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, 2013 **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.

Title of each class	Name of each exchange on which registered
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 **221,151,704 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, 2013 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, 2013 (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 28, 2014. For the Registrant's consolidated audited annual financial statements, including the independent auditors' report relating to such financial statements, see pages 34 to 73 and page 34, 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 32 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, 2013 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, 2013, such internal control over financial reporting is effective and that there were no material weaknesses in the Registrant's internal control over financial reporting. Ernst & Young LLP, who audited the Registrant's consolidated financial statements for the year ended December 31, 2013, 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 2013 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 aggregate fees for each of the last two fiscal years for professional services rendered by Ernst & Young LLP, the Registrant's principal accountant (the "Auditor"), are as follows:

	Fiscal 2013		Fiscal 2012	
Type of Services	**Fees**	**% of Total**	**Fees**	**% of Total**
Audit	13,719,000	93.0%	13,879,000	91.5%
Audit-Related	248,000	1.7%	469,000	3.1%
Tax	779,000	5.3%	819,000	5.4%
Other Permitted	0	0	0	0
Total	14,746,000	100%	15,167,000	100%

The services comprising the "Audit Services" category for these two fiscal years were performed by the 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 these two fiscal years 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 each of fiscal 2013 and fiscal 2012 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 these two fiscal years 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 and fiscal 2012 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 to, the 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 the 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 Auditor in 2013 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.

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 21 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 A. Shakeel
Bassem A. Shakeel
Vice-President and Corporate Secretary

Date: March 28, 2014

EXHIBIT INDEX

Exhibit 1	Annual Information Form of the Registrant dated March 26, 2014.
Exhibit 2	Registrant's Annual Report to Shareholders for the Year Ended December 31, 2013, which contains the Registrant's audited financial statements as at and for the three-year period ended December 31, 2013 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 28, 2014).
Exhibit 3	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.

Exhibit 1

Annual Information Form

March 26, 2014

MAGNA

ANNUAL INFORMATION FORM

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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 26, 2014 for our 2014 Annual Meeting of Shareholders to be held on May 8, 2014 (the “Meeting”). The information in this Annual Information Form is current as of March 26, 2014, 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, including in Western Europe and South America; and estimates of future environmental clean-up and remediation costs. The forward-looking information in this Annual Information Form is 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;
- restructuring, downsizing or other significant non-recurring costs, including in our European business;
- fines or penalties imposed by antitrust and regulatory authorities, including the German Cartel Office;
- our ability to grow our business with Asian-based customers;
- 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;
- shifts in market share away from our top customers;
- 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, Brazil, Argentina, Eastern Europe 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 work stoppage or labour dispute;
- 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;
- fluctuations in relative currency values;
- our ability to successfully identify, complete and integrate acquisitions or achieve anticipated synergies;
- our ability to conduct sufficient due diligence on acquisition targets;
- warranty and recall costs;
- risk of production disruptions due to natural disasters;
- pension liabilities;
- legal claims and/or regulatory actions against us;
- 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 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.

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 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, 2013 is set out below. Our legal structure (including that of our subsidiaries) is not necessarily indicative of our operational structure.

Parent/subsidiary relationships are identified by indentations. 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. 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

OVERVIEW

We are a leading global automotive supplier with 316 manufacturing operations and 84 product development, engineering and sales centres in 29 countries. Our over 125,000 employees are focused on delivering superior value to our customers through innovative products and processes built on 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. Beginning in the fourth quarter of 2013, 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. Our internal financial reporting separately segments key internal operating performance measures between North America, Europe, Asia and Rest of World.

Our external sales by reporting segment for 2013 and 2012 were as follows:

REPORTING SEGMENT	2013	2012
	(U.S. dollars, in millions)	
North America	$ 17,859	$ 16,241
Europe	14,525	12,563
Asia	1,539	1,188
Rest of World	889	822
Corporate and Other	23	23
Total	**$ 34,835**	**$ 30,837**

Geographic Markets and Customers

North America

Our North American production sales accounted for approximately 48% and 50% of our consolidated sales in 2013 and 2012, respectively. Our primary customers in North America in 2013 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 2013 production sales were:

