services	Fiscal 2014	
	Fees	% of Total
Audit	11,500,000	90.7%
Audit-Related	99,000	0.8%
Tax	1,075,000	8.5%
Other Permitted	4,000	0.0%
Total	12,678,000	100%

The services comprising the “Audit Services” category for the fiscal 2014 year was performed by the 2014 Auditor to comply with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), including integrated audit of the consolidated financial statements, quarterly reviews and statutory audits of foreign subsidiaries. In some cases, fees in this category may include an appropriate allocation of fees for tax services or accounting consultations, to the extent such services were necessary to comply with the standards of the PCAOB. This category includes fees incurred in connection with the audit of our internal controls and the 2014 Auditor’s opinion on Management’s assessment of our internal control over financial reporting for purposes of Section 404 of the Sarbanes-Oxley Act of 2002.

The services comprising the “Audit-Related Services” category consisted of fees paid in respect of assurance and related services, including such things as due diligence relating to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards. Audit-related services actually provided by the 2014 Auditor in fiscal 2014 related to (a) assurance services and (b) procedures related to issuance of a comfort letter for prospectus supplement.

The services comprising the “Tax Services” category consisted of all fees paid in respect of services performed by the 2014 Auditor’s tax professionals, except those services required in order to comply with the standards of the PCAOB which are included under “Audit services”. Tax services include tax compliance, tax planning and tax advice. The tax services actually provided by the 2014 Auditor in fiscal 2014 consisted of domestic and international tax advisory, compliance and research services and transfer pricing advisory services.

The category “Other Permitted Services” captures fees in respect of all permitted services not falling under any of the previous categories.

The Audit Committee has a process for pre-approving all services provided by, and related fees to be paid its Auditor. This process includes reviewing, on a quarterly basis, the details and associated costs of the services expected to be provided. Audit Committee approval is required for any services that have not been previously approved by the Audit Committee. The Audit Committee considers whether such services are consistent with the Commission’s rules on auditor independence. The Audit Committee also considers whether its Auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Registrant’s business, people, culture, accounting systems, risk profile, and whether the services enhance the Registrant’s ability to manage or control risks and improve audit quality. None of the services provided by the 2014 Auditor in 2014 were treated as exempt from pre-approval pursuant to the de minimis provision of paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

2013 Audit

Type of Services	Fiscal 2013	
	Fees	% of Total
Audit	13,719,000	93.00%
Audit-Related	248,000	1.7%
Tax	779,000	5.3%
Other Permitted	0	0%
Total	14,746,000	100

The services comprising the “Audit Services” category for the fiscal 2013 year were performed by the 2013 Auditor to comply with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), including integrated audit of the consolidated financial statements, quarterly reviews and statutory audits of foreign subsidiaries. In some cases, fees in this category may include an appropriate allocation of fees for tax services or accounting consultations, to the extent such services were necessary to comply with the standards of the PCAOB. This category includes fees incurred in connection with the audit of our internal controls and the Auditor’s opinion on Management’s assessment of our internal control over financial reporting for purposes of Section 404 of the Sarbanes-Oxley Act of 2002.

The services comprising the “Audit-Related Services” category for the fiscal 2013 year consisted of fees paid in respect of assurance and related services, including such things as due diligence relating to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards. Audit-related services actually provided by the Auditor in fiscal 2013 related to (a) assurance services; (b) due diligence in connection with acquisitions; (c) specific procedures related to government subsidies; (d) IT systems audit; (e) employee benefit plan audits and consultations; and (f) training concerning financial reporting standards.

The services comprising the “Tax Services” category for the fiscal 2013 year consisted of all fees paid in respect of services performed by the Auditor’s tax professionals, except those services required in order to comply with the standards of the PCAOB which are included under “Audit services”. Tax services include tax compliance, tax planning and tax advice. The tax services actually provided by the Auditor in fiscal 2013 consisted of domestic and international tax advisory, compliance and research services and transfer pricing advisory services.

The category “Other Permitted Services” captures fees in respect of all permitted services not falling under any of the previous categories.

10. OFF-BALANCE SHEET ARRANGEMENTS AND TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

For disclosure of the Registrant’s off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Registrant’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, see page 19 of the Annual Shareholders’ Report, under the section entitled “Contractual Obligations and Off Balance Sheet Financing”.

For the tabular disclosure regarding the Registrant’s known contractual obligations, with amounts aggregated by the type of contractual obligation, see page 19 of the Annual Shareholders’ Report, under the section entitled “Contractual Obligations and Off Balance Sheet Financing”.

11. INTERACTIVE DATA FILE

Concurrent with this filing, the Registrant has submitted to the Commission and posted on its corporate website, an Interactive Data File.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. **Undertaking**

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. **Consent to Service of Process**

A Form F-X signed by the Registrant and its agent for service of process was previously filed with the Commission.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: MAGNA INTERNATIONAL INC.

By (Signature and Title): /s/ "*Bassem Shakeel*"
Bassem A. Shakeel
Vice-President and Corporate Secretary

Date: March 27, 2015

EXHIBIT INDEX

- Exhibit 1 Annual Information Form of the Registrant dated March 27, 2015.
- Exhibit 2 Registrant's Annual Report to Shareholders for the Year Ended December 31, 2014, which contains the Registrant's audited financial statements as at and for the three-year period ended December 31, 2014 and Management's Discussion and Analysis of Results of Operations and Financial Position (incorporated by reference to Exhibit 99.1 to Registrant's Report on Form 6-K dated March 27, 2015).
- Exhibit 3 Consent of Deloitte LLP.
- Exhibit 4 Consent of Ernst & Young LLP.
- Exhibit 99.1 Certificate of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (D. Walker).
- Exhibit 99.2 Certificate of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (V. Galifi).
- Exhibit 99.3 Certificate of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (D. Walker).
- Exhibit 99.4 Certificate of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (V. Galifi).
- Exhibit 101 Interactive Data File.



ANNUAL
INFORMATION
FORM

March 25, 2015



Annual Information Form

Table of Contents

Section	Page
Forward-looking Statements	2
1. Corporate Structure	3
2. General Development of the Business	4
Overview	4
Recent Trends in the Automotive Industry	9
Our Business Strategy	11
Operating Structure & Principles	13
Recent Developments in Our Business	14
3. Description of the Business	17
Products & Services	17
Research & Development	27
Innovations	28
Manufacturing & Engineering	29
Human Resources	30
Competition	33
Sales & Marketing	33
Environmental Matters	35
Corporate Social Responsibility	37
Ethics & Legal Compliance	41
Intellectual Property	42
Risk Factors	43
4. Dividends	51
5. Description of our Capital Structure	52
6. Market for Securities	54
7. Directors & Executive Officers	55
8. Corporate Constitution	58
9. Legal Proceedings	60
10. Interests of Management & Others in Material Transactions	61
11. Transfer Agent & Registrar	61
12. Experts	61
13. Audit Committee	62
14. Additional Information	62

In this document, referred to as the “Annual Information Form”, the terms “you” and “your” refer to the shareholder, while “we”, “us”, “our”, “Company” and “Magna” refer to Magna International Inc. and, where applicable, its subsidiaries. We also use the term “Executive Management” to refer, collectively, to our Chief Executive Officer; Chief Financial Officer; Chief Legal Officer; Chief Marketing Officer; Chief Operating Officer - Exteriors, Interiors, Seating, Mirrors, Closures and Cosma; Chief Human Resources Officer; and Chief Technology Officer. All amounts referred to in this Annual Information Form are presented in U.S. dollars unless otherwise stated. In this Annual Information Form, a reference to “fiscal year” is a reference to the fiscal or financial year from January 1 to December 31 of the year stated. Sales figures disclosed in this Annual Information Form have been prepared in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). In this document, references to specific customers include the customers’ operating divisions and subsidiaries, unless otherwise stated. References to our “Circular” refer to our Management Information Circular/Proxy Statement dated March 25, 2015 for our 2015 Annual Meeting of Shareholders to be held on May 7, 2015 (the “Meeting”). The information in this Annual Information Form is current as of March 24, 2015, unless otherwise stated.

Forward-looking Statements

This Annual Information Form contains statements that constitute “forward-looking information” or “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of applicable securities legislation, including but not limited to statements relating to: implementation of our business and capital strategy; future returns of capital to our shareholders through dividends and share repurchases; growth prospects of our business, including through organic growth, acquisitions, joint ventures or as a result of supplier consolidation; operational improvement in our underperforming operations; and estimates of future environmental clean-up and remediation costs. The forward-looking statements in this Annual Information Form are presented for the purpose of providing information about management’s current expectations and plans and such information may not be appropriate for other purposes. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as “may”, “would”, “could”, “should”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “outlook”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking statements. Any such forward-looking statements are based on information currently available to us, and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including, without limitation:

- the impact of economic or political conditions on consumer confidence, consumer demand for vehicles and vehicle production;
- fluctuations in relative currency values;
- restructuring, downsizing or other significant non-recurring costs;
- continued underperformance of one or more of our operating Divisions;
- ongoing pricing pressures, including our ability to offset price concessions demanded by our customers;
- our ability to successfully launch material new or takeover business;
- our ability to successfully identify, complete and integrate acquisitions or achieve anticipated synergies;
- an increase in our risk profile as a result of completed acquisitions;
- shifts in market share away from our top customers;
- our inability to grow our business with automobile manufacturers;
- shifts in market shares among vehicles or vehicle segments, or shifts away from vehicles on which we have significant content;
- risks of conducting business in foreign markets, including China, India, Russia, Eastern Europe, Thailand, Brazil, Argentina and other non-traditional markets for us;
- a prolonged disruption in the supply of components to us from our suppliers;
- shutdown of our or our customers’ or sub-suppliers’ production facilities due to a labour disruption;
- scheduled shutdowns of our customers’ production facilities (typically in the third and fourth quarters of each calendar year);
- our ability to successfully compete with other automotive suppliers;
- a reduction in outsourcing by our customers or the loss of a material production or assembly program;
- the termination or non-renewal by our customers of any material production purchase order;
- our ability to consistently develop innovative products or processes;
- impairment charges related to goodwill and long-lived assets;
- exposure to, and ability to offset, volatile commodities prices;
- warranty and recall costs;
- risk of production disruptions due to natural disasters or other catastrophic events;
- the security and reliability of our information technology systems;
- pension liabilities;
- legal claims and/or regulatory actions against us including the ongoing antitrust investigations being conducted by German and Brazilian authorities;
- changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as our ability to fully benefit tax losses;
- other potential tax exposures;
- changes in credit ratings assigned to us;
- changes in laws and governmental regulations;
- costs associated with compliance with environmental laws and regulations;
- liquidity risks as a result of an unanticipated deterioration of economic conditions;
- our ability to achieve future investment returns that equal or exceed past returns; and
- the unpredictability of, and fluctuation in, the trading price of our Common Shares.

In evaluating any forward-looking statements in this Annual Information Form, we caution readers not to place undue reliance on any particular statement. Readers should specifically consider the various factors, including those contained under “Section 3. Description of the Business – Risk Factors”, which could cause actual events or results to differ materially from those indicated by our forward-looking statements. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements contained in this Annual Information Form to reflect subsequent information, events, results or circumstances or otherwise.

1. Corporate Structure

Issuer

We were originally incorporated under the laws of the Province of Ontario, Canada on November 16, 1961. Our charter documents currently consist of articles of amalgamation dated December 31, 2010, which were issued pursuant to the *Business Corporations Act* (Ontario). Our registered and head office is located at 337 Magna Drive, Aurora, Ontario, Canada L4G 7K1.

Subsidiaries

A list of our principal subsidiaries and their respective jurisdictions of incorporation as of December 31, 2014 is set out below. Our legal structure (including that of our subsidiaries) is not necessarily indicative of our operational structure.

The list shows the percentages of the votes attached to all voting securities, and of each class of non-voting securities, owned by us or over which control or direction is exercised by us. Parent/subsidiary relationships are identified by indentations. Percentages represent the total equity interest in a subsidiary, which is not necessarily indicative of percentage voting control. Subsidiaries not shown each represent less than 10% of our total consolidated revenues and total consolidated assets (although not all subsidiaries shown necessarily each represent more than 10% of our total consolidated assets and total consolidated sales) and, if considered in the aggregate as a single subsidiary, represent less than 20% of our total consolidated revenues and total consolidated assets.

Subsidiary	Voting Securities	Jurisdiction of Incorporation
175 Holdings ULC	100%	Alberta
Magna US Holding, Inc.	100%	Delaware
1305290 Ontario Inc.	100%	Ontario
Magna International Investments S.A.	100%	Luxembourg
Magna International Automotive Holding GmbH	100%	Austria
Magna Automotive Europe GmbH	100%	Austria
Magna Automotive Holding AG	100%	Austria
Magna Metalforming AG	100%	Austria
Magna Steyr AG & Co. KG	100%	Austria
Magna Steyr Fahrzeugtechnik AG & Co. KG	100%	Austria
New Magna Investments N.V.	100%	Belgium
Magna Automotive Holding (Germany) GmbH	100%	Germany
Magna Exteriors and Interiors Corp.	100%	Ontario
Magna International (Hong Kong) Limited	100%	Hong Kong
Magna Powertrain Inc.	100%	Ontario
Magna Seating Inc.	100%	Ontario
Magna Structural Systems Inc.	100%	Ontario

2. General Development of the Business

Overview

We are a leading global automotive supplier with 313 manufacturing operations and 84 product development, engineering and sales centres in 28 countries, as at December 31, 2014. Our over 131,000 employees are focused on delivering superior value to our customers through innovative products and processes, and World Class Manufacturing. Our product and service capabilities include:

- Interior Systems
- Seating Systems
- Closure Systems
- Body and Chassis Systems
- Vision Systems
- Exterior Systems
- Powertrain Systems
- Roof Systems
- Electronic Systems
- Vehicle Engineering & Contract Assembly

Reporting Segments

Our success is directly dependent upon the levels of North American and European (and currently, to a lesser extent, Asian and Rest of World) car and light truck production by our customers. Given the differences between the regions in which we operate, our operations are segmented on a geographic basis. Our segments consist of North America, Europe, Asia and Rest of World. We maintain management teams in each of our two primary markets, North America and Europe. The role of the North American and European management teams is to manage our interests to ensure a coordinated effort across our different product capabilities. In addition to maintaining key customer, supplier and government contacts in their respective markets, the regional management teams centrally manage key aspects of our operations while permitting the divisions enough flexibility through our decentralized structure to foster an entrepreneurial environment. Consistent with the above, our internal financial reporting segments key operating performance measures for our Chief Executive Officer between North America, Europe, Asia and Rest of World to assist in the assessment of operating performance, the allocation of resources and our long-term strategic direction and future global growth.



Our external sales by reporting segment for 2014 and 2013 were as follows:

Reporting Segment	(U.S. dollars, in Millions)	
	2014	2013
North America	\$ 19,603	\$ 17,859
Europe	14,494	14,525
Asia	1,837	1,539
Rest of World	694	889
Corporate and Other	13	23
TOTAL	\$ 36,641	\$ 34,835

Geographic Markets and Customers

North America

Our North American production sales accounted for approximately 50% and 48% of our consolidated sales in 2014 and 2013, respectively. Our primary customers in North America in 2014 included BMW, Daimler, Fiat/Chrysler, Ford, General Motors, Honda, Hyundai-Kia, Mazda, Renault-Nissan, Tata Motors, Tesla, Toyota and Volkswagen.

Our top ten North American programs/platforms based on 2014 production sales were:

Customer(s)	Vehicle(s)	Capabilities Represented							
		Body & Chassis Systems	Interior Systems	Seating Systems	Exterior Systems	Powertrain Systems	Vision Systems	Electronic Systems	Closure Systems
General Motors	Full-Size SUVs & Pick-up Trucks	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fiat/Chrysler	Jeep Grand Cherokee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fiat/Chrysler	Chrysler Town & Country, Dodge Grand Caravan, Lancia Grand Voyager, Ram Cargo Van	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Motors	Buick Enclave, Chevrolet Traverse, GMC Acadia	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Motors	Chevrolet Equinox, GMC Terrain	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ford	Ford Escape, Lincoln MKC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fiat/Chrysler	Ram Pick-up Trucks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Fiat/Chrysler	Jeep Cherokee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Ford	Ford Fusion, Lincoln MKZ	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Daimler	Mercedes-Benz GL-Class, M-Class, R-Class	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: Capabilities represented may not be on each vehicle or each trim level of each vehicle. Additionally, our capabilities in each product area range from components to full systems, only some of which may be represented on any particular program.



Europe

Our European production and vehicle assembly sales accounted for approximately 36% and 38% of our consolidated sales in 2014 and 2013, respectively. Our primary customers in Europe in 2014 included BMW, Daimler, Fiat/Chrysler, Ford, Geely, General Motors, Hyundai-Kia, PSA Peugeot Citroën, Renault-Nissan, Tata Motors, Toyota and Volkswagen.

Our top ten European programs/platforms based on 2014 production and vehicle assembly sales were:

Customer(s)	Vehicle(s)	Capabilities Represented									
		Engineering & Assembly	Body & Chassis Systems	Interior Systems	Seating Systems	Exterior Systems	Roof Systems	Powertrain Systems	Vision Systems	Electronic Systems	Closure Systems
BMW	MINI Countryman, MINI Paceman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Daimler	Mercedes-Benz G-Class	<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Volkswagen	Audi Q5		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Porsche, Volkswagen	Porsche Cayenne, VW Touareg		<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Tata Motors	Land Rover Range Rover Evoque			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Volkswagen	VW Transporter/ Multivan		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Daimler	Mercedes-Benz A-Class		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Volkswagen	VW Caddy		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
BMW	MINI One Cooper & Cooper Convertible, MINI Hatchback		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Volkswagen	Skoda Octavia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		

Note: Capabilities represented may not be on each vehicle or each trim level of each vehicle. Additionally, our capabilities in each product area range from components to full systems, only some of which may be represented on any particular program.