		CAPABILITIES REPRESENTED							
CUSTOMER(S)	VEHICLE(S)	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	■	■		■	■	■	■	■
Fiat/Chrysler, Volkswagen	Chrysler Town & Country, Dodge Grand Caravan, Lancia Grand Voyager, Ram Cargo Van, VW Routan	■	■	■	■	■	■	■	■
General Motors	Buick Enclave, Chevrolet Traverse, GMC Acadia	■	■		■	■	■	■	■
Fiat/Chrysler	Jeep Grand Cherokee	■	■	■	■	■	■	■	■
General Motors	Chevrolet Equinox, GMC Terrain	■		■	■	■	■	■	■
Ford	Ford Escape	■		■	■	■	■	■	■
Ford	Ford Fusion, Lincoln MKZ	■	■		■	■	■	■	■
Daimler	Mercedes-Benz GL-Class, M-Class, R-Class	■		■	■	■	■	■	■
Ford	Ford Edge, Lincoln MKX	■		■	■	■	■	■	■
Fiat/Chrysler	Ram Pick-up Trucks	■	■	■	■	■	■	■	■

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 38% and 37% of our consolidated sales in 2013 and 2012, respectively. Our primary customers in Europe in 2013 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 2013 production and vehicle assembly sales were:

		CAPABILITIES REPRESENTED									
CUSTOMER(S)	VEHICLE(S)	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	■	■	■		■		■	■	■	■
Daimler	Mercedes-Benz G-Class	■		■		■	■	■	■	■	
BMW	MINI One/Cooper		■	■		■		■	■	■	
Porsche, Volkswagen	Porsche Cayenne, VW Touareg		■	■				■	■	■	■
Daimler	Mercedes-Benz C-Class		■	■		■		■	■	■	■
Volkswagen	Audi Q5		■	■	■			■	■	■	■
Daimler	Mercedes-Benz A-Class		■	■		■		■	■	■	■
Tata Motors	Land Rover Range Rover Evoque			■		■		■	■	■	
Volkswagen	VW Caddy		■		■	■		■	■	■	
Daimler	smart fortwo		■		■			■	■	■	■

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 4% and 3% of our consolidated sales in 2013 and 2012, respectively. Our primary customers in Asia in 2013 included BMW, Brilliance Auto, Chang'an Motors, Chery Automobile, Daimler, Fiat/Chrysler, First Automobile Works, Ford, Geely, General Motors, Honda, Hyundai-Kia, Isuzu Motors, PSA Peugeot Citroën, Renault-Nissan, Suzuki, Toyota and Volkswagen.

Rest of World

Our Rest of World production sales accounted for approximately 2% and 3% of our consolidated sales in 2013 and 2012, respectively. Our primary customers in Rest of World in 2013 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 2013 and 2012:

CUSTOMER	2013	2012
General Motors	18%	19%
Fiat/Chrysler	15%	15%
BMW	14%	13%
Ford	13%	13%
Volkswagen	12%	12%
Daimler	11%	11%
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, Brazil, India, Eastern Europe 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 sub-compact (B segment), compact (C segment) and mid-size (D segment) 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 (CO_2) 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

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. 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: periodically weak economic conditions; 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 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

The operational priorities underlying our business strategy include:

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 and 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. 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.

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 System 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, particularly in Western Europe and South America. In Europe, we continue to implement our restructuring plans in order to address current conditions in the European automotive industry, including restructuring actions of our customers, and to remain cost competitive over the long-term. In certain of our South American operations, we continue to face, and attempt to mitigate, inflationary cost increases that are having an adverse impact on our operating results for our Rest of World segment.

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. In order to enhance the efficiency of our capital structure and continue to create shareholder value, we intend to reduce the amount of cash on our balance sheet from current levels, including by continuing to return appropriate amounts of capital to shareholders, while modestly increasing our debt. We have targeted 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. We believe achieving this target will increase the efficiency of our capital structure while enabling us to continue to maintain high investment grade rating. We expect this will allow us to continue to maintain a strong financial position with sufficient liquidity to operate our business effectively throughout the business cycle. In addition, it is expected to provide us further flexibility to invest for organic growth and make prudent acquisitions.

Organic Growth and M&A

We expect that our future expansion will continue to occur primarily through organic growth. However, 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. 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 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, 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. While emphasizing growing markets, we remain focused on ensuring that we can successfully compete in products that can be manufactured globally to take advantage of the continuing trend towards building higher volumes of vehicles from single global platforms.

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 an expanded customer base, 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 expansion in non-traditional markets; and pursuing takeover business to take advantage of consolidation and cooperation in the automotive supply industry. 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:

- reinforcing our commitment to conducting business in a legal and ethical manner, as 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 AND 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 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.

2013

In November 2013, we acquired the remaining 49% interest of Textile Competence Centre Kft, a textile plant in Germany 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.

2011

In December 2011, we acquired ThyssenKrupp Automotive Systems Industrial do Brasil Ltda ("TKASB"), which consists of four manufacturing facilities in Brazil that assemble chassis structural components and modules. TKASB has sales to Ford, Fiat/Chrysler, Renault-Nissan, Honda and PSA Peugeot Citroën.

In August 2011, we acquired Grenville Castings Ltd., a structural casting supplier of aluminum components located in Canada with sales primarily to Ford and General Motors.

In June 2011, we acquired Continental Plastics Co., a supplier of interior products, mainly door panel and seat back assemblies. The acquired business is located in the United States with sales primarily to General Motors.

In May 2011, we acquired a 51% interest in Wuhu Youth Tongyang Auto Plastic Parts Co., Ltd., a supplier of exterior products, mainly front and rear bumpers. The acquired business is located in China with sales primarily to Chery Automobile Co. Ltd.

In January 2011, we acquired Automobiltechnik Dürbheim, a manufacturer of tapping plates which assist in the fastening of bolts. The acquired business is located in Germany with sales to various automobile manufacturers.

The total consideration for these acquisitions in 2011 was $157 million, consisting of $120 million paid in cash (net of cash acquired) and $37 million of assumed debt.

Financings and Securities/Corporate Transactions

Normal Course Issuer Bid

On November 8, 2013, the Toronto Stock Exchange ("TSX") accepted our Notice of Intention to Make a Normal Course Issuer Bid relating to the purchase of up to 12,000,000 Magna Common Shares (the "Bid"), representing approximately 5.4% of our "public float" of Common Shares. The primary purposes of the 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 Bid commenced on November 13, 2013 and will terminate no later than November 12, 2014. Purchases of Common Shares under the 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 our Bid.

As at March 26, 2014, we have purchased 4,687,423 Common Shares pursuant to the Bid, of which 4,677,423 were cancelled and 10,000 were retained for purposes of funding our stock-based compensation awards or programs and/or our obligations to our deferred profit sharing plans. 3,200,000 of the total purchased Common Shares were by way of private agreements with an arm's length, third-party seller at a discount to prevailing market prices pursuant to an issuer bid exemption order issued to us by the Ontario Securities Commission effective November 22, 2013. Under our previous normal course issuer bid which commenced on November 13, 2012 and terminated on November 12, 2013, we purchased 12,000,000 million Common Shares, all of which were cancelled. 3,940,000 of such Common Shares were purchased by way of private agreements from two arm's length, third-party sellers at a discount to prevailing market prices pursuant to issuer bid exemption orders issued to us by the Ontario Securities Commission effective March 22, 2013 and June 4, 2013.

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 to extend its maturity date to July 8, 2016, was further amended on June 20, 2013 to become a five year facility with a maturity of June 20, 2018. The facility includes a $200 million tranche for our Asian subsidiaries, a $50 million tranche for our Mexican subsidiaries and a tranche for Magna and its subsidiaries in Canada, U.S. and Europe.

We are a leading global automotive supplier with 316 manufacturing operations and 84 product development, engineering and sales centres in 29 countries, as at December 31, 2013.