Asia

Our Asian production sales accounted for approximately 5% and 4% of our consolidated sales in 2014 and 2013, respectively. Our primary customers in Asia in 2014 included BMW, Chery Automobile, Daimler, Fiat/Chrysler, First Automobile Works, Ford, Geely, General Motors, Honda, Hyundai-Kia, PSA Peugeot Citroën, Qoros Auto, Renault-Nissan, Toyota and Volkswagen.

Rest of World

Our Rest of World production sales accounted for approximately 2% of our consolidated sales in each of 2014 and 2013. Our primary customers in Rest of World in 2014 included Daimler, Fiat/Chrysler, Ford, General Motors, Renault-Nissan and Volkswagen.

Customer Concentration

Worldwide sales to our six largest customers represented the following proportions of our consolidated sales in 2014 and 2013:

Customer	2014	2013
General Motors	18%	18%
Fiat/Chrysler	16%	15%
Ford	13%	13%
BMW	13%	14%
Daimler	12%	11%
Volkswagen	11%	12%
Other	17%	17%
TOTAL	100%	100%



Recent Trends in the Automotive Industry

A number of general trends have been impacting the automotive industry and our business in recent years, and are expected to continue, including the following:

Prevalence of Vehicles Built From High-Volume Global Vehicle Platforms

Automobile manufacturers continue to increase the range of vehicles built from high-volume global platforms, allowing automobile manufacturers to: realize economies of scale; remain competitive; differentiate their vehicles for different markets; expand the number of market segments in which they compete; respond to lifestyle trends; and meet the tastes of consumers. The prevalence of global vehicle platforms provides Tier 1 automotive suppliers increased opportunities to supply larger volumes of products which may be common across multiple vehicles built from the same platform. However, the consolidation of platforms to fewer global platforms may increase warranty/recall risks and amplify the impact on suppliers of failing to win programs built from global platforms.

Growth of the Automotive Industry Outside of Our Traditional Markets

The local demand for vehicles in China, India and other growing markets outside of North America and Western Europe continues to increase. This increasing local demand has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American, European and Asian-based automobile manufacturers, through stand-alone investments and/or joint ventures with local partners. More recently, there has been increasing migration of component and vehicle design, development and engineering to certain of these markets. Automotive suppliers have followed and will likely continue to follow the expansion of automobile manufacturers into these regions. While this expansion may provide new opportunities for automotive suppliers, it may also result in exposure to a number of risks of conducting business in such markets.

Growth of B to D Vehicle Segments

The local demand for vehicles in growing markets consists primarily of demand for B segment (sub-compact), C segment (compact) and D segment (mid-size) cars. Automobile manufacturers that have established product offerings in these vehicle segments, and their preferred suppliers, will likely have an advantage in realizing the opportunities available in these higher growth vehicle segments.

Governmental Regulation and Enforcement

The automotive industry is subject to greater governmental regulation seeking to promote higher corporate average fuel economy, reduce carbon dioxide (CO₂)/greenhouse gas emissions, improve vehicle safety and increase vehicle recyclability. While increased regulation generally presents new challenges for the automotive industry, it may also provide new revenue opportunities for automotive suppliers that produce and market new products and technologies.

In addition to greater regulation, the automotive industry has in recent years been the subject of increased government enforcement of antitrust and competition laws, particularly by the United States Department of Justice and the European Commission. Currently, we are aware of investigations being conducted in a number of automotive product areas.

Increasing Consumer Demand For, and Industry Focus On, Fuel-Efficient and Environmentally-Friendly Vehicles

Periodically elevated fuel prices, growing consumer awareness of environmental issues and other factors have increased consumer demand for vehicles that are more fuel-efficient and environmentally-friendly. As a result, automobile manufacturers are becoming increasingly focused on the development and manufacture of hybrid, electric and other alternative-energy vehicles. This trend is also manifesting itself in the increased use of materials such as aluminum, plastic, advanced high-strength steels and other materials which are designed to reduce vehicle weight and increase fuel efficiency. Automotive suppliers which emphasize technological innovation and broad product capabilities are expected to benefit from the growing demand for these features.

Growth of Cooperative Arrangements

In order to achieve economies of scale and defray development costs, competing automobile manufacturers continue to enter into cooperative alliances and arrangements relating to: shared purchasing of components; joint engine, powertrain and/or platform development and sharing; and other forms of cooperation. Cooperation among competing automobile manufacturers is expected to continue.

Growth of Electronics in Vehicles

The importance of electronics in the automotive value chain has been increasing in recent years as automobile manufacturers seek to replace vehicle functions traditionally performed using mechanical hardware with electric and electronically controlled alternatives. This trend is being driven largely by automotive manufacturers' weight reduction and fuel efficiency initiatives. In addition, automobile manufacturers are incorporating a growing number of electronics-dependent features into their vehicles, including those aimed at in-car connectivity and integration of personal electronics; driver assistance systems, such as enhanced navigation or traffic avoidance; and active safety systems. Automotive suppliers that possess sophisticated electric and electronics capabilities are expected to benefit from this accelerating trend. However, the growth of electric/electronic components and systems in vehicles may increase warranty/recall risks, including if the complexity of such products makes repair or replacement more costly.

Supplier Consolidation

Consolidation in the automotive supply industry is driven by a number of factors, including: industry/economic cyclicality; manufacturing over-capacity; significant capital investments required in the automotive sector; continued growth in global platforms; sourcing strategies of automobile manufacturers and their efforts to optimize the stability of their supply chains; and the scale advantages of larger suppliers. This trend is expected to continue in the future, and could intensify, particularly during periods of economic deterioration.

Pricing Pressures

Automobile manufacturers continue to seek ways to reduce their costs of producing vehicles as competition for market share intensifies. In addition to seeking cost efficiencies in their own production, marketing and administrative structures, automobile manufacturers have placed significant pressure on automotive suppliers to reduce the price of their components, assemblies, modules and systems. This pricing pressure has historically come in different forms, including:

- long-term agreements containing pre-determined price reductions for each year of a vehicle production program;
- retroactive incremental price reductions and annual price reduction demands above and beyond those contained in any long-term agreement;
- pressure to absorb more design and engineering costs previously paid for by the automobile manufacturer and to recover these costs through amortization in the piece price of the particular components designed or engineered by the supplier;
- pressure to assume or offset commodities cost increases, including for steel and resins;
- refusal to increase the price paid for supplier products to fully offset inflationary cost increases in the manufacturing process; and
- pressure to own and/or capitalize tooling and recover these costs through amortization in the piece price of the components produced by this tooling.

In many cases, automotive suppliers bear the risk of not being able to fully recover the design, engineering and tooling costs in circumstances where vehicle production volumes are lower than anticipated or programs are terminated early. In addition, automobile manufacturers continue to request that their automotive suppliers bear the cost of the repair and replacement of defective products that are either covered under the automobile manufacturers' warranty and/or are the subject of a recall, including in situations where the automobile manufacturer has directed the purchase of sub-components from their preferred suppliers.

Some of these trends may present risks to our operations, profitability and/or financial condition. These risks are described in detail under "Section 3. Description of the Business – Risk Factors", which all readers are strongly encouraged to read and consider carefully.

Our Business Strategy

Our Board of Directors (“Board”) is responsible for overseeing our long-term strategy and allocating capital through a capital expenditures budget which supports the strategic priorities approved by the Board, as well as our product and program commitments to our customers. Through our strategy, we seek to strengthen our position as a leading global automotive supplier and generate sustainable growth in order to create long-term shareholder value. The elements of our strategy include the operational and growth priorities discussed below.

Operational Priorities

Accelerated Focus on Innovation and Technology

We seek to be recognized by our customers as an industry leader in product, process and materials innovation. In order to help achieve this strategic goal, we intend to continue to direct significant resources to commercialize new products and processes which will provide additional value to our customers in such areas as:

- weight reduction or “light-weighting”;
- fuel efficiency and reduced emissions;
- active and passive safety; and
- comfort, convenience and vehicle connectivity.

For a description of our research and development process and recent innovations, see “Section 3. Description of the Business – Research & Development”.

World Class Manufacturing

Our goal is to be recognized as a leader in “World Class Manufacturing”. Our global operating units have embraced this goal and we are committed to achieving “best in class” performance in all areas of manufacturing at each of our operating Divisions globally. In order to drive continuous improvement, we monitor our progress in achieving our goal of World Class Manufacturing using an assessment process similar to that used by our customers in evaluating their suppliers, supplemented with elements we view as critical to achieving world class manufacturing in accordance with our Operational Principles. Best practices, “lessons learned” and key initiatives are shared among our global operating units, including through a regular internal World Class Manufacturing conference that brings together our senior corporate and operating group leadership.

Leadership Development

A key element of the success of our business remains our ability to attract, retain and develop skilled personnel to match the pace of our global growth. We have implemented and continue to enhance our Leadership Development and Succession program to help identify, train and develop future leaders with the skills and expertise needed to manage a complex, global business.

Focus on Operational Improvement

We continue to place strong emphasis on making adjustments to our existing manufacturing footprint to strengthen our competitive position and turning-around underperforming Divisions.

Growth Priorities

Enhancing our Capital Structure

We have returned significant amounts of capital to our shareholders in recent years in the form of dividends and share repurchases, including \$2.1 billion in 2014 alone. In order to enhance the efficiency of our capital structure and continue to create shareholder value, we continue to reduce the amount of cash on our balance sheet to a level reasonably required to run our business, including through an industry downturn, while maintaining an investment grade credit rating. We previously disclosed our intention to achieve an Adjusted Debt ratio of 1.0 – 1.5 times EBITDAR (Earnings before Interest, Taxes, Depreciation, Amortization, and Rent Costs) by the end of 2015 by continuing to invest in our business through capital spending and acquisitions and return appropriate amounts of capital to shareholders, while modestly increasing our debt.

Organic Growth and M&A

We expect to grow organically and through acquisitions. We continue to consider acquisition opportunities that allow us to: expand our customer base; strengthen our position in priority product areas or facilitate entry into new product areas; expand in growing geographic markets; or acquire innovative technologies. Additionally, we regularly evaluate our existing product capabilities and, in some cases, we may exit product areas where our competitive position is not sufficiently strong or our level of investment return does not justify continued investment. We may also exit product areas where we believe that our capital resources could be better utilized elsewhere, including through the pursuit of acquisition opportunities. In this regard, in February 2015, we reached an agreement to sell our battery pack business to Samsung SDI Co. Ltd., with the transaction expected to close in during the second quarter of 2015, pending regulatory approvals. We also completed the sale, in August 2014, of five composites manufacturing operations in the U.S. and Mexico to Continental Structural Plastics Inc. For a description of the acquisitions we have completed in the past three fiscal years, see “Recent Developments in Our Business – Acquisitions and Divestitures”.

Pursuing Business on Global Vehicle Platforms

The proliferation of global vehicle platforms and increased platform and component sharing among automobile manufacturers requires global suppliers with financial strength and capability to support automobile manufacturers’ regional product development activities and produce common products simultaneously in multiple regions around the world. We believe that our strong financial position, operational scale, technological know-how, focus on innovation, continuing world class manufacturing efforts, and global customer relationships support us in realizing the opportunities presented by the growth in global platforms and component sharing.

Focus on Growing Markets

In recognition of the fact that much of the future growth potential in the automotive industry lies in growing markets outside of North America and Western Europe, we will continue to focus on markets that have or are expected to become key regions for vehicle production, including China, Brazil, India, Thailand, Eastern Europe and other non-traditional markets for us. This strategy allows us to support the global needs of our traditional North American and European customers and to make inroads with other customers. In emphasizing growing markets, we seek to win business supplying products that can be manufactured in multiple locations globally, to take advantage of our customers’ continuing trend towards assembling higher volumes of vehicles built on global platforms in multiple locations around the world.

Diversifying our Automotive Sales Base

Although we sell to all of the world’s largest automobile manufacturers and are present in all significant automobile producing regions in the world, a substantial proportion of our business has traditionally been with the Detroit 3 automobile manufacturers in North America (General Motors, Fiat/Chrysler and Ford) and the German-based automobile manufacturers in Western Europe (BMW, Daimler and Volkswagen). Although we aim to maintain and grow our business with our traditional customers, we seek to further diversify our sales, as profitable opportunities arise, as follows:

Region: by increasing the proportion of our business in non-traditional markets for us,

Customer: by increasing the proportion of our business with customers outside of our top six, including with Asian-based automobile manufacturers, and

Vehicle Segment: by increasing the proportion of our business in the B to D (sub-compact to mid-size car) segments.



We aim to further diversify our sales base in coming years by: continuing to demonstrate our technical capabilities; pursuing new programs from our customers, with particular emphasis on global platforms; and pursuing takeover business. At the same time, we seek to protect our position in our traditional markets through innovation in technology, processes and products.

Creating Long-Term Shareholder Value

We believe that success in executing the elements of our strategy discussed above, together with the following actions will help us continue to create long-term shareholder value:

- strengthening our commitment to conducting business in a legal and ethical manner, including through our comprehensive global employee training and education initiatives designed to reinforce the principles embodied in our Employee's Charter, our Operational Principles and our Code of Conduct and Ethics (the "Code of Conduct");
- reinforcing our unique, decentralized, entrepreneurial corporate culture;
- maintaining our executive compensation system which directly links executive compensation and corporate performance, as measured by profitability;
- maintaining our employee equity participation and profit sharing plans;
- allocating capital resources strategically; and
- continuing to focus on growing our earnings.

Operating Structure & Principles

Decentralization

We follow a corporate policy of functional and operational decentralization, which we believe increases flexibility, customer responsiveness and productivity. Our manufacturing and assembly operations are conducted through Divisions, each of which is an autonomous business unit operating within pre-determined guidelines. Each Division is a separate profit center under the authority of a general manager who has the discretion to determine rates of pay, hours of work and sources of supply, within the framework of our Corporate Constitution, our Employee's Charter, our Operational Principles and our corporate policies. Given the differences between the regions in which we operate, our Divisions are aligned by geographic region in each of our product areas. We maintain management teams in each of our two primary markets, North America and Europe. The role of the North American and European management teams is to manage our interests to ensure a coordinated effort across our different product capabilities. In addition to maintaining key customer, supplier and government contacts in their respective markets, the regional management teams centrally manage key aspects of our operations while permitting our Divisions enough flexibility through our decentralized structure to foster an entrepreneurial environment. These regional management teams are also supported by corporate teams in each region that provide support and assistance with respect to specific functional areas. Our Executive Management team allocates capital, coordinates our mergers and acquisitions and strategic alliances strategy, ensures customer and employee satisfaction and manages succession planning. Executive Management also interfaces with the investment community and is responsible for our long-term strategic planning and future growth, as well as monitoring the performance of the management of our product-areas.

Operating Principles

We are committed to a number of operating principles, including employee equity participation and profit sharing, incentive-based management compensation and an employee charter. See "Section 3. Description of the Business – Human Resources".

Recent Developments in Our Business

Acquisitions and Divestitures

We have completed a number of acquisitions, divestitures, financings and securities/corporate transactions in the last three fiscal years, including those listed below. None of these acquisitions constitute “significant acquisitions” within the meaning of such term in National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

2014

In October 2014, we acquired the Techform Group of Companies, an automotive supplier of hinges, door locking rods and other closure products, which has operations in Canada, the United States and China, for cash consideration of \$23 million.

In August 2014, we completed the sale of five composites manufacturing operations in the U.S. and Mexico to Continental Structural Plastics Inc.

2013

In November 2013, we acquired the remaining 49% interest of Textile Competence Centre Kft, a textile plant in Germany, along with certain fixed assets and licenses employed in the business that were owned by the non-controlling shareholder, for cash consideration of \$9 million.

2012

In December 2012, we acquired ixetic Verwaltungs GmbH (“ixetic”), a manufacturer of automotive vacuum, engine and transmission pumps, which has operations in Germany, Bulgaria and China as well as representation in Brazil, India, Japan and the United States. The purchase price for the ixetic acquisition was \$395 million (net of \$64 million cash acquired). ixetic has sales primarily to BMW, Daimler, Volkswagen, Schaeffler, ZF, Ford, Fiat/Chrysler, Renault-Nissan and Toyota.

In October 2012, we acquired from a joint venture partner, the remaining 50% interest in STT Technologies Inc. (“STT”), a leading supplier of transmission and engine related oil pumps with operations in Canada and Mexico. The consideration paid for the STT acquisition was \$42 million in cash (net of \$13 million cash acquired).

In August 2012, we acquired the controlling 27% interest in Magna E-Car Systems L.P. (“E-Car”) from a company affiliated with the Stronach Group. The consideration for the E-Car acquisition was \$56 million in cash (net of \$19 million in cash acquired). The purchase was reviewed, negotiated and approved by our independent directors with the benefit of independent legal advice from Fasken Martineau DuMoulin LLP, independent financial advice from TD Securities Inc. (“TD”) and an independent valuation prepared by PricewaterhouseCoopers LLP (“PwC”). The purchase price represented the midpoint of the valuation range determined by PwC. In addition, TD delivered a fairness opinion to the independent directors to the effect that the transaction is fair, from a financial point of view, to Magna.

In June 2012, we re-acquired an interior systems operation (the “Business”) located in Germany that we had previously sold in 2011. The re-acquisition of the Business resulted in acquired cash of \$19 million (net of \$1 million cash paid).

In January 2012, we acquired BDW technologies group (“BDW”), a structural casting supplier of aluminium components, which has operations in Germany, Poland and Hungary. BDW has sales primarily to Volkswagen, Daimler, Ferrari and ZF. The total consideration for this and other small acquisitions was \$182 million, consisting of \$42 million paid in cash (net of cash acquired) and \$140 million of assumed debt.

Financings and Securities/Corporate Transactions

Stock Split

On February 24, 2015, our Board of Directors approved a two-for-one stock split (the “Stock Split”), to be implemented by way of a stock dividend, whereby shareholders of the Company will receive an additional Common Share for each Common Share held. The stock dividend will be payable on March 25, 2015, to shareholders of record at the close of business on March 11, 2015. All equity-based compensation plans or arrangements and our normal course issuer bid will be adjusted to reflect the issuance of additional Common Shares due to the Stock Split.

Issuance of Senior Unsecured Notes

On April 9, 2014, we filed a short form base shelf prospectus (“Shelf Prospectus”) with the Ontario Securities Commission (“OSC”) and a corresponding shelf registration statement with the United States Securities and Exchange Commission (“SEC”) on Form F-10 (“Registration Statement”) to provide for the potential offering in Ontario and the United States of up to an aggregate of \$2 billion of senior unsecured notes from time to time over a 25 month period.

On June 16, 2014, we issued \$750 million aggregate principal amount of Senior Unsecured Notes (the “Senior Notes”). The Senior Notes are unsecured obligations, bear interest at an annual rate of 3.625% and will mature on June 15, 2024. Interest on the notes is payable semi-annually on June 15 and December 15 of each year. The section of the Prospectus Supplement dated June 11, 2014 (to the Shelf Prospectus) entitled “DESCRIPTION OF THE NOTES” commencing on page S-22 and ending on page S-30 is hereby incorporated by reference into this Annual Information Form. The Prospectus Supplement has been filed on SEDAR (www.sedar.com).

Normal Course Issuer Bid

On November 10, 2014, the Toronto Stock Exchange (“TSX”) accepted our Notice of Intention to Make a Normal Course Issuer Bid relating to the purchase of up to 20,000,000 Magna Common Shares (the “2014 Bid”), representing approximately 9.7% of our “public float” of Common Shares. The primary purposes of the 2014 Bid are purchases for cancellation, as well as purchases to fund our stock-based compensation awards or programs and/or our obligations to our deferred profit sharing plans. The 2014 Bid commenced on November 13, 2014 and will terminate no later than November 12, 2015. Purchases of Common Shares under the 2014 Bid are made on the TSX or the NYSE at the market price at the time of purchase in accordance with the rules and policies of the TSX or in compliance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934, respectively. Purchases may also be made through other published markets, or by such other means permitted by the TSX, including by private agreement pursuant to an issuer bid exemption order issued by a securities regulatory authority. Purchases made by way of such private agreements under an issuer bid exemption order are at a discount to the prevailing market price and are included in computing the number of Common Shares purchased under the 2014 Bid.

We have purchased the following Common Shares pursuant to the 2014 Bid as at March 24, 2015, and under our previous normal course issuer bid which commenced on November 13, 2013 and terminated on November 12, 2014 (“2013 Bid”):

	2014 Bid	2013 Bid
Shares purchased and cancelled	2,380,000	17,635,437
Shares purchased and retained for stock-based compensation awards or programs and/or deferred profit sharing plans	19,188	10,000
TOTAL	2,399,188¹	17,645,437²

Notes:

- (1) 2,380,000 Common Shares were purchased by way of private agreements with three arm’s length, third-party sellers at a discount to prevailing market prices pursuant to issuer bid exemption orders issued to us by the OSC effective November 25, 2014.
- (2) 6,665,000 Common Shares were purchased by way of private agreements from four arm’s length, third-party sellers at a discount to prevailing market prices pursuant to issuer bid exemption orders issued to us by the OSC effective November 22, 2013, March 18, 2014, May 30, 2014 and September 17, 2014.

Global Credit Facility

In July 2011, we entered into a \$2.25 billion syndicated four-year revolving credit facility that replaced an approximately \$2.0 billion revolving credit facility that had been set to expire on July 31, 2012. The facility, which was previously amended in June 2013 to extend its maturity date, was further amended on May 16, 2014 to extend its maturity date to June 20, 2019. The facility includes a \$200 million Asian tranche, a \$50 million Mexican tranche and a tranche for Canada, U.S. and Europe, which is fully transferable between jurisdictions and can be drawn in U.S. dollars, Canadian dollars or euros.



3. Description of the Business

We are a leading global automotive supplier with 313 manufacturing operations and 84 product development, engineering and sales centres in 28 countries, as at December 31, 2014.

Our success is primarily dependent upon the levels of North American and European (and currently, to a lesser extent Asian and Rest of World) car and light truck production by our customers and the relative amount of content we have on various programs. Vehicle production is affected by consumer demand, which in turn is significantly impacted by consumer confidence. A worsening of economic and political conditions, including through rising interest rates or inflation, high unemployment, increasing energy prices, declining real estate values, increased volatility in global capital markets, sovereign debt concerns, an increase in protectionist measures, international conflicts and/or other factors may result in lower consumer confidence. A number of other factors, discussed under “Risk Factors”, also affect our success, including such things as relative currency values, commodities prices, price reduction pressures from our customers, the financial condition of the automotive supply base and competition from manufacturers with operations in low-cost countries.

Products & Services

Despite operating our business on a geographic basis, we possess product and service capabilities which span across such geographic regions. Details regarding our product and service capabilities follow:

Interior Systems

We design, engineer and manufacture interior components and systems for the global automotive industry, including commercial truck product markets.

Capabilities	Garnish & Hard Trim <ul style="list-style-type: none">• Pillar Trim• Quarter Trim Panels• Liftgate Trim• Interior Sill Moldings• Decorative Surface Design Parts	Soft Trim <ul style="list-style-type: none">• Load Floors• Package Trays/Parcel Shelves• Trunk Trim• Accessible Floor Bins• Floor Carpets	Instrument Panels & Consoles <ul style="list-style-type: none">• Cockpit Modules• Instrument Panels• Floor Consoles• Glove Box Assembly• Knee Bolster Assembly
	Overhead Systems <ul style="list-style-type: none">• Complete Overhead Systems• Headliner Substrates• Overhead Consoles• Grab Handles & Lighting• Sunvisors	Door Panels <ul style="list-style-type: none">• Front, Rear & Sliding Door Panels• Rear Cargo and Liftgate Door Panels	

The primary technologies and processes involved in the manufacturing of interior components and systems include: low pressure and injection molding; compression molding; vacuum forming; slush molding; spray urethane; as well as manual and automated assembly and sequencing.

Seating Systems

We develop and manufacture complete seating solutions and seat hardware systems for the global automotive industry. Our capabilities range from market and consumer research, full concept development, design and engineering, testing and validation to manufacturing.

Capabilities	Complete Seating Systems	Seat Structures & Mechanisms	Foam & Trim Products
	<ul style="list-style-type: none">• Reconfigurable Seat Solutions (Auto, Heavy Truck, Bus)• In-Vehicle Stowable Seats• Ingress/Egress Solutions• Comfort Systems• Lightweight Seat Solutions• Thin Seating• Safety Systems Integration	<ul style="list-style-type: none">• Seat Structures (including High Strength Steel, Aluminum and Magnesium)• Manual and Power Recliners• Manual and Power Adjusters (Fore/Aft and Lift)• Seat Attach Latches• Specialty Mechanisms (Stow-in-Floor, Stand Up, Reversible, Push-Button Entry, Seat Memory)	<ul style="list-style-type: none">• Conventional Foam• Recycled Foam• Renewable Foam Formulations• Black Foam• Dual Firmness Foam• Trim Covers (Cloth & Leather)

The technologies and processes used in the manufacture of seating and seat hardware systems include: traditional “cut and sew” technology; manual and automated assembly; as well as our patented Multi-Material Mold-In-Place™ technology.



Closure Systems

We engineer and manufacture closure systems and modules for the global automotive industry.

Capabilities	Door Modules <ul style="list-style-type: none">• Structural Door Modules• Sealed Modules• Hardware Trim Modules• Integrated Trim Modules• Integrated Inner Panel Modules• Liftgate and Tailgate Modules• Mid-Door Modules• Complete Doors	Power Closure Systems <ul style="list-style-type: none">• Power Sliding Doors• Power Liftgates• Power Decklids• Anti-Pinch Strips	Engineered Glass <ul style="list-style-type: none">• Manual and Power Truck & Van Sliding Windows• Front and Rear Quarter Windows• Liftglass Assembly• Windshields and Backlights• Fixed Roof Glass Modules• Bus Windows
	Window Systems <ul style="list-style-type: none">• Dual Rail Cable and Drum Systems• Single Rail Cable and Drum Systems• Convertible Quarter Glass• Arm and Sector Systems	Latching Systems <ul style="list-style-type: none">• Side Door and Sliding Door Latches• Hood and Liftgate Latches• Tailgate and Decklid Latches• Cargo Door Latches• Rear Access Door Latches	Lighting Systems <ul style="list-style-type: none">• Front Lighting• Rear Lighting• Interior Lighting• Centre High Mount Stop Lamps
	Sealing Systems <ul style="list-style-type: none">• Window Surround Modules• Backlight, Belt, Windshield, Door Surround and Roof Drip Moldings• Door, Inner and Outer Belt Seals• Complete Convertible Sealing Systems	Electronic Features <ul style="list-style-type: none">• Electronic Control Unit Design• Obstacle Detection and Anti-Pinch• Non-Contact Sensing	Handle Assemblies <ul style="list-style-type: none">• Inside and Outside Handles
	Hinges & Rods <ul style="list-style-type: none">• Decklid, Hood and Convertible Hinges• Torsion, Wood, Hood Prop and Door Latch Rods		

The primary processes involved in the manufacture of closure systems and modules include: light stamping; injection molding; extrusion processes, such as co-extrusion, thermoset and thermoplastic extrusion; as well as manual and automated assembly.

Body and Chassis Systems

We provide metal body systems, components, assemblies and modules, including complete vehicle frames, chassis systems and body-in-white systems, as well as related engineering services, for the global automotive industry.

Capabilities	Body Systems	Chassis Systems	Engineering & Tooling
	<ul style="list-style-type: none">• Complete Body-In-White• Floor Pans• Underbody Assemblies• Door, Hood and Deck Assemblies• Roof Panels• Fender and Quarter Panels• Tailgate and Liftgate Assemblies• A, B, C and D Pillars• Bumper Beams• Door Intrusion Systems• Heat Shields	<ul style="list-style-type: none">• Crossmember Assemblies• Radiator Supports• Shock Towers• Engine Cradles• Front and Rear Sub-Frame Assemblies• Front and Rear Suspension Modules• Control Arms• Frame Rails• Full Frame Assemblies	<ul style="list-style-type: none">• Program Management• Program Engineering• Computer-Aided Engineering (CAE)• Design Verification• Prototype Build• Testing and Validation• Tooling and Automated Systems• Research and Development

We employ a number of different forming technologies such as: hydroforming; stamping; hot stamping; roll forming; aluminum casting; draw bending; advanced welding technologies; as well as finishing technologies such as: e-coating; heat treating; and high temperature wax coating.



Vision Systems

We design, engineer and manufacture vision systems for the global automotive industry.

Capabilities	Interior Mirrors <ul style="list-style-type: none">• Electrochromic (auto-dimming) Mirror Glass• Telematics• Compass and Temperature Displays• Sensor Integration• Bluetooth and Hands Free Connectivity• Navigation• Microphone• Automatic Garage Door Openers• Electronic Toll Collection	Exterior Mirrors <ul style="list-style-type: none">• Electrochromic (auto-dimming) Mirror Glass• Framed and Frameless Glass• Turn Signal Lighting• Power Folding and Power Extending Technologies• Pocket and Ground Illumination• Integrated Blind Spot Detection• Integrated Cameras• Mirrors with Integrated Blind Zone Field of View• Body-Matched Paint• Lights for Rear and Side Visibility• Lit Door Handles• Projection Logo Lights	Actuators <ul style="list-style-type: none">• Power Folding and Power Extending• Exterior Glass Movement• Interior Mirror Adjustment• Active Bend Lighting• Grille Shutter• Heating, Ventilating and Air Conditioning (HVAC)
	Electronic Vision Systems <ul style="list-style-type: none">• Full-color displays (including Backup Displays)• Side Blind Zone Assist• Lane Change Assist		

The primary processes involved in the manufacture of our vision products include: electronics integration; injection molding; painting; as well as manual and automated assembly.

Electronic Systems

We design, engineer and manufacture electronic components and sub-systems for the global automotive industry.

Capabilities	Driver Assistance Systems	Electronic Components
	• Surround View	• Chassis & Driveline Control Units
	• Reverse and Parking Assistance (camera-based and ultrasonic)	• Brushless DC & Brushed Motor Controllers
	• Traffic Sign Recognition	• Battery Management Systems
	• Object / Lane Detection (including cross traffic recognition)	• Glow Plug Control Units
	• Pedestrian Detection and Protection	• Powertrain Control Modules
	• Lane Departure Warning	
	• Head-Up Displays	
	• Semi-Autonomous Driving	
	• Lighting Automation	

The primary processes involved in the manufacture of electronics products include: surface mount placements of electronic components on printed circuit boards; as well as manual and automated assembly of electronic modules.

Exterior Systems

We design, engineer and manufacture various exterior components and systems for the global automotive industry, including commercial truck product markets.

Capabilities	Bumper Fascia Systems	Exterior Trim	Modular Systems
	<ul style="list-style-type: none">• Front and Rear Bumper Fascias• Energy Management Systems• Active Grille Systems	<ul style="list-style-type: none">• Spoilers and Grilles• Automated, Platform and Tube Style Running Boards• Rocker Panels and Claddings• Decklid and Pillar Appliques• Roof Racks• Body Side Moldings• Wheel Opening Moldings	<ul style="list-style-type: none">• Front and Rear End Modules• Liftgate Modules• Polycarbonate Roof Modules
	Class A Body Panels	Structural Components	
	<ul style="list-style-type: none">• Fenders• Hoods, Roofs & Decklids• Liftgates and Tailgates	<ul style="list-style-type: none">• Front End Carriers• IP Supports• Bumper Beams• Battery Trays• Underbody Shields	

We utilize a number of different technologies and processes in connection with these products, including: molding technologies, such as injection molding, structural reaction injection, reaction injection, compression and thermoset molding; metal forming processes, such as metal stamping, roll forming, tube forming and stretch bending; finishing processes, including painting, hardcoating, chrome plating, vacuum metallization and anodizing; and manual and automated assembly and sequencing.

Powertrain Systems

We design, engineer and manufacture powertrain systems and components for the global automotive industry.

Capabilities	Driveline Systems <ul style="list-style-type: none">• Transfer Cases• Coupling Systems• Rear Drive Modules (RDM)• Front and Rear Axle Drives• Power Take Off Units• AWD/4WD Disconnect Systems• eDrivetrain Products	Fluid Pressure & Controls <ul style="list-style-type: none">• Engine Oil Pumps and Water Pumps• Tandem Pumps• Transmission Oil Pumps• ePumps (Coolant Oil, Purge & Vacuum)• Mass Balancer Modules• Integrated Engine Front Cover Modules• Electronic Cooling Fans• Thermal Management Modules• High Pressure Hydraulic Pumps	Metal Forming Solutions <ul style="list-style-type: none">• Transmission Clutch Modules• Clutch Hubs & Housings• Die Casting Products• Accessory Drives• Oil Pan Modules• Flexplates• Planetary Carriers• Geared Products• Steel Pulleys• Dampeners
	Engineering Services & Systems Integration <ul style="list-style-type: none">• Powertrain & Vehicle Engineering• Integration (Thermal, Mechanics, Electric Systems)		

We employ a variety of different manufacturing capabilities and processing technologies in our powertrain operations, including: metal die-forming; flow-forming; stamping and spinning; synchronous roll-forming; die-spline rolling; precision-heavy stamping; fineblanking; aluminum die casting and precision machining; magnesium machining; plastic injection molding and plastic welding; soft and hard processing of gear wheels and shafts; rotary swaging; hardening; laser welding; manual and automated assembly; and end-of-line testing.

We conduct some of our powertrain operations through joint ventures, including a non-controlling, 50% voting (76.7% equity) partnership interest in the Litens Automotive Partnership (“Litens”), a partnership with certain members of its senior management. Litens is a leading supplier of highly-engineered drive subsystems and components. Its product offerings include accessory drive systems and products, such as auto tensioners and idlers, overrunning alternator decoupler assemblies, Torqfiltr™ crankshaft vibration control technology, isolating crank pulley assemblies and clutched waterpump pulleys and assemblies; timing drive systems and products, such as belt and chain tensioners and idlers, SmartSprocket™ tuned sprockets and clutched waterpump pulleys and assemblies; and other specialty products for vehicle start / stop subsystems. Litens has manufacturing operations in North America (Canada), Europe (Germany), Asia (China and India) and Rest of World (Brazil).



Roof Systems

We design, engineer and manufacture vehicle roof systems for the global automotive industry.

Capabilities	Sliding Folding & Modular Roofs	Retractable Hard Tops	Soft Tops
	• Roof Openings with Fixed C pillars	• Multi-Piece Modules	• Classic Soft Tops
	• Various Fabric Solutions	• Integration Services	• Manual and Fully Automatic Soft Tops
	• Flash to the Roof Panels	• Design Services	
	• Rail-to-Rail Concepts		
	• Roof Openings Spanning the Entire Vehicle Width		
	• Roof Openings with Intermediate Positions		

Processes employed in our roof systems operations include: “cut and sew” of complete fabric covers; backlight gluing; as well as manual and automated complete roof assembly.