Our success is primarily dependent upon the levels of North American and European 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 AND 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

- Pillar Trim
- Quarter Trim Panels
- Liftgate Trim
- Interior Sill Moldings
- Decorative Surface Design Parts

Soft Trim & Cargo Management Systems

- Load Floors
- Package Trays/Parcel Shelves
- Trunk Trim
- Accessible Floor Bins
- Floor Carpets

Cockpit Systems

- Cockpit Modules
- Instrument Panels
- Floor Consoles
- Glove Box Assembly
- Knee Bolster Assembly

Overhead Systems

- Complete Overhead Systems
- Headliner Substrates
- Grab Handles & Lighting
- Overhead Consoles
- Sunvisors

Door Panels

- 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

- Reconfigurable Seat Solutions (Auto, Truck, Bus)
- In-Vehicle Stowable Seats
- Ingress/Egress Solutions
- Comfort Systems
- Lightweight Seat Solutions
- Thin Seating
- Safety Systems Integration

Seat Structures and Mechanisms

- 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)

Foam & Trim Products

- 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

- Structural Door Modules
- Sealed Modules
- Hardware Trim Modules
- Integrated Trim Modules
- Integrated Inner Panel Module
- Liftgate and Tailgate Modules
- Mid-Door Modules
- Complete Doors

Window Systems

- Dual Rail Cable and Drum Systems
- Single Rail Cable and Drum Systems
- Convertible Quarter Glass
- Arm and Sector Systems

Sealing Systems

- Window Surround Modules
- Backlight, Belt, Windshield, Door Surround and Roof Drip Moldings
- Door, Inner and Outer Belt Seals
- Complete Convertible Sealing Systems

Power Closure Systems

- Power Sliding Doors
- Power Liftgates
- Power Decklids
- Anti-Pinch Strips

Latching Systems

- Side Door and Sliding Door Latches
- Hood and Liftgate Latches
- Tailgate and Decklid Latches
- Cargo Door Latches
- Rear Access Door Latches

Electronic Features

- Electronic Control Unit Design
- Obstacle Detection and Anti-Pinch
- Non-Contact Sensing

Handle Assemblies

- Inside and Outside Handles

Engineered Glass

- Manual and Power Truck & Van
- Sliding Windows
- Front and Rear Quarter
- Windows
- Liftglass Assembly
- Windshields and Backlights
- Fixed Roof Glass Modules
  Bus Windows

Lighting Systems

- Front Lighting
- Rear Lighting
- Interior Lighting
- Centre High Mount Stop Lamps

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 and Tooling
• Complete Body-In-White	• Crossmember Assemblies	• Program Management
• Floor Pans	• Radiator Supports	• Program Engineering
• Underbody Assemblies	• Shock Towers	• Computer-Aided Engineering (CAE) Design Verification
• Door, Hood and Deck Assemblies	• Engine Cradles	• Prototype Build
• Roof Panels	• Front and Rear Sub-Frame Assemblies	
• Fender and Quarter Panels	• Front and Rear Suspension Modules	• Testing and Validation
• Tailgate and Liftgate Assemblies	• Control Arms	• Tooling and Automated Systems
• A, B, C and D Pillars	• Frame Rails	• Research and Development
• Bumper Beams	• Full Frame Assemblies	
• Door Intrusion Systems		
• Heat Shields		

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	Exterior Mirrors	Actuators
• Electrochromic (auto-dimming) Mirror Glass	• Electrochromic (auto-dimming) Mirror Glass	• Power Folding and Power Extending
• Telematics	• Framed and Frameless Glass	• Exterior Glass Movement
• Compass and Temperature	• TurnSignal Lighting	• Interior Mirror Adjustment
• Displays	• Power Folding and Power Extending Technologies	• Active Bend Lighting
• Sensor Integration	• Pocket and Ground Illumination	• Grille Shutter
• Bluetooth and Hands Free Connectivity	• Integrated Blind Spot Detection	• Heating, Ventilating and Air Conditioning (HVAC)
• Navigation	• Integrated Cameras	**Electronic Vision Systems**
• Microphone	• Mirrors with Integrated Blind Zone	• Full-color displays (including Backup Displays)
• Automatic Garage Door Openers	• Field of View	• Side Blind Zone Assist
• Electronic Toll Collection	• Body-Matched Paint	• Lane Change Assist
	• Lights for Rear and Side Visibility	
	• Lit Door Handles	
	Projection Logo Lights	

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 and Safety Systems

- Image Vision Systems
- Machine Vision Systems
- Pedestrian Protection Sensors

Engine Electronics and Sensors

- Glow Plug Control Units
- Liquid Level Sensors

Body Systems

- Body Control Units
- Mirror Control Units
- Trailer Modules

Intelligent Power Systems

- Brushless Motor Cooling Fans
- Motor Controllers
- Relays

Industrial Products

- Joysticks
- Fork-Lift-Truck Electronic Units

Hybrid & Electric Vehicle Components/Systems

- Traction Motors
- Inverters
- Control Units
- Battery Management Systems

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

- Front and Rear Bumper Fascias
- Energy Management Systems
- Active Grille Systems

Class A Body Panels

- Door Panels and Quarter Panels
- Fenders and Cab Skirts
- Hoods, Roofs & Decklids
- Liftgates and Tailgates
- Pickup Boxes
- Exterior Sunvisors

Modular Systems

- Front and Rear End Modules
- Liftgate Modules
- Soft Tops
- Polycarbonate Roof Modules

Exterior Trim

- Spoilers and Grilles
- Running Boards
- Roof Racks/Rails
- Rocker Panels and Claddings
- Decklid and Pillar Appliques
- Body Side and Roof Ditch Moldings
- Wheel Opening Moldings

Structural Components

- Firewalls & Engine Tunnels
- Cab and Trailer Floors
- Cab Structure
- Front End Carriers
- Cowls
- IP Supports
- Bumper Beams

Under Hood and Underbody Components

- Battery Boxes
- Oil and Transmission Pans
- Engine Valve Covers
- Fan Shrouds
- 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	Fluid Pressure & Control Systems	Metal-Forming Solutions
• Transfer Cases	• Engine Oil Pumps and Water Pumps	• Transmission Clutch Modules
• AWD Couplings	• Transmission Oil Pumps	• Clutch Hubs & Housings
• Rear Drive Modules (RDM)	• Auxiliary Oil Pumps	• Die Casting Products
• Front and Rear Axle Drives	• Vacuum Pumps	• Accessory Drives
• Power Take Off Units	• ePumps	• Oil Pan Modules
• AWD/4WD Disconnect Systems	• Engine Oil Pressure Controls	• Flexplates
• eDrivetrain Products	• Mass Balancer Modules	• Planetary Carriers
	• Integrated Engine Front Cover Modules	• Geared Products
Engineering Services & System Integration	• Cooling Fans	• Steel Pulleys
• Engine & Drivetrain Engineering		
• Commercial & Special Vehicle Engineering		
• Engine Testing Services		
• ePowertrain and Vehicle Integration		

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 including 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

Retractable Hard Tops	Soft Tops	Sliding Folding & Modular Roofs
• Multi-Piece Modules	• Classic Soft Tops	• Roof Openings with Fixed C pillars
• Integration Services	• Manual and Fully Automatic Soft Tops	• Various Fabric Solutions
• Design Services		• Flash to the Roof Panels
		• 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 AND CONTRACT ASSEMBLY

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

CAPABILITIES	Engineering Services	Contract Manufacturing	Fuel Systems
	• Design & Vehicle Concepts • Complete Vehicle Development & Integration • Systems & Modules Development • Safety Engineering • Prototype and Low-Volume Production • Test Bed Services • Hybrid & Electric Vehicles	• Vehicle Contract Manufacturing • Door Modules • Industrial Services • Lightweight Technology Applications **Battery Systems** • Battery Pack Development & Production • Cell, Module & Battery Pack Testing • Materials Analysis	• 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; cycler testing; as well as manual and automated assembly.

TOOLING / ENGINEERING / OTHER SYSTEMS

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 AND 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 and 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 mega trends which will drive development of new automotive technologies, as well as automotive industry trends and legislative trends; 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 and validation, and eventually, product launch.

Our R&D activities also include external collaboration where appropriate. For example, we are conducting early stage research into the development of, and potential uses for, bio-composites or “bio plastic” in the automotive industry. These efforts are aimed at lowering the environmental impact of automotive products by using bio-based polymers and fibres, such as non-food grade soy or flax to replace conventional materials derived from petrochemical processes, such as polypropylene. In addition to reducing petroleum use required for traditional plastics, bio-composites: emit less CO_2; provide higher levels of biodegradability or recyclability; and assist in achieving greater fuel economy through light-weighting initiatives. Currently we have:

- partnered with the National Research Council Canada (NRC) on a joint project called the Magna-NRC Composites Centre of Excellence to develop bio-composite technology for the automotive industry;
- partnered with the Centre for Research in the Bio-Economy (CRIBE) to work with Alberta Innovates Bio Solutions (Al Bio) on a project to integrate sustainably grown wood fibre into automotive parts; and
- entered into an exclusive cooperation agreement with bio-on, an Italian company, to determine automotive uses for their “bio plastic” which is developed through naturally occurring bacteria which feed off sugar beet by-products.