Vehicle Engineering & Contract Assembly

We provide components, systems and vehicle engineering and contract vehicle assembly services for the automotive industry. We are a leading brand-independent assembler of complete vehicles, and an experienced engineering and manufacturing partner.

Capabilities	Engineering Services	Contract Manufacturing	Fuel Systems
	<ul style="list-style-type: none">• Design & Vehicle Concepts• Complete Vehicle Development & Integration• Systems & Modules Development• Safety Engineering Prototype and Low-Volume Production• Test Bed Services Hybrid & Electric Vehicles	<ul style="list-style-type: none">• Vehicle Contract Manufacturing• Door Modules Industrial Services• Lightweight Technology Applications	<ul style="list-style-type: none">• Fuel Tanks (Steel, Plastic & Aluminum)• Tank Filler Pipes (Steel & Plastic)• Diesel Misfueling Protection Fuel, Oil, SCR and Cooling Caps• Compressed Natural Gas (CNG) and Hydrogen Gas (H₂) Fuel Systems

Processes employed in our vehicle engineering and contract assembly operations include: manual and automated welding; bonding and riveting; manual and automated painting/coating (dipped and sprayed) and sealing; cyclor testing; as well as manual and automated assembly.

Tooling / Engineering / Other

We design, engineer and manufacture tooling for our own use, as well as for sale to our customers. Additionally, we provide engineering support services, independent of particular production programs on which we may have production sales.



Research & Development

We have historically emphasized technology development and have a policy, embodied in our Corporate Constitution, to allocate a minimum of 7% of our Pre-Tax Profits (as defined in the Corporate Constitution) for each fiscal year to research and development during that fiscal year or the next succeeding fiscal year. We have historically significantly exceeded this 7% threshold. See “Section 8. Corporate Constitution – Research & Development”.

We expect that our involvement in the development of innovative product and process technologies in cooperation with automobile manufacturers will increase as automobile manufacturers further involve automotive suppliers in the vehicle development process.

Our Research & Development Process

Our research and development activities are conducted through a rigorous process which we refer to as our “innovation development process” or “IDP”. These activities involve close collaboration between our Corporate R&D group, under the global direction of our Executive Vice-President and Chief Technology Officer and each of our operating groups.

The IDP involves a multi-stage process aimed at turning ideas into innovations that can ultimately be commercialized. The initial stage of the process is designed to foster generation of ideas and includes, among other things: identification, understanding and analysis of social, digital, demographic, regulatory, industry and other trends which may create demand for and thus drive development of new automotive technologies; review of academic research; and automotive customer input.

Concepts that progress past this initial stage are further evaluated, including with respect to: fit with our innovation pillars (discussed below); commercialization opportunities; as well as potential risks and challenges to further development. Winning innovations progress through subsequent stages towards product or process realization, validation and, eventually, product launch.

While we have a long history of developing and bringing to market innovative automotive products and manufacturing techniques, we also recognize that great thinking and idea generation can occur outside our company. We are open to working with potential inventors, entrepreneurs, universities and start-up companies to help bring innovative ideas to market. We currently collaborate with technical institutions, the venture capital community and over 50 universities in Canada, the U.S. and Europe to develop innovative solutions to unmet needs in the automotive industry. Recently, we partnered with Techstars, Ford and Verizon Telematics to support the *Techstars Mobility, driven by Detroit* program. The program, which commences in June 2015, is a mentorship-driven technology accelerator that aims to create a Metro-Detroit hub for bringing new technologies to market that incorporate mobile devices, wireless connectivity and cloud data resources into vehicles. Selected startup companies will receive financial assistance, intensive business training and access to corporate experts to act as mentors.

Innovations

Innovation is a foundation of Magna's past success, an important factor in our competitiveness, a key operational priority and a critical element of our business strategy. Our current strategic focus on innovation is aimed at developing products and processes that fit within one of the four innovation pillars discussed below. Some examples of recent innovations within such pillars also follow:

<p>MULTI-MATERIAL LIGHTWEIGHT VEHICLE (MMLV)</p> <p>Designed and built by Magna in collaboration with our customer Ford, and co-funded by the U.S. Department of Energy (DOE), the MMLV is a multi-material lightweight concept vehicle, based on the production version of the 2013 Ford Fusion. The MMLV is part of the DOE's Vehicle Technologies Office lightweight materials project portfolio, addressing future Corporate Average Fuel Economy (CAFE) legislation. It uses advanced material solutions to achieve a nearly 25% weight reduction and an approximately 16% reduction in each of global warming potential (GWP) (a relative measure of the impact of greenhouse gases on global warming) and total primary energy (TPE) (a measure of fuel usage plus the energy needed to produce materials and recycle materials at end-of-life). The MMLV's aluminum-intensive structure reduces the weight of a C/D (compact/mid-size) segment sedan to approximately equal to that of a B (sub-compact) segment car, two vehicle segments lighter, without compromising performance, occupant safety and durability. The concept demonstrates our competence in light-weighting, integration of multiple materials and application of innovative joining techniques.</p>	<p>Smarter. Products that provide increased comfort, convenience and connectivity</p> 	<p>PUREVIEW™ SEAMLESS SLIDING WINDOW</p> <p>A first-to-market window design that conceals the vertical seams that mark the edges of conventional pick-up truck rear sliding windows, creating a flush exterior appearance. Standard rear sliding windows typically contain three pieces of glass – stationary left and right panes, plus the sliding portion in the middle, all held together by a support structure that requires numerous components. The PureView™ uses a single continuous piece of glass with a central window opening created using a "hole-in-glass" water jet cutting process, and then incorporates a second sliding piece of glass. This design uses less components which results in weight savings and reduces manufacturing complexity. A lighter window control module for the power sliding function further contributes to vehicle weight savings. In addition to providing a cleaner, streamlined look, the two-piece design enables continuous uninterrupted defrost capability, with improved defrost times, even if the sliding window is open. The design, which is featured on the 2015 Ford F-150 pick-up truck, has been selected as a finalist in the product category for the 2015 <i>Automotive News</i> Pace Awards.</p>
<p>EYERIS™ GEN 2.5 VISION SYSTEM</p> <p>The next generation of our innovative EYERIS™ vision system. Building on the previous EYERIS platform which included lane departure warning, traffic sign recognition and forward collision warning features, the new system incorporates lane keeping assistance, glare-free high beams and collision mitigation systems, as well as increased memory and processing power. The EYERIS Gen 2.5 is featured on the 2014 Cadillac ATS and Dongfeng Honda Spirior.</p>	<p>Safer. Products with enhanced active and passive safety features</p> 	<p>OUTSIDE MIRROR WITH HIDDEN TURN SIGNAL</p> <p>An industry-first innovation where the design of the outside vehicle mirrors includes a hidden turn signal that is fully integrated so that the mirror housing and turn-signal lens are one and the same. The signal is invisible when not in operation, allowing for improved styling and improved aerodynamics with no additional gaps or incremental wind noise. The turn signal spans a large portion of the vertical length of the outside mirror, making it easier for other drivers and pedestrians to see the signal when in use. The mirror is featured on the BMW i8 plug-in electric sports car.</p>
<p>CLASS A MAGNESIUM SHEET ROOF PANEL</p> <p>We created the first serial production Class A Magnesium sheet roof panel. The innovation, which is featured on the 2015 Porsche 911 GT3 RS sports car, is developed through a thermally-assisted forming process, and results in significant weight reductions compared to existing steel or aluminum roof panels. In addition, the reduction of weight from the top of the vehicle contributes to a lower center of gravity, improving lateral vehicle control.</p>	<p>Cleaner. Products that promote efficiency and sustainability by optimizing the use of energy</p> 	<p>ACTIMAX® ALL-WHEEL DRIVE SYSTEM</p> <p>An All-Wheel Drive system that provides intelligent distribution of torque between front and rear axles. The system contributes to improved safety through enhanced traction and vehicle control by detecting and actively adapting to changing ground conditions, including demanding conditions such as snow and ice. The innovative pump-less design reduces spin losses by greater than 30% providing improved fuel economy over conventional four-wheel drive systems. In addition, our Actimax® technology consumes minimum power even under constant high torque conditions over extended time periods due to its calculated self-locking effect. The system includes die cast aluminum housings and an integrated electronic control unit (ECU) which contribute to weight savings and assist our customers with underbody packaging constraints.</p>
<p>SMARTLATCH™ ELECTRONIC SIDE-DOOR LATCH</p> <p>SmartLatch™ is an industry first innovation featured on the BMW i8 plug-in electric sports car. It requires no cables, rods or moving handles in the door, resulting in significant weight savings due to a reduced number of components, improved safety and sound quality.</p>	<p>Lighter. Using lightweight material and science to reduce vehicle mass</p> 	

In addition to the innovations described above, we are proud of the accolades received by certain of our previously disclosed innovations, including:

- our Single-Piece Hot Stamped Door Ring, the industry's first laser-welded, hot-stamped door ring (featured in the 2014 Acura MDX), for which we collaborated with our customer Honda and steel company ArcelorMittal, that was selected as the winner of 2014 *Automotive News* PACE Award in the Manufacturing Process and Capital Equipment category; and
- our BlindZoneMirror™, a previous Pace Award product category winner that integrates a wide-angle auxiliary mirror into the main mirror to reduce the side blind zone, was selected by *Automotive News* as a "Best of the Best", an accolade honouring the most significant PACE Award winners of the past 20 years.

Manufacturing & Engineering

Facilities

As at December 31, 2014, we had the following manufacturing and product development, engineering and sales facilities:

Geographic Region	Manufacturing	Product Development, Engineering and Sales
North America	138	23
Europe	116	39
Asia	46	20
Rest of World	13	2
TOTAL	313	84

Our manufacturing facilities occupied approximately 59.3 million square feet, of which approximately 67% was leased from third parties (including 36% leased from Granite Real Estate Investment Trust (“Granite REIT”), a Canadian-based, publicly-traded real estate investment trust). The remaining 33% of manufacturing facilities were owned by us. Most of our manufacturing facilities maintain an in-house tooling capability with a staff of experienced tool and die makers. We are operating many of our manufacturing facilities on a multi-shift basis.

Our product development and engineering facilities occupied approximately 2.8 million square feet, of which approximately 78% was leased from third parties (including 32% leased from Granite REIT) and the remaining 22% was owned by us.

Leases typically have terms of at least five years with one or more options to renew. Among other terms, our leases typically require us to return the facilities to the condition in which we received them at start of the lease (reasonable wear and tear excepted). From time to time, the cost of doing so may be significant due to such factors as the length of the lease period, the nature of the manufacturing operations, the extent of modifications made to the lease premises over the term of the lease and other factors.

Key Commodities

We purchase the majority of our commodities from regional suppliers where we do business. Factors such as price, quality, transportation costs, warehousing costs, availability of supply and timeliness of delivery have an impact on the decision to source from certain suppliers. We also purchase some key commodities offshore when shortages occur or when we choose to source one supplier for a global program. Prices for certain key commodities used in our parts production, particularly steel and resin, continue to be volatile. Approximately two-thirds of our steel is acquired through resale programs operated by automobile manufacturers and the balance is generally acquired through annual or six month contracts. Under customer steel resale programs we are not exposed to steel price increases, thus helping to manage our production costs. Most of our resin purchases fluctuate directly with market indexes, although we do participate in some customer resale programs and also typically enter into financial hedges on a small portion of our resin purchases. To date, we have not experienced any significant difficulty in obtaining supplies of parts, components or key commodities for our manufacturing operations. Consistent with lean manufacturing principles, we do not carry inventories of key commodities or finished products significantly in excess of those reasonably required to meet production and shipping schedules.

Human Resources

As at December 31, 2014, we employed over 131,000 people as follows:

Geographic Region	Number of Employees
North America	68,275
Europe	46,150
Asia	12,400
Rest of World	4,400
TOTAL	131,225

Human Resource Principles

Employee Equity Participation and Profit Sharing Program

Since 1975, we have maintained an employee equity and profit participation program to foster participation in profits and share ownership by our eligible employees. Our Corporate Constitution requires that 10% of our qualifying Employee Pre-Tax Profits Before Profit Sharing (as defined in our Corporate Constitution) for a fiscal period be allocated to (i) the employee equity participation and profit sharing plan, (ii) contributions to a defined benefit pension plan, or (iii) a cash distribution to eligible employees. See “Section 8. Corporate Constitution – Employee Equity Participation and Profit Sharing Programs”.

Management Incentive Compensation

We believe that the managers who run their business units as if they owned them are best able to generate strong operating and financial performance. In order to create such an entrepreneurial culture within the framework of a large, global, public company, we maintain a decentralized operating structure which gives significant operational autonomy to managers at each of the three primary levels of management – Divisional, Group and Executive. Additionally, we employ the following basic compensation principles for management:

- minimal fixed compensation in the form of salaries;
- annual profit-based incentive bonuses, portion of which is deferred for almost three years and delivered in the form of equity;
- long-term incentives in the form of stock options; and
- the absence of pensions or retirement benefits.

Our compensation system also incorporates a number of other important elements, including significant equity maintenance requirements for senior management, as well as various compensation risk management tools to promote responsible decision-making.

Our Corporate Constitution provides that aggregate profit-sharing bonuses paid and payable to Corporate Management (as defined in the Corporate Constitution) in respect of any fiscal year must not exceed 6% of our Pre-tax Profits Before Profit Sharing (as defined in the Corporate Constitution) for that fiscal year. The aggregate cap on profit sharing in our Corporate Constitution will formally be reduced from 6% to 3% of our Pre-Tax Profits Before Profit Sharing. Pending the amendment of our articles of incorporation to implement such a change our Corporate Governance, Compensation & Nominating Committee will treat the Corporate Constitution as if it limited profit sharing to a maximum of 3% of Pre-Tax Profits Before Profit Sharing. See “Section 8. Corporate Constitution – Profit-Sharing Bonuses; Management Base Salaries”. For a detailed discussion of our executive compensation, see “CGCNC Compensation and Performance Report” and “Compensation Discussion & Analysis” in our Circular.

Employee's Charter

We are committed to an operating philosophy based on fairness and concern for people. This philosophy is part of our "Fair Enterprise" culture in which employees and management share in the responsibility to help ensure our success. Our Employee's Charter embodies this philosophy through the following principles:

- **Job Security** – Being competitive by making a better product for a better price is the best way to enhance job security. We are committed to working together with our employees to help protect their job security. To assist in this regard, we provide job counselling, training and employee assistance programs to our employees.
- **A Safe and Healthful Workplace** – We strive to provide our employees with a working environment which is safe and healthful.
- **Fair Treatment** – We offer equal opportunities based on an individual's qualifications and performance, free from discrimination or favouritism.
- **Competitive Wages and Benefits** – We provide our employees with information which enables them to compare their total compensation, including wages and benefits, with those earned by employees of direct competitors and local companies with which an employee's Division competes for labour. If total compensation is not competitive, it will be adjusted.
- **Employee Equity and Profit Participation** – We believe that our employees should share in our financial success.
- **Communication and Information** – Through regular monthly meetings between management and employees and through publications, we provide our employees with information so that they know what is going on in the company and in the industry.
- **Employee Hotline** – Should any of our employees have a problem, or feel the foregoing principles are not being met, we encourage them to contact the Hotline to register their complaints. Employees do not have to give their names, but if they do, it is held in strict confidence. Hotline investigators will respond to employees. The Hotline is committed to investigating and resolving all concerns or complaints and must report the outcome to our Global Human Resources Department.

Human Resource Policies

In furtherance of our commitment to fairness, as demonstrated in our Employee's Charter, we have established Fairness Committees in most of our North American and in many European manufacturing facilities which enable employees at such facilities to have many of their concerns resolved by a committee comprised of both management and employees. Most of our North American manufacturing facilities also have an Employee Advocate who works with our employees and management to ensure that any concerns that arise in the workplace are addressed quickly and in accordance with our Employee's Charter, Corporate Constitution and operating principles. An Employee Advocate can only be removed if more than 65% of the shop floor employees at the applicable Division vote to remove him or her through a secret ballot vote.

We have established many employee communication programs, such as monthly divisional employee meetings, continuous improvement team meetings, an Employee Hotline and employee opinion surveys to help ensure employee involvement and feedback.

In addition to the employee equity participation and profit sharing programs discussed under "Human Resource Principles", we maintain a group registered retirement savings plan in Canada and a 401(k) plan in the United States whereby we partially match employees' contributions made through payroll deductions. These plans complement the employee equity participation and profit sharing programs and are designed to assist employees in providing replacement income for retirement.

Labour Relations

We believe that we maintain positive relations with our employees and, where applicable, with the unions representing the employees at certain of our operating Divisions.

On October 15, 2007, we announced that we had entered into the Framework of Fairness Agreement (“FFA”) with the Canadian Auto Workers union (CAW) (now Unifor). The FFA is a set of principles which balance the needs of employees and the needs of business to be competitive. If a majority of workers in a facility vote in favour, then that plant will be covered by a new Magna-Unifor national collective agreement.

The key terms and conditions of the FFA include:

- preservation of our Fair Enterprise culture and operating principles, including the sharing of our financial success through equity ownership, as set out in our Corporate Constitution and Employee’s Charter;
- comprehensive no strike, no lock-out provisions with unresolved collective bargaining issues being settled through final offer selection arbitration;
- progressive concern resolution and plant representation mechanisms that preserve our Open Door Process, Fairness Committees, Employee Advocates and the Employee Hotline;
- competitive wage and benefit principles consistent with our Employee’s Charter;
- tying of annual wage adjustments to a manufacturing inflationary index, plant specific performance measures and competitive considerations;
- secret ballot voting on workplace issues; and
- generally, depoliticization of the workplace and labour-management relations.

As of March 24, 2015, employees at three of our Canadian Divisions are covered by the Magna-Unifor national collective agreement under the FFA. These agreements were extended for an additional four years in November 2013.

Employees at one of our facilities in Canada are covered by a collective agreement with Unifor which does not fall under the FFA. This collective agreement was extended for an additional three years in November 2013. Employees at five of our Divisions in the United States are represented by the International Union, United Automobile Aerospace and Agricultural Workers of America (UAW) and employees of one of our Divisions in the United States are represented by the United Food & Commercial Workers Union (UFCW). The forms of collective agreements negotiated with Unifor and the UAW recognize our unique operating philosophy, including our Employee’s Charter and fundamental Fair Enterprise principles. Most of these agreements recognize the need for wages and benefits to be competitive with companies we compete with for business, rather than those paid by our customers’ vehicle assembly operations. Moreover, in accordance with applicable labour relations legislation, strikes and lock-outs are prohibited during the life of such agreements.

Employees at a number of our Divisions in Mexico and the United Kingdom are currently covered by collective bargaining agreements with various unions in these jurisdictions. Employees at a number of our Divisions in continental Europe are covered by national industry-wide agreements relating to compensation and employment conditions and are members of in-house employees’ associations or trade unions. From time to time, various unions seek to represent groups of our employees and, as a result, we may become party to additional collective agreements in the future.

Competition

We face numerous sources of competition in the markets in which we operate, primarily from automobile manufacturers and from other automotive suppliers, including ones in which one or more automobile manufacturers may have direct or indirect investments. There are a number of automotive suppliers that can produce the same types of components, assemblies, modules and systems that we currently produce. Some of our competitors may have greater technical or marketing resources than we do and some of them may be dominant in markets in which we operate. However, we are the only automotive supplier with product capabilities spanning every major area of a vehicle. We believe that the breadth of our capabilities, combined with our strong balance sheet, corporate culture, customer relationships and other factors provide us with an important competitive advantage.

The basis on which automobile manufacturers select automotive suppliers is determined by a number of factors, including: price; quality; service; historical performance; timeliness of delivery; proprietary technologies; scope of in-house capabilities; existing agreements; responsiveness to the customer; the supplier's overall relationship with the automobile manufacturer; the degree of available and unutilized capacity or resources in the manufacturing facilities of the automobile manufacturer; collective bargaining agreement provisions; labour relations issues; financial strength; and other factors. The number of competitors that are asked by automobile manufacturers to bid on any individual product has been reduced in many cases and we expect further reductions as a result of economic conditions in recent years and as automobile manufacturers follow through on their stated intentions of dealing with fewer suppliers and rewarding those suppliers with earlier and deeper involvement.

Sales & Marketing

Customer Management Offices

We have a globally-structured sales, engineering and marketing team spread across multiple global locations where our customers maintain engineering, commercial and/or manufacturing facilities. The various internal operating divisions and subsidiaries of the automobile manufacturers normally initiate many of their own purchasing decisions. As a result, an automobile manufacturer may effectively constitute multiple customers. We maintain customer management offices in the following locations:

North America	Europe	Asia	Rest of World
Canada	Austria	Japan	Brazil
Mexico	Germany	China	
United States	United Kingdom	South Korea	
	France	India	
	Italy	Thailand	
	Sweden		
	Poland		
	Czech Republic		
	Hungary		
	Turkey		
	Russia		

Purchase Orders

Our sales are generated through customer requests to quote on particular products and the tools and dies to produce parts. Purchase orders for our products are typically for one or more models, and typically extend over the life of each model, which is generally four to seven years. However, purchase orders issued by our automobile manufacturer customers typically do not require them to purchase any minimum number of our products. Releases under such purchase orders, which authorize us to supply specific quantities of products, are issued for planning, raw material and production purposes typically over a one to four month period in advance of anticipated delivery dates. The actual number of products that we supply under purchase orders in any given year is dependent upon the number of vehicles produced by the automobile manufacturers of the specific models in which those products are incorporated.

It has been our experience that once we receive purchase orders for products for a particular vehicle model or program, we will usually continue to supply those products until the end of that model or program. However, automobile manufacturers could cease sourcing their production requirements from us for a number of reasons, including if we refuse to accept demands for price reductions or other concessions.



Environmental Matters

Health, Safety and Environmental Policy

We are subject to a wide range of environmental laws and regulations relating to air emissions, soil and ground water quality, wastewater discharge, waste management and storage of hazardous substances. We aim to be an industry leader in environmental compliance with the intention to prevent pollution by reducing the impact of our operations on the environment and through technological innovation and process efficiencies. In furtherance of this aim, our Health, Safety and Environmental Policy (“HSE Policy”) commits us to:

- complying with, and exceeding where reasonably possible, all applicable health, safety and environmental laws, regulations and standards in all of our operations and conforming to our internal standards based on generally accepted environmental practices and established industry codes of practice;
- regularly evaluating and monitoring past and present business activities impacting upon health, safety and environmental matters;
- improving upon the efficient use of natural resources, including energy, minimizing waste streams and emissions, and implementing effective recycling in manufacturing operations, in each case, through the use of locally set continuous improvement targets;
- utilizing innovative design and engineering to reduce the environmental impact of our products during vehicle operation and at end of life;
- ensuring that a systematic review program is implemented and monitored at all times for each of our operations, with the goal of continual improvement in health, safety and environmental matters; and
- ensuring that adequate reports on health, safety and environmental matters are presented to our Board of Directors on an annual basis, at a minimum.

The Enterprise Risk Oversight Committee (“EROC”) of our Board assists in overseeing our handling of health, safety and environmental issues and annually reviews our HSE Policy. This Committee operates pursuant to a written charter, the text of which is located on our website (www.magna.com) under “Corporate Governance”, along with the text of our HSE Policy.

Environmental Compliance

Certifications

As part of our commitment to environmental compliance, we are also compliant with ISO 14001 standards where appropriate. As of December 31, 2014, 220 (or approximately 70%) of our manufacturing facilities were ISO 14001 certified. In addition, our complete vehicle assembly plant in Graz, Austria, our largest facility, is certified under the European Commission’s Eco-Management and Audit Scheme (EMAS).

We have also initiated energy management activity within many of our manufacturing facilities, including as part of our World Class Manufacturing efforts. To date, 14 of our facilities have obtained ISO 50001 certification and additional facilities are targeting certification over the next few years.

Industrial Emissions

We operate a number of manufacturing facilities that use environmentally sensitive processes and hazardous materials. Our manufacturing facilities are subject to a program of regular third party and internal environmental compliance audits or inspections. We believe that all of these operations meet, in all material respects, applicable governmental standards for waste handling and emissions. Notwithstanding this compliance, we have in the past and may in the future experience complaints regarding some of our manufacturing facilities from neighbouring parties. In the past, such complaints have been addressed by open dialogue with relevant stakeholders and, where appropriate, manufacturing process adjustments. In addition, facilities have in the past and may in the future

receive a notice of violation or similar communication from local regulators during routine reviews. We have in the past and will continue in the future to address any such notices promptly. Further, in spite of generating and disposing of hazardous wastes in full compliance with the regulations, a waste generator (manufacturing facility) can be named as a Potentially Responsible Party (“PRP”) if a U.S.-based waste handling or disposal facility used by the manufacturing facility goes bankrupt, or is otherwise unable to clean up any contamination associated with its operation. Costs associated with being a PRP could be material depending upon the site conditions and the number of participating PRPs. In order to mitigate this risk, each of our facilities requires that any waste haulers or disposal facilities that they use carry pollution liability insurance in addition to being appropriately licensed.

We are also subject to environmental laws requiring investigation and clean-up of environmental contamination. From time to time, our operations and properties become the subject of inquiries or investigations of environmental regulators. We are in various stages of investigation or clean-up at our manufacturing facilities where contamination has been alleged or identified. These stages include performing periodic soil and groundwater sampling, determining the most appropriate corrective action approach for remediating the contamination and obtaining regulatory approval of such approach, performing the remediation and monitoring the status of our remediation. Estimating environmental clean-up liabilities is complex and heavily dependent on the nature and extent of historical information and physical data about the contaminated site, the complexity of the contamination, the uncertainty of which remedy to apply and the outcome of discussions with regulatory authorities relating to the contamination. To date, the aggregate costs incurred in complying with environmental laws and regulations, including the costs of clean-up and remediation, have not had a material adverse effect on us. However, changes in these government laws and regulations are ongoing and may make environmental compliance, such as emissions control and waste disposal, increasingly expensive. In 2014, we spent approximately \$1.5 million on environmental clean-up and remediation costs and currently estimate similar expenditures for 2015.

We are subject to environmental laws and regulations both as tenant and owner of our properties. Our leases with third party landlords generally provide that we must maintain the leased properties in accordance with all applicable laws, including environmental laws. We are also responsible for removing all hazardous and toxic substances as required by applicable laws and, in any event, prior to the termination of our occupation of the leased properties. This applies whether or not the contamination occurred prior to our use of the leased properties, unless it was not caused or exacerbated by our use. Our leases with third party landlords generally also contain indemnities in favour of the landlord with respect to environmental matters and those indemnities expire after a specified period of time following the termination of the leases.

Greenhouse Gas Emissions

Regulations for greenhouse gas emissions from manufacturing operations are in place or proposed for a number of jurisdictions. They include phased-in mandatory reporting and, in some jurisdictions, reduction targets. Although our operations in various jurisdictions have to meet any applicable regulatory targets for greenhouse gas (GHG) reduction, our operations are not major emitters and generally do not exceed local reporting thresholds. Accordingly, we do not currently anticipate that current or future regulatory targets for such GHG reduction or future greenhouse gas emission caps would have a material adverse effect on our operations. Magna currently participates in the Carbon Disclosure Project, a not-for-profit project designed to provide investors with information relating to corporate greenhouse gas emissions and perceived corporate risk due to climate change.

Corporate Social Responsibility

We are committed to being a good corporate citizen and have backed-up our commitment with concrete actions in five core areas:



Contributing to Society & Community Development

Corporate Giving

Since the adoption of our Corporate Constitution in 1984, we have allocated up to two percent of our Pre-Tax Profits Before Profit Sharing (as defined in our Corporate Constitution) to supporting social and charitable causes, primarily in the communities around the world in which our employees live and work.

Our donations and sponsorships are focused primarily on:

- Technical and Vocational Training/Education;
- Employee and Community Health and Wellness;
- Disaster Relief;
- Culture; and
- Youth Sports.

Employee Volunteerism

We also encourage the efforts of those employees who devote their time, energy and passion to making a positive contribution to their workplace and communities through direct giving, special events, focused fundraising, volunteer work, and other activities.

Occupational Health & Safety

Our employees are a key factor in our success and protection of their health and well-being is important to us. We have long demonstrated a strong commitment to providing a safe and healthful work environment for our employees and visitors to our facilities, as reinforced through our Employee's Charter. To the extent an employee believes we have not fulfilled our promise to provide a safe and healthful working environment, he or she has numerous avenues to elevate the concern, including our Employee Hotline. Additionally, our HSE Policy articulates our goal of being an industry leader in providing a safe and healthful working environment. This commitment is fulfilled through a regular program of health and safety audits and inspections of our global facilities, covering health, safety, industrial-hygiene, industrial ergonomics and emergency preparedness policies and action plans. The results of our health and safety audits and inspections are reported quarterly to and overseen by the EROC. Our health and safety department holds regular conferences with representatives of our manufacturing facilities to reinforce our commitment to providing a safe and healthful work environment and share best practices with respect to occupational health and safety.

Environmental Responsibility & Stewardship

We are committed to being an industry leader in environmental practices, including efficient use of natural resources, minimization of waste streams and emissions and innovation to reduce the environmental impact of our products. We seek to comply with or, where reasonably possible, exceed environmental regulatory requirements and minimize the impact of our operations on the environment. Although our manufacturing facilities are generally not significant greenhouse gas emitters or water users, we participate in the Carbon Disclosure Project, a not-for-profit project which provides investors with information relating to corporate greenhouse gas emissions and perceived corporate risk due to climate change.

We maintain an environmental compliance program consisting of regular third party and internal audits or inspections of our facilities for compliance with local regulations, our internal corporate standards and industry best practices. The results of our environmental program are reported quarterly to and are overseen by the EROC. A more detailed discussion of our environmental compliance program and the requirements of our HSE Policy can be found above under "Section 3. Description of the Business – Environmental Matters". Our environmental department holds regular conferences with representatives from our manufacturing facilities to reinforce our commitment to environmental responsibility, keep our local and regional teams informed of changing regulations and to share best practices with respect to environmental compliance and sustainability initiatives.

Sustainability Through Innovation

One of the most important ways we contribute to environmental sustainability is through development of automotive technologies that support our customers' goals of producing vehicles with reduced emissions and lower fuel consumption. Some recent examples of innovative products we have developed in connection with these goals can be found above under "Section 3. Description of the Business – Research & Development".

Waste Elimination & Recycling

Our Operational Principles, which are posted in each of our facilities globally, include waste and scrap elimination as a key principle. Waste reduction and scrap elimination will continue to be important considerations in our manufacturing activities, including as part of our efforts to implement World Class Manufacturing in our facilities globally. One example of our waste reduction efforts is our "packaging and packing" initiative which aims to replace disposable packaging with reusable packaging for our parts, as well as, redesigning product packaging to more efficiently use space when transporting products to our customers; reducing the number of trips needed.



Energy & Water Reduction

Many of our facilities around the globe have developed structured energy teams tasked with achieving energy reductions through efficiency improvements. A number of our Divisions have made important incremental changes that have reduced our energy consumption, including energy efficient lighting retrofits, compressed air leak detection and repair, door upgrades to reduce heat loss, use of ceiling fans to blend air temperatures and prevent heat over-delivery and monitoring of electrical panel efficiency. In addition, a number of our Divisions have undertaken initiatives to reduce water usage, including through use of recycled water in the manufacturing process. These initiatives are supported at the corporate level, including through: training courses designed to promote strategies for reduced energy use; an internal energy savings collaboration site which allows Divisions to view implemented projects, associated costs and savings and implementation recommendations; and our two energy “Champions” (North America and Europe) who identify and promote energy reduction initiatives.

Respecting Employee Rights & Global Working Conditions

We are committed to providing working conditions and standards that result in dignified and respectful treatment of all of our employees globally, as well as those within our supply chain. Our Global Working Conditions, together with our Code of Conduct prohibit use of child, underage, slave or forced labour. Among other things, the Global Working Conditions also articulate our belief that workers have the right to associate freely and join labour unions or workers’ councils in accordance with applicable laws. Our Global Working Conditions are an integral part of our supplier package and a failure by any of our suppliers to comply with its terms can result in the termination by Magna of the supply relationship.

Workplace Diversity & Equal Opportunity

We are a highly diverse company operating in 313 manufacturing facilities and 84 product development, engineering and sales centres in 28 countries, as at December 31, 2014. Our over 131,000 employees conduct business in over 24 languages and reflect a diversity of ethnicities, geographic origin, age, gender and other characteristics. We value diversity and view it as a competitive advantage. Our Employee’s Charter has fostered diversity through the principles of fair treatment and equal opportunity based on an individual’s qualifications and performance, free of discrimination or favouritism and we regularly reinforce these principles through employee meetings, training and communications. Any employee who believes that we are not living up to any of the principles in the Employee’s Charter, including the principal of fair treatment, can seek redress through our Employee Hotline, a confidential and anonymous process through which employee complaints are reported and investigated.

Supply Chain Responsibility

Our Expectations of our Suppliers

Our contractual arrangements with suppliers require, among other things, compliance with our Code of Conduct, including compliance with laws, respect for employee rights and environmental responsibility. Our Global Working Conditions (discussed above) are communicated to our suppliers and a failure by any of our suppliers to comply with its terms can result in the termination by Magna of the supply relationship. We also support and are actively participating in automotive industry efforts to develop common industry standards relating to business ethics, environmental standards, working conditions and employee rights. We will continue to engage with our suppliers to raise awareness of the importance of social responsibility in our supply chain.

Supplier Diversity

We value supplier diversity and support it through our purchasing activities. To further support our supplier diversity efforts, we participate as a corporate member of a number of industry-recognized supplier diversity organizations.

Conflict Minerals

We support efforts to rid automotive parts and assemblies of conflict minerals such as gold, tantalite, tungsten and tin which are sourced from mines under the control of armed groups in the Democratic Republic of Congo and certain neighbouring countries. Our commitment to conflict minerals reporting and our expectations of our sub-suppliers to support our reporting efforts is set out in our policy statement on conflict minerals, which is available on our website www.magna.com. Consistent with the approach taken by our customers, suppliers and other fellow members of the Automotive Industry Action Group, we are engaged in an annual process of determining whether any products which we make or buy contain such “conflict minerals”. Our initial conflict minerals report, which was filed with the SEC in May 2014, is available on our website www.magna.com and on the SEC’s EDGAR website (www.sec.gov). We continue to work with our suppliers to increase awareness, and accuracy, of “conflict minerals” reporting requirements and will be filing our second conflict minerals report in May 2015.



Ethics & Legal Compliance

We strive to be an ethical and responsible corporate citizen and are committed to conducting business in a legal and ethical manner globally. Our Chief Executive Officer, and our Executive and Group Management, have communicated and consistently reinforced our clear and unequivocal compliance expectations through all levels of our organization. Our Code of Conduct, which applies equally to all of our Directors, officers and employees, articulates our compliance-oriented values and our expectations generally. It also establishes our standards of conduct in a number of specific areas, including:

- employment practices and employee rights;
- respect for human rights;
- compliance with law, generally;
- conducting business with integrity, fairness and respect;
- fair dealing, including prohibition on giving or receiving bribes;
- accurate financial reporting;
- standards of conduct for senior financial officers;
- prohibition on insider trading and derivative monetization transactions;
- timely public disclosure of material information;
- compliance with antitrust and competition laws;
- environmental responsibility;
- occupational health and safety;
- management of conflicts of interest;
- protection of employees' confidential information; and
- compliance with our corporate policies.