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:

Cleaner.

Products that promote efficiency and sustainability by optimizing the use of energy

Electric Rear Axle Drive (eRAD)

Our eRAD is an electric drive unit positioned between the wheels in a compact cylindrical design that combines with a traditional internal combustion engine to turn the vehicle into a plug-in hybrid. Featured on the hybrid version of the Volvo V60 Wagon, the system allows drivers to choose electric power, diesel power or a combination of both based on driving conditions. In city or low speed areas, the vehicle can run in electric mode; alternating to traditional engine mode during longer trips. The eRAD's disconnect feature controlled by a smart actuator improves fuel efficiency by idling the traction motor at certain high speeds to reduce vehicle drag while re-connecting at lower speeds. **This innovation was selected as a finalist for the 2013 *Automotive News* PACE Awards in the Products category.**

Smarter.

Products that provide increased comfort, convenience and connectivity

4-Mode Seat™

A seat structure that is adaptable from its normal position to a slouched (reclined) position for increased consumer comfort; fold flat & kneel position which enhances storage of wide cargo; or stadium (upright) position which enhances the storage of narrow cargo.

Safer.

Products with enhanced active and passive safety features

SurroundVue™ Camera

A vehicle safety system that works in combination with our EYERIS™ driver assistance system and combines four camera signals (3D Surround, Front, Side and Rear views) into one single picture in order to provide the driver with a 360° view of the vehicle and its surrounding environment.

Lighter.

Using lightweight material and science to reduce vehicle mass

Aluminum, High-Voltage Battery Housing

Using a unique manufacturing method, we developed a battery housing for high-voltage batteries made of die-cast aluminum, that combines multiple, complex functions within a single component, eliminates processing steps and substantially reduces component weight. **This innovation was recognized by our customer BMW with a 2013 Supplier Innovation Award for outstanding innovation and development in the area of Lightweight Construction.**

All-Olefinic Liftgate

Building on our capabilities in composites manufacturing, we developed a compression molded, lightweight rear liftgate using thermoplastic polyolefin material for the outer panel with a fully polypropylene inner panel. The product, which is featured on the Nissan Rogue, weighs approximately 30% less than traditional stamped steel liftgates, while also allowing for a greater flexibility in exterior styling and reduction of the number of component parts required. As thermoplastic resin can be reground during production, less scrap is produced during the production process. **The tailgate won both the Grand Award and the Body Exterior Award from the Society of Plastics Engineers (SPE) Automotive Division's 2013 Automotive Innovation Awards.**

Single-Piece Hot Stamped Door Ring

We collaborated with our customer Honda and leading steel company ArcelorMittal to develop the industry's first single-piece hot stamped side opening panel reinforcement (door ring). The laser welded door ring replaces the conventional multi-piece spot weld design, allowing for improved energy management through uninterrupted joints, resulting in a smooth load path, stronger seam strength and significant weight reduction. **This product, which is featured on the 2014 Acura MDX, was a co-runner up for the inaugural Altair Enlighten Award, which recognizes automotive light-weighting efforts and is presented in collaboration with the Center for Automotive Research (CAR). The laser welding (laser ablation) process applied to the hot stamped part and on which Magna collaborated with ArcelorMittal has been selected as a finalist for the 2014 *Automotive News* PACE Awards to be awarded in April 2014, in the Manufacturing Process and Capital Equipment category.**

Class A Carbon Fiber Composites

Class A thermoset painted inner and outer panels made of carbon fiber epoxy and employing advanced joining and assembly methods. This results in a lighter component compared to traditional metal alternatives while also permitting increased design flexibility.