The Code of Conduct, which is disclosed on the corporate governance section of our website (www.magna.com) and posted on our employee intranet in 24 different languages, is administered by the Audit Committee of our Board. The Audit Committee reviews the Code of Conduct at least annually and recommends to our Board of Directors any revisions that may be advisable from time to time. We have also supplemented and reinforced the requirements of the Code of Conduct through the adoption of policies covering: bribery and improper payments; tooling practices; gifts and entertainment; anti-retaliation; careful communication; and anti-trust and competition laws.

In order to help our employees understand the values, standards and principles underlying the Code of Conduct, we have implemented a comprehensive compliance program which includes a mix of live training sessions and web-based training modules. Web-based training was rolled-out in 2012. We have also developed specialized compliance training modules which target specific functional audiences. These specialized programs are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplifies our compliance expectations and resonates more powerfully with participants.

The Enterprise Risk Oversight Committee oversees our ethics and legal compliance program. The global implementation of the program is supervised by the Magna Compliance Council, a body that includes key corporate officers representing our finance, legal, human resources, operations, internal audit, marketing and ethics & compliance function. The Compliance Council is tasked with, among other things, providing overall direction for our compliance program, approving key initiatives and ensuring that the required elements of our compliance program are being carried out globally by our cross-functional product group Compliance Committees. These product group Compliance Committees are supported by cross-functional regional Compliance Committees.

We also maintain a confidential and anonymous whistle-blower procedure known as the Good Business Line (“GBL”) for employees and other stakeholders such as customers and suppliers. Stakeholders may make submissions to the GBL 24 hours per day, seven days a week, in over 20 languages, by phone, mail or online (www.magnagbl.com). Submissions are received and tracked by an independent third-party service provider. Reports to the GBL are reviewed by our Internal Audit and Corporate Legal departments and, when appropriate, an investigation is conducted. The Vice-President, Internal Audit together with our Corporate Legal department supervises all GBL-related investigations. The Audit Committee receives quarterly presentations regarding GBL activity and details of submissions are discussed by the head of Internal Audit with the Audit Committee in an *in camera* session, without members of Management present.

Intellectual Property

We own and use numerous patents and patent applications in connection with our operations. We are also licensed to use patents or technology owned by others. From time to time, claims of patent infringement are made by or against us. None of the claims against us has had, and we believe that none of the current claims will have, a material adverse effect upon us. While in the aggregate our patents and licenses are considered important in the operation of our business, we do not consider them of such importance that the expiry of any one patent or license would materially affect our business.



Risk Factors

The industry in which we compete and the business we conduct are subject to a number of risks and uncertainties. These risks and uncertainties, together with a number of assumptions underlie the forward-looking statements made in this Annual Information Form. In order to fully understand these risks, uncertainties and assumptions, you should carefully consider the following risk factors in addition to other information included in this Annual Information Form.

A worsening of economic and political conditions may result in lower consumer confidence. Lower consumer confidence could result in a decline in production volumes as a result of lower consumer demand which could have a material adverse effect on our profitability.

The global automotive industry is cyclical. A worsening of economic and political conditions, including through rising interest rates or inflation, rising unemployment, increasing energy prices, declining real estate values, increased volatility in global capital markets, international conflicts, sovereign debt concerns, an increase in protectionist measures and/or other factors, may result in lower consumer confidence. Consumer confidence has a significant impact on consumer demand for vehicles, which in turn impacts vehicle production. A significant decline in vehicle production volumes from current levels could have a material adverse effect on our profitability.

Significant long-term fluctuations in relative currency values could have an adverse effect on our profitability and financial condition, and could adversely impact our competitiveness in certain regions.

Although our financial results are reported in U.S. dollars, a significant portion of our sales and operating costs are realized in Canadian dollars, euros, British pounds and other currencies. Our profitability is affected by movements of the U.S. dollar against the Canadian dollar, the euro, the British pound and other currencies in which we generate revenues and incur expenses. Significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of the U.S. dollar, Canadian dollar, euro or British pound, could have an adverse effect on our profitability and financial condition and any sustained change in such relative currency values could adversely impact our competitiveness in certain geographic regions.

Our profitability could be materially adversely affected by fines or penalties imposed by antitrust and competition regulatory authorities, including the German and Brazilian antitrust authorities.

The automotive industry has in recent years been the subject of increased government enforcement of antitrust and competition laws, particularly by the United States Department of Justice and the European Commission. Currently, investigations are being conducted in several product areas, and these regulators or those in other jurisdictions could choose to initiate investigations in these or other product areas.

In September 2013, representatives of the Bundeskartellamt, the German Federal Cartel Office, attended at one of the Company's operating Divisions in Germany to obtain information in connection with an ongoing antitrust investigation relating to suppliers of automotive textile coverings and components, particularly trunk linings.

In September 2014, the Conselho Administrativo de Defesa Economica, Brazil's Federal competition authority, attended at one of the Company's operating Divisions in Brazil to obtain information in connection with an ongoing antitrust investigation relating to suppliers of automotive door latches and related products.

Proceedings of this nature can often continue for several years. Where wrongful conduct is found, the relevant antitrust authority can, depending on the jurisdiction, initiate administrative or criminal legal proceedings and impose administrative or criminal fines or penalties taking into account several mitigating and aggravating factors.

In the case of the German Federal Cartel Office, absent aggravating factors, the maximum fine under the guidelines is typically 10% of the affected sales for the infringement period multiplied by a factor based on the consolidated sales of the group of companies to which the offending entity belongs. If applied to a company with Magna's level of consolidated sales, this factor is approximately five, which could result in a maximum fine of approximately 50% of the affected sales for the relevant period. Additional information regarding these guidelines is publicly available on the German Federal Cartel Office's website. At this time, management is unable to predict the duration or outcome of the German and Brazilian investigations, including whether any operating Divisions of the Company will be found liable for any violation of law or the extent or magnitude of any liability, if found to be liable.

The Company's policy is to comply with all applicable laws, including antitrust and competition laws. The Company has initiated a global review focused on antitrust risk led by a team of external counsel. If any antitrust violation is found as a result of the above-referenced investigations or otherwise, Magna could be subject to fines, penalties and civil, administrative or criminal legal proceedings that could have a material adverse effect on Magna's profitability in the year in which any such fine or penalty is imposed or the outcome of any such proceeding is determined. Additionally, Magna could be subject to other consequences, including reputational damage, which could have a material adverse effect on the Company.

Our short-term profitability could be materially adversely affected by costs associated with selling some of our product lines, downsizing, closing or selling some of our operations or other significant, non-recurring costs.

We may sell some product lines and/or downsize, close or sell some of our operating Divisions. By taking such actions, we may incur restructuring, downsizing and/or other significant non-recurring costs. These costs may be higher in some countries than others and could have a material adverse effect on our profitability.

Our inability to turn around financially underperforming operations could have a material adverse effect on our profitability and operations.

Although we are working to turn around financially underperforming operating Divisions, there is no guarantee that we will be successful in doing so in the short to medium term or that the expected improvements will be fully realized or realized at all. The continued underperformance of one or more operating Divisions could have a material adverse effect on our profitability and operations.

Our inability to offset price concessions or additional costs from our customers could have a material adverse effect on our profitability.

We face ongoing pricing pressure from automobile manufacturers, including through: long-term supply agreements with mutually agreed price reductions over the life of the agreement; incremental annual price concession demands; and pressure to absorb costs related to product design, engineering and tooling and other items previously paid for directly by automobile manufacturers; pressure to assume or offset commodities cost increases; and refusal to fully offset inflationary price increases. Automobile manufacturers possess significant leverage over their suppliers as a result of their purchasing power and the highly competitive nature of the automotive supply industry. As a result of the broad portfolio of parts we supply to our six major customers, such customers may be able to exert greater leverage over us as compared to our competitors. We attempt to offset price concessions and costs in a number of ways, including through negotiations with our customers, improved operating efficiencies and cost reduction efforts. Our inability to fully offset price concessions or costs previously paid for by automobile manufacturers could have a material adverse effect on our profitability.

Our profitability may be adversely affected by program launch difficulties.

The launch of new business is a complex process, the success of which depends on a wide range of factors, including the production readiness of our and our suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Our failure to successfully launch material new or takeover business could have an adverse effect on our profitability.

Our failure to successfully identify, complete and integrate acquisitions could have a material adverse effect on our profitability.

We intend to continue to pursue acquisitions in those product areas which we have identified as key to our business strategy. However, we may not be able to identify suitable acquisition targets or successfully acquire any suitable targets which we identify. Additionally, we may not be able to successfully integrate or achieve anticipated synergies from those acquisitions which we do complete and/or such acquisitions may be dilutive in the short to medium term, which could have a material adverse effect on our profitability.

The completion of acquisitions may increase our risk profile which could have a material adverse effect on our profitability.

The successful completion of one or more significant acquisitions could increase our risk profile, including through the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labour relations, litigation, environmental, pensions, warranty, recall, IT, tax or other risks. Although we seek to conduct appropriate levels of due diligence on our acquisition targets, these efforts may not always prove to be sufficient in identifying

all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target company facilities and/or personnel; or other limitations on the due diligence process. Additionally, we may identify risks and liabilities through our acquisition due diligence efforts that we are not able to sufficiently mitigate through appropriate contractual protections. The realization of any such risks could have a material adverse effect on our profitability.

Shifts in market share away from our top customers could have a material adverse effect on our profitability.

Although we supply parts to all of the leading automobile manufacturers, a significant majority of our sales are to six customers: General Motors, Fiat/Chrysler, Ford, BMW, Daimler and Volkswagen. While we have diversified our customer base somewhat in recent years and continue to attempt to further diversify, there is no assurance we will be successful. Shifts in market share away from our top customers could have a material adverse effect on our profitability.

Shifts in market shares among vehicles or vehicle segments or shifts away from vehicles on which we have significant content could have a material adverse effect on our profitability.

While we supply parts for a wide variety of vehicles produced globally, we do not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which we do supply parts. Shifts in market shares among vehicles or vehicle segments, particularly shifts away from vehicles on which we have significant content and shifts away from vehicle segments in which our sales may be more heavily concentrated, could have a material adverse effect on our profitability.

We may not be able to grow our business with Asian-based automotive customers, or grow our business enough with such customers to offset potentially slower growth with our largest customers, which could materially adversely affect our profitability.

In light of the amount of business we currently have with our largest customers in North America and Europe, our opportunities for incremental growth with these customers may be limited. The amount of business we have with Asian-based customers, including Toyota, Nissan, Hyundai/Kia and Honda, generally lags that of our largest customers, due in part to the existing relationships between such Asian-based automobile manufacturers and their preferred suppliers. There is no certainty that we can achieve growth with Asian-based automobile manufacturers, nor that any such growth will offset slower growth we may experience with our largest customers in North America and Europe. As a result, our inability to grow our business with Asian-based automobile manufacturers could have a material adverse effect on our profitability.

We are exposed to a number of risks related to conducting business in foreign countries. The occurrence of any such risks could have an adverse effect on our operations, financial condition and profitability.

While we continue to expand our manufacturing footprint with a view to taking advantage of opportunities in markets such as China, India, Eastern Europe, Thailand, Brazil, and other non-traditional markets for us, we cannot guarantee that we will be able to fully realize such opportunities. Additionally, the establishment of manufacturing operations in new markets carries its own risks, including those relating to:

- political, civil and economic instability and uncertainty;
- corruption risks;
- high inflation and our ability to recover inflation-related cost increases;
- trade, customs and tax risks;
- expropriation risks;
- currency exchange rates;
- currency controls;
- limitations on the repatriation of funds;
- insufficient infrastructure;

- competition to attract and retain qualified employees; and
- other risks associated with conducting business internationally.

Expansion of our business in non-traditional markets is an important element of our strategy and, as a result, our exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable, however, the occurrence of any such risks could have an adverse effect on our operations, financial condition and profitability.

Prolonged supply disruptions could have a material adverse effect on our profitability.

A disruption in the supply of components to us from our suppliers could cause the temporary shut-down of our or our customers' production lines. Any prolonged supply disruption, including due to the inability to re-source or in-source production, could have a material adverse effect on our profitability.

Work stoppages and other labour relations disputes could have a material adverse effect on our operations and profitability.

Some of our manufacturing facilities are unionized, as are many manufacturing facilities of our customers and suppliers. Unionized facilities are subject to the risk of labour disruptions from time to time, including as a result of restructuring actions taken by us, our customers and other suppliers. We cannot predict whether or when any labour disruption may arise, or how long such a disruption could last. A significant labour disruption could lead to a lengthy shutdown of our or our customers' and/or our suppliers' production lines, which could have a material adverse effect on our operations and profitability.

Scheduled production shutdowns of our customers' production facilities could cause our sales and profitability to fluctuate within a fiscal year.

Our business is generally not seasonal. However, our sales and profits are closely related to our automotive customers' vehicle production schedules. Our largest North American customers typically halt production for approximately two weeks in July and one week in December. In addition, many of our customers in Europe typically shut down vehicle production during portions of August and one week in December. These scheduled shutdowns of our customers' production facilities could cause our sales and profitability to fluctuate when comparing fiscal quarters in any given year.

We may not be able to compete as successfully as some of our competitors in certain product or geographic areas, which could have an adverse effect on our operations and profitability.

The automotive supply industry is highly competitive. As a result of our diversified automotive business, some competitors in each of our product capabilities have greater market share than we do, or increasing market share in product areas which are experiencing higher growth rates. Although the trend towards consolidation of automotive suppliers continues is expected to reduce the number of competitors we face, it could also result in us facing competitors that are stronger and have access to greater financial and other resources as a result of such consolidation. Failure to successfully compete with existing or new competitors could have an adverse effect on our operations and profitability.

A reduction in outsourcing by our customers, or the loss of any material production or assembly programs, combined with a failure to secure sufficient alternative programs, could have a material adverse effect on our profitability.

We depend on the outsourcing of components, modules and assemblies, as well as complete vehicles, by automobile manufacturers. The extent of automobile manufacturer outsourcing is influenced by a number of factors, including: relative cost, quality and timeliness of production by suppliers as compared to automobile manufacturers; capacity utilization; automobile manufacturers' perceptions regarding the strategic importance of certain components/modules to them; labour relations among automobile manufacturers, their employees and unions; and other considerations. A reduction in outsourcing by automobile manufacturers, or the loss of any material production or assembly programs combined with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on our profitability.

Termination or non-renewal of a production purchase order by a customer could have an adverse effect on our profitability.

Contracts from our customers consist of blanket purchase orders which generally provide for the supply of components for a customer's annual requirements for a particular vehicle, instead of a specific quantity of products. These blanket purchase orders can be terminated by a customer at any time and, if terminated, could result in our incurring various pre-production, engineering and other costs which we may not recover from our customer and which could have an adverse effect on our profitability.

Our profitability and financial condition could be materially adversely affected if we are unsuccessful in consistently developing innovative products and processes.

We continue to invest in technology and innovation which we believe will be critical to our long-term growth. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. If we are unsuccessful or are less successful than our competitors in consistently developing innovative products and/or processes, we may be placed at a competitive disadvantage, which could have a material adverse effect on our profitability and financial condition.

We recorded significant impairment charges in recent years and could record additional impairment charges in the future which could have a material adverse effect on our profitability.

We recorded significant impairment charges related to goodwill and long-lived assets in recent years and may continue to do so in the future. The early termination, loss, renegotiation of the terms of, or delay in the implementation of, any significant production contract could be indicators of impairment. In addition, to the extent that forward-looking assumptions regarding: the impact of turnaround plans on underperforming operations; new business opportunities; program price and cost assumptions on current and future business; the timing and success of new program launches; and forecast production volumes; are not met, any resulting impairment loss could have a material adverse effect on our profitability.

Our inability to offset commodities price increases could have a material adverse effect on our profitability.

Prices for certain key raw materials and commodities used in our parts, including steel and resin, continue to be volatile. To the extent we are unable to offset commodity price increases:

- by passing such increases to our customers;
- by engineering products with reduced commodity content;
- through hedging strategies;
- or otherwise,

such additional commodity costs could have an adverse effect on our profitability.

Warranty and recall costs could have a material adverse effect on our profitability and financial condition.

Our customers continue to demand that we bear the cost of the repair and replacement of defective products which are either covered under their warranty or are the subject of a recall by them. Warranty provisions are established based on our best estimate of the amounts necessary to settle existing or probable claims on product defect issues. Recall costs are costs incurred when government regulators and/or our customers decide to recall a product due to a known or suspected performance issue and we are required to participate either voluntarily or involuntarily. Currently, under most customer agreements, we only account for existing or probable warranty claims. Under certain complete vehicle engineering and assembly contracts, we record an estimate of future warranty-related costs based on the terms of the specific customer agreements and the specific customer's warranty experience. While we possess considerable historical warranty and recall data and experience with respect to the products we currently produce, we have little or no warranty and recall data which allows us to establish accurate estimates of, or provisions for, future warranty or recall costs relating to new products, assembly programs or technologies being brought into production or acquired by us. The obligation to repair or replace such products could have a material adverse effect on our profitability and financial condition.

Natural disasters or other catastrophic events could disrupt our supply of products to our customers which could have a material adverse effect on our operations and profitability.

Our manufacturing facilities are subject to risks associated with natural disasters or catastrophic events, including fires, floods, hurricanes and earthquakes. The occurrence of any of these disasters or catastrophic events could cause the total or partial destruction of our or a sub-supplier's manufacturing facility, thus preventing us from supplying products to our customers and disrupting production at their facilities for an indeterminate period of time. The inability to promptly resume the supply of products following a natural disaster or catastrophic event at a manufacturing facility could have a material adverse effect on our operations and profitability.

A significant breach of our information technology systems could disrupt our business and damage our reputation with customers which could have a material adverse effect on our company.

The reliability and security of our information technology (IT) systems is important to our business and operations. Although we have established and continue to enhance security controls intended to protect our IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyber-attacks. A significant breach of our IT systems could: cause disruptions in our manufacturing operations; lead to the loss, destruction or inappropriate use of sensitive data; or result in theft of our or our customers' intellectual property or confidential information. If any of the foregoing events occurs, we may be subject to a number of consequences, including reputational damage, which could have a material adverse effect on our Company.

An increase in our pension funding obligations could have a material adverse effect on our profitability and financial condition.

Some of our current and former employees in Canada and the United States participate in defined benefit pension plans. Although these plans have been closed to new participants, existing participants in Canada continue to accrue benefits. Our defined benefit pension plans are not fully funded and our pension funding obligations could increase significantly due to a reduction in the funding status caused by a variety of factors, including: weak performance of capital markets; declining interest rates; failure to achieve sufficient investment returns; investment risks inherent in the investment portfolios of the plans; and other factors. A significant increase in our pension funding obligations could have a material adverse effect on our profitability and financial condition.

Legal claims and/or regulatory actions against us could have a material adverse effect on our financial position.

From time to time, we may become involved in regulatory proceedings, or become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. Depending on the nature or duration of any potential proceedings or claims, we may incur substantial costs and expenses and may be required to devote significant management time and resources to the matters. On an ongoing basis, we attempt to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty. Except as disclosed from time to time in our consolidated financial statements and/or our Management's Discussion & Analysis, we do not believe that any of the proceedings or claims to which we are party will have a material adverse effect on our profitability; however, we cannot provide any assurance to this effect.

Our profitability may be materially adversely affected by our inability to utilize tax losses or because of tax exposures we face.

We have incurred losses in some countries which we may not be able to fully or partially offset against income we have earned in those countries. In some cases, we may not be able to utilize these losses at all if we cannot generate profits in those countries and/or if we have ceased conducting business in those countries altogether. Our inability to utilize tax losses could materially adversely affect our profitability. At any given time, we may face other tax exposures arising out of changes in tax or transfer pricing laws, tax reassessments or otherwise. To the extent we cannot implement measures to offset these exposures, they may have a material adverse effect on our profitability.

Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.

Our effective tax rate varies in each country in which we conduct business. Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.

A downgrade in credit ratings assigned to us could impact our cost of borrowing, which could have an adverse effect on our profitability and financial condition.

The credit ratings currently assigned to us by DBRS, Moody's and Standard & Poor's, or that may in the future be assigned to us by other ratings agencies, are subject to change in accordance with the criteria established by such ratings agencies. There is no assurance that any rating assigned to us will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future. A downgrade in the credit ratings assigned to us by one or more rating agencies could increase our cost of borrowing or impact our ability to renegotiate loans made to us, which could have an adverse effect on our profitability and financial condition.

Significant changes in laws and governmental regulations could have an adverse effect on our profitability.

A significant change in the current regulatory environment in our principal markets could have an adverse effect on our profitability. Additionally, we could be adversely affected by changes in tax or other laws which impose additional costs on automobile manufacturers or consumers, or more stringent fuel economy and emissions requirements on manufacturers, of sport-utility vehicles, light trucks and other vehicles from which we derive some of our sales.

Compliance with environmental laws and regulations could have an adverse effect on our financial condition or profitability.

We are subject to a wide range of environmental laws and regulations relating to air emissions, wastewater discharge, waste management and storage of hazardous substances. We are also subject to environmental laws requiring investigation and clean-up of environmental contamination and are in various stages of investigation and clean-up at our manufacturing facilities where contamination has been alleged. Estimating environmental clean-up liabilities is complex and heavily dependent on the nature and extent of historical information and physical data relating to the contaminated sites, the complexity of the contamination, the uncertainty of which remedy to apply and the outcome of discussions with regulatory authorities relating to the contamination. In addition, these environmental laws and regulations are complex, change frequently and have tended to become more stringent and expensive over time. Therefore, we may not have been, and in the future may not be, in complete compliance with all such laws and regulations and we may incur material costs or liabilities as a result of such laws and regulations significantly in excess of amounts we have reserved. To the extent that we incur liabilities or costs in excess of the amounts we have reserved in order to comply with environmental laws and regulations, such liabilities or costs could have an adverse effect on our financial condition or profitability.

An unanticipated deterioration of economic conditions could result in depletion of our cash resources, which could have a material adverse effect on our operations and financial condition.

We believe we will have sufficient financial resources available to successfully execute our business plan, even in the event of another global recession similar to that of 2008-2009. However, as a result of the reduction of our excess cash in connection with our balance sheet strategy, we may have less financial flexibility than we have had in the last few years. The occurrence of an economic shock not contemplated in our business plan, a rapid deterioration of economic conditions or a more prolonged recession than that experienced in 2008-2009 could result in the depletion of our cash resources, which could have a material adverse effect on our operations and financial condition.

We may not achieve returns on investments which equal or exceed past returns which could materially adversely affect our profitability.

In recent years, we have invested significant amounts of money in our business through capital expenditures to support new facilities, expansion of existing facilities, purchases of production equipment and acquisitions. Returns achieved on such investments in the past are not necessarily indicative of the returns we may achieve on future investments and our inability to achieve returns on future investments which equal or exceed returns on past investments could have a material adverse effect on our level of profitability.

Trading prices of our Common Shares are not predictable and may fluctuate significantly due to a variety of factors, many of which are outside of our control.

Trading prices of our Common Shares cannot be predicted and may fluctuate significantly due to a variety of factors, many of which are outside our control, including: general economic and stock market conditions; variations in our operating results and financial condition; differences between our actual operating and financial results and

those expected by investors and stock analysts; changes in recommendations made by stock analysts, whether due to factors relating to us, our customers, the automotive industry or otherwise; significant news or events relating to our primary customers, including the release of vehicle production and sales data; investor and stock analyst perceptions about the prospects for our or our primary customers' respective businesses or the automotive industry; and other factors.



4. Dividends

Dividends Paid

The following table sets forth the cash dividends we have paid or payable on our Common Shares for the last three years:

Period	Payment Date	Record Date	Amount per Common Share
Calendar 2015 (to date)	March 27	March 13	\$ 0.440 ¹
Calendar 2014	December 12	November 28	\$ 0.380
	September 12	August 29	\$ 0.380
	June 13	May 30	\$ 0.380
	March 28	March 14	\$ 0.380
Calendar 2013	December 13	November 29	\$ 0.320
	September 16	August 30	\$ 0.320
	June 17	May 31	\$ 0.320
	March 27	March 13	\$ 0.320
Calendar 2012	December 14	November 30	\$ 0.275
	September 14	August 31	\$ 0.275
	June 15	May 31	\$ 0.275
	March 23	March 12	\$ 0.275

Note:

(1) \$0.220 per Common Share after giving effect to the Stock Split.

The payment of dividends and the amount thereof is determined by our Board in accordance with our Corporate Constitution (see “Section 8. Corporate Constitution – Dividends”), taking into account earnings, cash flow, capital requirements, our financial condition and other relevant factors.

Dividend Reinvestment Plan (DRIP)

Since 1994, we have maintained a dividend reinvestment plan in which registered shareholders have the option to purchase additional Common Shares by investing the cash dividends paid on their shares.

5. Description of our Capital Structure

Authorized Share Capital

Our authorized share capital consists of an unlimited number of Common Shares and 99,760,000 Preference Shares, issuable in series, all with no par value. As of March 24, 2015, a total of 205,258,333 Common Shares were issued and outstanding. No Preference Shares have been issued or are outstanding.

The following is a brief description of the significant attributes of our authorized share capital and is qualified in its entirety by reference to the detailed provisions in our charter documents. See “Section 8. – Corporate Constitution” for additional terms and conditions relating to our authorized share capital. The attributes of our Common Shares and our Preference Shares are set out in our charter documents, which include our Corporate Constitution.

Common Shares

The holders of our Common Shares are entitled:

- to one vote for each Common Share held at all meetings of our shareholders, other than meetings of the holders of another class or series of shares;
- to receive any dividends that may be declared by our Board, subject to the preferential rights attaching to any shares ranking in priority to our Common Shares; and
- to receive, after the payment of our liabilities and subject to the rights of the holders of any shares ranking in priority to our Common Shares, all our property and assets available for distribution in the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of assets among our shareholders for the purpose of winding-up our affairs.

Preference Shares

Our Board may, without the approval of any of our shareholders, fix the number of shares in, and determine the attributes of, an individual series of Preference Shares and issue shares of such series from time to time. The shares of each such series will be entitled to a preference over our Common Shares, but will rank equally with the Preference Shares of every other series with respect to the payment of dividends and in the distribution of all our property and assets available for distribution in the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of assets among our shareholders for the purpose of winding-up our affairs. No Preference Shares have been issued or are outstanding and we do not currently anticipate issuing any such shares. In the event we do issue Preference Shares in the future, we would expect to issue them solely for legitimate financing purposes and not to block a change of control transaction.

Amendments to Share Provisions and Other Matters

The provisions attaching to our Preference Shares, to a series of our Preference Shares, and to our Common Shares may not be deleted or varied without the approval of the holders of the class or series concerned. In addition, no shares of a class ranking prior to or on a parity with our Preference Shares, or our Common Shares may be created without the approval of the holders of the class or each series of the class concerned. Any approval required to be given must be given by two-thirds of the votes cast by those present or voting at a meeting of the holders of the class or series concerned duly called for that purpose in addition to any other consent or approval required by law.

Ratings

As of the date of this Annual Information Form, we have been assigned the ratings in the table below. In addition, in June 2014 Moody's Investor Services ("Moody's") confirmed its Baa1 rating, and Standard & Poor's ("S&P") confirmed its A- rating in respect of the issuance of our Senior Notes.

Credit Rating Agency	Issuer Rating	Senior Debt Rating	Short-Term Debt Rating	Outlook / Trend
Dominion Bond Rating Service ("DBRS") ¹	A (low)	A (low)	R-1 (low)	Stable
Moody's ²	Baa1	n/r	n/r	Stable
Standard & Poor's ³	A-	n/r	n/r	Stable

Notes:

- (1) DBRS's issuer and senior debt ratings are based on its long-term rating scale that ranges from "AAA" to "D" which represents the range from an issuer with the highest credit quality to one that has filed under bankruptcy, insolvency or winding up legislation or failed to satisfy an obligation after exhausting grace periods. A rating in the "A" rating category is in the third highest category of the relevant scale of eight major categories and is considered by DBRS to be of good credit quality, with substantial capacity for payment of financial obligations. "High" and "low" grades are used to indicate the relative standing of credit within a particular rating category. The absence of one of these designations indicates a rating which is in the middle of the category, excluding the AAA and D categories for which the "high", "middle" or "low" designations are not used. The DBRS rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories - "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. A "Positive" or "Negative" does not necessarily indicate a ratings change is imminent, but rather the trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a "Stable" trend was assigned.

DBRS's short-term debt rating is based on its commercial paper and short-term debt rating scale that ranges from "R-1 (high)" to "D" which represents the range from an issuer with the highest credit quality to one that has filed under bankruptcy, insolvency or winding up legislation or failed to satisfy an obligation after exhausting grace periods. A rating in the "R-1 (low)" category represents the third highest category of the relevant scale of ten major categories and is considered by DBRS to be of good credit quality, with substantial capacity for payment of financial obligations.

- (2) Moody's senior unsecured issuer rating is an opinion as to our future relative creditworthiness. The credit rating is based on a rating scale that, for global automotive suppliers, ranges from "Aaa" to "C", which represents the range from those obligations with minimal credit risk to those obligations that are in default with little prospect of recovery. Issuer's in the "Baa" rating category are in the fourth highest category of the relevant scale of nine major categories and are considered by Moody's to be subject to moderate credit risk. The determination of the overall rating assigned to a global automotive supplier is based on an assessment of an issuer's performance in four broad weighted categories which are further broken down into 13 weighted sub-factors each of which maps to a specific letter rating in the range above. The indicated rating category for each sub-factor (i.e., Aaa, Aa, etc.) is then converted into a numeric value, which is then multiplied by the weight for that sub-factor with the results then totaled to produce a composite weighted-factor score, that is itself then mapped back to an alphanumeric rating based on the ratings range from Aaa to C. Moody's appends the numerical modifiers 1, 2, or 3 to each generic rating classification from Aa through Caa. The modifiers 1, 2 and 3 indicate that the obligation ranks in the higher end, mid-range or lower end of its generic rating category, respectively. The Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term, and fall into one of four categories: Positive, Negative, Stable or Developing.
- (3) S&P's issuer credit rating is a current opinion of our overall financial capacity (i.e. credit worthiness) to pay our financial obligations in full and on time. This credit rating is based on a rating scale that ranges from "AAA" to "D", which represents the range from extremely strong capacity to meet financial obligations to a failure to pay one or more financial obligations when it came due. An issuer with a long-term issuer rating in the "A" rating category is in the third highest category of the relevant scale of ten major categories and is considered by Standard & Poor's to have a strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than issuers in higher-rated categories. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The lack of one of these designations indicates a rating that is in the middle of the category. The S&P rating outlook assesses the potential direction of a credit rating over the intermediate term (typically six months to two years), but is not necessarily a precursor to a rating change. A "Stable" outlook rating means the rating is not likely to change.

Credit ratings are intended to provide investors with an independent measure of the credit quality of debt and securities. The credit ratings assigned to us or our senior debt by the rating agencies are not recommendations to purchase, hold or sell our debt or securities, since such ratings do not address market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future, if in its judgement, circumstances warrant. We have made customary payments to each of DBRS, Moody's and S&P in respect of the ratings assigned to us during the last two years and expect to continue to do so. In addition, we made payments to Moody's and S&P in connection with the confirmation of our ratings in respect of our Senior Notes issued in June 2014.

6. Market for Securities

Our Common Shares are listed and posted for trading on the TSX under the trading symbol “MG”, and on the New York Stock Exchange under the trading symbol “MGA”.

The high and low sale prices and volume of shares traded for our Common Shares, as reported by the TSX and NYSE, respectively, for the months during the year ended December 31, 2014 were as follows:

Month	TSX High (C\$)	TSX Low (C\$)	TSX Volume	NYSE High (\$)	NYSE Low (\$)	NYSE Volume
January	127.96	117.21	12,265,605	85.14	83.58	13,608,528
February	124.41	109.80	9,833,897	86.52	85.33	12,265,005
March	112.22	92.89	16,620,853	96.41	94.57	14,115,899
April	124.38	105.70	11,852,684	99.23	97.10	13,915,680
May	125.39	114.36	9,868,806	100.53	98.77	10,934,888
June	120.56	115.01	7,252,766	107.80	106.46	8,529,933
July	118.24	111.15	9,403,120	110.64	109.27	8,413,250
August	112.35	101.72	6,537,661	112.19	110.56	10,006,656
September	112.20	104.12	9,975,860	108.77	106.89	12,158,530
October	108.96	99.28	11,923,006	94.24	100.49	21,545,078
November	99.30	90.71	9,429,611	104.68	102.95	10,408,207
December	98.56	85.08	11,891,345	108.30	106.24	11,380,064



7. Directors & Executive Officers

Directors

Our Board of Directors currently consists of the following members:

Name & Municipality of Residence	Director Since	Principal Occupation
Scott B. Bonham California, U.S.A.	May 10, 2012	Co-Founder, GGV Capital
Peter G. Bowie Ontario, Canada	May 10, 2012	Corporate Director
Hon. J. Trevor Eyton Ontario, Canada	May 6, 2010	Corporate Director
V. Peter Harder¹ Ontario, Canada	May 10, 2012	Senior Policy Advisor, Dentons LLP
Lady Barbara Judge London, England	September 20, 2007	Corporate Director
Dr. Kurt J. Lauk² Baden-Württemberg, Germany	May 4, 2011	Co-Founder & President, Globe CP GmbH
Cynthia A. Niekamp³ Michigan, U.S.A.	May 8, 2014	Senior Vice-President, Automotive Coatings, PPG Industries, Inc.
Dr. Indira V. Samarasekera Alberta, Canada	May 8, 2014	President & Vice-Chancellor of the University of Alberta
Donald J. Walker Ontario, Canada	November 7, 2005	Chief Executive Officer of Magna
Lawrence D. Worrall Ontario, Canada	November 7, 2005	Corporate Director
William L. Young^{4,5} Massachusetts, U.S.A.	May 4, 2011	Co-Founder and Partner, Monitor Clipper Partners

Notes:

- (1) Mr. Harder was a director of Arise Technologies Corporation (“Arise”) until June 24, 2011. Arise was deemed to have made an assignment into bankruptcy on April 11, 2012.
- (2) Dr. Lauk was a director of Papierfabrik Scheffelen GmbH, a private company, when it filed for bankruptcy protection under German law on July 17, 2008.
- (3) Ms. Niekamp served a director of Delphi Corporation from October 2003 until July 2005. On October 8, 2005, Delphi filed a voluntary petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. On October 11, 2005, the NYSE suspended trading in Delphi’s securities, which were subsequently delisted on November 11, 2005.
- (4) Chairman of the Board.
- (5) Mr. Young was a director of American Fiber & Yarns and Recycled Paper Greetings, both of which were private companies, when they filed voluntary petitions for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on September 23, 2008 and January 2, 2009, respectively.

All of our directors were elected to their present terms of office by our shareholders at our Annual Meeting of Shareholders held on May 8, 2014. The term of office for each director expires at the conclusion of the next annual meeting of our shareholders. No executive committee of the Board has been constituted.

All of the directors have held the principal occupations identified above (or another position with the same employer) for not less than five years, except Lady Judge who served as Chairman of the Board of the UK Atomic Energy Authority from 2004 until 2010.

All of our directors, with the exception of Mr. Walker, our CEO, have all been determined by our Board to be “independent directors” within the meaning of such term under applicable law.

Our Board currently has three standing Committees, each of which is comprised of the following independent directors as of March 24, 2015:

Name	Audit Committee	Corporate Governance, Compensation & Nominating Committee	Enterprise Risk Oversight Committee
Scott B. Bonham	<input type="checkbox"/>		<input type="checkbox"/>
Peter G. Bowie	<input type="checkbox"/>		
Hon. J. Trevor Eyton		<input type="checkbox"/>	
V. Peter Harder		<input type="checkbox"/>	<input type="checkbox"/>
Lady Barbara Judge			Chair
Dr. Kurt J. Lauk	<input type="checkbox"/>		
Cynthia A. Niekamp			<input type="checkbox"/>
Dr. Indira V. Samarasekera		<input type="checkbox"/>	
Lawrence D. Worrall	Chair		<input type="checkbox"/>
William L. Young		Chair	

Additional information in respect of each person nominated for election at the Meeting, as well as the basis for the Board’s independence determination, can be found in our Circular.



Executive Officers

Our executive officers currently consist of the following persons:

Name & Municipality of Residence	Principal Occupation
Donald J. Walker Ontario, Canada	Chief Executive Officer (since November 2010; previously Co-CEO since April 2005)
Vincent J. Galiffi Ontario, Canada	Executive Vice-President (since September 1996) and Chief Financial Officer (since December 1997)
Jeffrey O. Palmer Ontario, Canada	Executive Vice-President (since January 2001) and Chief Legal Officer (since January 2008)
Guenther Apfalter Upper Austria, Austria	President, Magna Europe (since February 2011) and President, Magna Steyr (since January 2008)
Seetarama Kotagiri Michigan, U.S.A.	Executive Vice-President and Chief Technology Officer (since January 2014)
Marc J. Neeb Ontario, Canada	Executive Vice-President and Chief Human Resources Officer (since January 2014)
Tommy J. Skudutis Ontario, Canada	Chief Operating Officer, Exteriors, Interiors (since May 2007) Seating, Mirrors, Closures (since May 2010) and Cosma (since February 2013)
James J. Tobin, Sr. Michigan, U.S.A.	Chief Marketing Officer (since May 2010) and President, Magna Asia (since February 2012)

To the extent that our executive officers have not held the offices identified above for the last five years, they have held the following offices or positions with us and/or have had the following principal occupations, during the last five years:

- Prior to January 2014, Mr. Kotagiri was Executive Vice President, Corporate Engineering and R&D (since January 2013) and Executive Vice President of Global Engineering and R&D of Cosma International (since June 2008).
- Prior to January 2014, Mr. Neeb was Executive Vice-President, Global Human Resources (since January 2003).
- Prior to January 2013, Mr. Skudutis was also President, Cosma International (from January to December 2012).
- Prior to February 2012, Mr. Tobin was President, Magna Japan and Korea since May 2010. He previously served as Executive Vice-President, Business Development (from December 2007 to May 2010), prior to which he served as Executive Vice-President, Business Development and Sales of Cosma International since January 2006.

Beneficial Ownership of Securities

All our directors and executive officers as a group (18 persons) owned beneficially or exercised control or direction over 1,169,977 Common Shares representing approximately 0.6% of the class, as at March 24, 2015.

8. Corporate Constitution

Our Corporate Constitution forms part of our charter documents. The Corporate Constitution defines the rights of our employees and investors to participate in our profits and growth and imposes discipline on our management. The description which follows does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the detailed provisions of the Corporate Constitution as contained in our charter documents.

Board of Directors

Our Corporate Constitution requires that a majority of the members of our Board be individuals who are not also our officers, employees or persons related to our officers or employees.

Employee Equity Participation and Profit Sharing Programs

Our Corporate Constitution requires that 10% of our qualifying Employee Pre-Tax Profits Before Profit Sharing (as defined in the Corporate Constitution) for each fiscal year be allocated in that fiscal year or the immediately following fiscal year to:

- the employee equity participation and profit sharing programs and any other profit sharing programs we have established for our employees; and
- our defined benefit pension plan (for participating employees).

Members of Divisional, Regional and Executive Management who are direct profit participators in Magna's profits or those of any subsidiary, do not participate in these employee equity participation and profit sharing programs.

Dividends

Our Corporate Constitution provides that unless otherwise approved by ordinary resolution of the holders of our Common Shares, the holders of our Common Shares will be entitled to receive and we will pay, if, as and when declared by our Board out of funds properly applicable to the payment of dividends, non-cumulative dividends in respect of each fiscal year so that the aggregate of the dividends paid or payable in respect of such year is:

- equal to at least 10% of our After-Tax Profits (as defined in the Corporate Constitution) after providing for dividends on preference shares, if any, for such year; and
- on average over a three-year period, equal to at least 20% of our After-Tax Profits (as defined in the Corporate Constitution) after providing for dividends on preference shares, if any.

Changes in Share Capital

Except as otherwise approved by ordinary resolution of the holders of our Common Shares, our Corporate Constitution prohibits:

- an increase in the maximum number of authorized shares of any class of our capital stock (other than our Common Shares which may be issued in an unlimited amount); and
- the creation of any new class or series of capital stock having voting rights (other than on default in the payment of dividends) or having rights to participate in our profits (other than securities convertible into existing classes of shares or a class or series of shares having fixed dividends or dividends determined without regard to profits).

Unrelated Investments

Unless approved by ordinary resolution of the holders of our Common Shares, our Corporate Constitution prohibits us from making an investment (whether direct or indirect, by means of loans, guarantee, or otherwise) in any "unrelated business" where such an investment, together with the aggregate of all other investments in unrelated

businesses on the date in question, exceeds 20% of our “available equity” at the end of the financial quarter immediately preceding the date of investment. For purposes of our Corporate Constitution, the term “unrelated business” means any business that does not:

- relate to the design, manufacture, distribution or sale of motor vehicles or motor vehicle parts, components, assemblies or accessories;
- utilize technology, manufacturing processes, equipment or skilled personnel in a manner similar to that utilized or under development by us; or
- involve the provision of products or services to our suppliers and customers, or the provision of products or services similar to those provided by our suppliers and customers from time to time.

A business will be deemed to cease to be an unrelated business for purposes of our Corporate Constitution if the net profits after tax of such business exceed on average 5% of our aggregate investment in such business for two out of any three consecutive years after the date of such investment. For purposes of our Corporate Constitution, the term “available equity” is defined to mean our total shareholders’ equity, less the stated capital of any non-participating preference shares.

Research and Development

Our Corporate Constitution requires a minimum of 7% of our Pre-Tax Profits (as defined in the Corporate Constitution) for any fiscal year to be allocated to research and development during that fiscal year or the immediately following fiscal year.

Social Objectives

Pursuant to our Corporate Constitution, a maximum of 2% of our Pre-Tax Profits (as defined in the Corporate Constitution) for any fiscal year may be allocated to the promotion of “social objectives” during the fiscal year or the immediately following fiscal year. For purposes of our Corporate Constitution, the term “social objectives” means objectives which, in the sole opinion of our Executive Management, are of a political, patriotic, philanthropic, charitable, educational, scientific, artistic, social or other useful nature to the communities in which we operate.

Profit-Sharing Bonuses; Management Base Salaries

Our Corporate Constitution provides that aggregate profit-sharing bonuses paid or payable to “Corporate Management” in respect of any fiscal year shall not exceed 6% of our Pre-Tax Profits Before Profit Sharing (as defined in the Corporate Constitution) for that fiscal year and that their base salaries shall be comparable to those in industry generally. For purposes of our Corporate Constitution, “Corporate Management” means our chief executive officer, chief operating officer, chief marketing officer and chief administrative officer and any other employee designated by these persons from time to time to be included within “Corporate Management”. The aggregate cap on profit sharing in our Corporate Constitution will formally be reduced from 6% to 3% of our Pre-Tax Profits Before Profit Sharing. Pending the amendment of our articles of incorporation to implement such a change our Corporate Governance, Compensation & Nominating Committee will treat the Corporate Constitution as if it limited profit sharing to a maximum of 3% of Pre-Tax Profits Before Profit Sharing. For a detailed discussion of our executive compensation, see “CGCNC Compensation and Performance Report”, “Compensation Discussion & Analysis”, “Summary Compensation Table” and “Incentive Plans Awards” in our Circular.

9. Legal Proceedings

Brazilian and German Antitrust Investigations

In September 2013, representatives of the Bundeskartellamt, the German Federal Cartel Office, attended at one of the Company's operating Divisions in Germany to obtain information in connection with an ongoing antitrust investigation relating to suppliers of automotive textile coverings and components, particularly trunk linings.

In September 2014, the Conselho Administrativo de Defesa Economica, Brazil's Federal competition authority, attended at one of the Company's operating Divisions in Brazil to obtain information in connection with an ongoing antitrust investigation relating to suppliers of automotive door latches and related products.

Proceedings of this nature can often continue for several years. Where wrongful conduct is found, the relevant antitrust authority can, depending on the jurisdiction, initiate administrative or criminal legal proceedings and impose administrative or criminal fines or penalties taking into account several mitigating and aggravating factors.

The Company's policy is to comply with all applicable laws, including antitrust and competition laws. At this time, management is unable to predict the duration or outcome of the German and Brazilian investigations, including whether any operating Divisions of the Company will be found liable for any violation of law or the extent or magnitude of any liability, if found to be liable. Additional information and a discussion of the risks related to the German and Brazilian investigations is included under "Section 3. Description of the Business – Risk Factors".

KS Centoco

In November 1997, Magna and two of its subsidiaries were sued in the Ontario Superior Court of Justice by KS Centoco Ltd., an Ontario-based steering wheel manufacturer in which we have a 23% equity interest, and by Centoco Holdings Limited, the owner of the remaining 77% equity interest in KS Centoco Ltd. In March 1999, the plaintiffs were granted leave to make substantial amendments to the original statement of claim in order to add several new defendants and claim additional remedies and, in February 2006, the plaintiffs further amended their statement of claim to add an additional remedy. The amended statement of claim alleges, among other things:

- breach of fiduciary duty by us and two of our subsidiaries;
- breach by us of our binding letter of intent with KS Centoco, including our covenant not to have any interest, directly or indirectly, in any entity that carries on the airbag business in North America, other than through MST Automotive Inc., a company to be 77% owned by Magna and 23% owned by Centoco Holdings;
- the plaintiff's exclusive entitlement to certain airbag technologies in North America pursuant to an exclusive license agreement, together with an accounting of all revenues and profits resulting from the alleged use by us, TRW Inc. and other unrelated third party automotive supplier defendants of such technology in North America;
- a conspiracy by us, TRW and others to deprive KS Centoco of the benefits of such airbag technology in North America and to cause Centoco Holdings to sell to TRW its interest in KS Centoco in conjunction with the sale by us to TRW of our interest in MST Automotive GmbH and TEMIC Bayern-Chemie Airbag GmbH; and
- oppression by the defendants.

The plaintiffs are seeking, among other things, damages of approximately C\$3.5 billion. Document production, completion of undertakings and examinations for discovery are substantially complete, although limited additional examinations for discovery may occur. A trial is not expected to commence until 2016, at the earliest. We believe we have valid defenses to the plaintiff's claims and therefore intend to continue to vigorously defend this case. Notwithstanding the amount of time which has transpired since the claim was filed, these legal proceedings remain at an early stage and, accordingly, it is not possible to predict their outcome.

Other

In the ordinary course of business activities, we may become contingently liable for litigation and claims with customers, suppliers, former employees and other parties. In addition, we may be, or could become, liable to incur environmental remediation costs to bring environmental contamination levels back within acceptable legal limits. On an ongoing basis, we assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable costs and losses.

A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. The required provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters.

Warranty, Product Liability and Recall Costs

In certain circumstances, we are at risk for warranty costs, including product liability and recall costs. Due to the nature of the costs, we make our best estimate of the expected future costs, however, the ultimate amount of such costs could be materially different. We continue to experience increased customer pressure to assume greater warranty responsibility. Currently, under most customer agreements, we only account for existing or probable claims. Under certain complete vehicle engineering and assembly contracts, we record an estimate of future warranty-related costs based on the terms of the specific customer agreements and the specific customer's warranty experience.

10. Interests of Management & Others in Material Transactions

Reference is made to "Interests of Management and Other Insiders in Certain Transactions" in our Circular for our Meeting, which is incorporated by reference into this Annual Information Form.

11. Transfer Agent & Registrar

The transfer agent and registrar for our Common Shares is Computershare Trust Company of Canada, at its principal offices in Toronto, Ontario. The co-transfer agent and co-registrar for our Common Shares in the United States is Computershare Trust Company, N.A., at its offices in Canton, Massachusetts.

12. Interests of Experts

Our independent auditor for the 2014 fiscal year is Deloitte LLP. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario, the U.S. Public Company Accounting Oversight Board (PCAOB) standards and the securities laws and regulations administered by the SEC. Additional information regarding the fees paid to our independent auditors is contained under "Meeting Information – Business of the Meeting" in our Circular, which is incorporated by reference into this Annual Information Form.

13. Audit Committee

Our Audit Committee consists of Messrs. Lawrence D. Worrall (Chair), Scott B. Bonham, Peter G. Bowie and Dr. Kurt J. Lauk. A copy of our Audit Committee Charter is available on our website (www.magna.com) under “Corporate Governance” and has been filed on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov/edgar) and is incorporated by reference into this Annual Information Form. Additional information about our Audit Committee is contained under “Corporate Governance – Report of the Audit Committee” in our Circular for our Meeting, which is incorporated by reference into this Annual Information Form.

14. Additional Information

Our Circular contains the following additional information:

- our directors’ and named executive officers’ remuneration and indebtedness;
- our voting securities and their principal holders; and
- securities authorized for issuance under our equity-based compensation plans.

Additional financial information about us is provided in our consolidated financial statements as at and for the three-year period ended December 31, 2014. These documents and additional information about us may be found on SEDAR, at www.sedar.com, on EDGAR at www.sec.gov/edgar and on our website, at www.magna.com.

Any person may obtain copies of the following documents upon request from our Corporate Secretary, c/o Magna International Inc., 337 Magna Drive, Aurora, Ontario, L4G 7K1:

- at any time when our securities are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of our securities,
 - one copy of this Annual Information Form;
 - one copy of our Annual Report to Shareholders for the year ended December 31, 2014, which contains the following items:
 - the “Management’s Discussion and Analysis of Results of Operations and Financial Position”, which is the only item incorporated by reference into this Annual Information Form; and
 - our consolidated financial statements as at and for the three-year period ended December 31, 2014;
 - one copy of any of our interim financial statements subsequent to the financial statements for our most recently completed fiscal year;
 - one copy of our Circular; and
 - one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not provided under any of the foregoing; or
- at any other time, one copy of any of the documents referred to immediately above, provided that we may require payment of a reasonable charge for such copy if the request is made by a person who is not one of our security holder

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-194892 on Form F-10 and Registration Statement No. 333-128257 on Form S-8, and to the use of our reports dated March 5, 2015 relating to the consolidated financial statements of Magna International Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, incorporated by reference from the Company's Current Report on Form 6-K dated March 27, 2015 to this Annual Report on Form 40-F of Magna International Inc. for the year ended December 31, 2014.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants

Licensed Public Accountants

March 27, 2015

Toronto, Canada

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our Firm and to the incorporation by reference in this Annual Report on Form 40-F of our report dated March 7, 2014 with respect to the consolidated balance sheet of Magna International Inc. as at December 31, 2013, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2013.

We also consent to the incorporation by reference of our report dated March 7, 2014 in the Registration statement (Form F-10 No. 333-194892) of Magna International Inc. and the Registration Statement (Form S-8 No. 333-128257) pertaining to the Magna Group of Companies Retirement Savings Plan.

Toronto, Canada
March 27, 2015

/s/ "Ernst & Young LLP"
Chartered Professional Accountants
Licensed Public Accountants

CERTIFICATION

I, Donald J. Walker, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Magna International Inc. (the issuer”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the issuer’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the issuer’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting.
5. The issuer’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer’s auditors and the audit committee of the issuer’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer’s internal control over financial reporting.

Date as of the 27th day of March, 2015.

/s/ “Donald Walker”
Donald J. Walker
Chief Executive Officer

CERTIFICATION

I, Vincent J. Galifi, the Executive Vice-President and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Magna International Inc. (the issuer”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the issuer’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the issuer’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting.
5. The issuer’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer’s auditors and the audit committee of the issuer’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the issuer’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer’s internal control over financial reporting.

Date as of the 27th day of March, 2015.

/s/ “Vincent Galifi”
Vincent J. Galifi
Executive Vice-President and
Chief Financial Officer

**CERTIFICATE OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Donald J. Walker, Chief Executive Officer of Magna International Inc. (the "Company"), certify that:

1. the Annual Report on Form 40-F of the Company dated as of the 27th day of March, 2015 for the fiscal year ending December 31, 2014 (the "Report") fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated as of the 27th day of March, 2015.

/s/ " Donald Walker
Donald J. Walker
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATE OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Vincent J. Galifi, the Executive Vice-President and Chief Financial Officer of Magna International Inc. (the “Company”), certify that:

1. the Annual Report on Form 40-F of the Company dated the 27th day of March, 2015 for the fiscal year ending December 31, 2014 (the “Report”) fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated as of the 27th day of March, 2015.

/s/ “Vincent Galifi”
Vincent J. Galifi
Executive Vice-President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.