MANUFACTURING AND ENGINEERING

Facilities

As at December 31, 2013, we had the following manufacturing and product development, engineering and sales facilities:

GEOGRAPHIC REGION	MANUFACTURING	PRODUCT DEVELOPMENT, ENGINEERING AND SALES
North America	135	24
Europe	121	39
Asia	43	19
Rest of World	17	2
Total	**316**	**84**

Our manufacturing facilities occupied approximately 58.9 million square feet, of which approximately 41% was leased from Granite Real Estate Investment Trust ("Granite REIT"), a Canadian-based, publicly-traded real estate investment trust. A further 31% was leased from multiple third party landlords and the remaining 28% was owned by us. On March 5, 2014, we entered into an asset purchase agreement with Granite REIT for the purchase of eight properties in Mexico for a purchase price of $105 million. The sale is subject to satisfaction of several closing conditions and, if completed, will decrease the percentage of manufacturing facilities leased from Granite REIT to 37%, with a corresponding increase in manufacturing facilities owned by us to 32%. 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 2.6 million square feet, of which approximately 83% was leased from third parties (including 31% leased from Granite REIT) and the remaining 17% was owned by us.

Leases typically have terms of five years or more with options to renew. Among other terms, any standard industrial lease requires us to return 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 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. 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, 2013, we employed over 125,000 people as follows:

REGION	NUMBER OF EMPLOYEES
North America	63,225
Europe	45,475
Asia	11,250
Rest of World	5,200
Total	**125,150**

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:

- relatively low fixed compensation, consisting of base salaries which are typically below industry norms. Unlike most peer companies, we do not provide pensions or other retirement benefits for management; and
- annual bonuses that are based on direct profit sharing and thus are "at risk". In the case of executives, a significant portion of the annual bonus is deferred in the form of restricted stock units, the value of which fluctuates with our stock price.

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. In 2015, following expiration of the shareholder-approved compensation arrangements involving our Founder, Frank Stronach, we will reduce the aggregate profit-sharing bonus limit from 6% to 3% of Pre-Tax Profit Before Profit Sharing. See "Section 8. CORPORATE CONSTITUTION – Incentive 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 automotive 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 26, 2014, 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 six 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, including 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 AND MARKETING

Customer Management Offices

We have a globally-structured sales, engineering and marketing team in key locations where our global customers maintain their engineering and commercial offices and satellite locations across the globe where our customers have located their manufacturing facilities. In North America, our customer management offices are located in Canada, the United States and Mexico. In Europe, our customer management offices are located primarily in Austria, Germany, the United Kingdom, France, Italy, Sweden, Poland, Czech Republic, Hungary, Turkey and Russia. Our customer management offices in Asia are located in Japan, China, South Korea, India and Thailand. In Rest of World, we maintain a customer management office in Brazil. 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.

Purchase Orders

Our sales are generated through customer requests to quote on particular products, including parts, components and assemblies, 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, 2013, 222 (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). This facility was the recipient of Fabrik 2013 award, which recognizes the most efficient production plant in Austria, as well as a special award for energy and environmental management.

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, with approximately 20 additional facilities targeting certification within the next 12-18 months.

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, we require each of our facilities to ensure 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 2013, we spent approximately $1.4 million on environmental clean-up and remediation costs and currently estimate similar expenditures for 2014.

We are subject to environmental laws and regulations both as tenant and owner of our properties. Our leases with Granite REIT generally provide that, as tenant, 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 when and 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 Granite REIT 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; 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 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 "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 "3. DESCRIPTION OF THE BUSINESS – RESEARCH AND 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.

Energy 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 lighting retrofits, compressed air leak detection and repair, door upgrades to reduce heat loss and monitoring of electrical panel efficiency. 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. In 2013, we held our first ever energy conference that brought together representatives from many of our Divisions to discuss opportunities for increased energy efficiency and encourage sharing of information and best practices.

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 316 manufacturing facilities and 84 product development, engineering and sales centres in 29 countries. Our over 125,000 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.

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 violent forces in the Democratic Republic of Congo and certain neighbouring countries. Consistent with the approach taken by our customers, suppliers and other fellow members of the Automotive Industry Action Group, we are engaged in the process of determining whether any products which we make or buy contain such “conflict minerals” and will file our first conflict minerals report with the United States Securities and Exchange Commission in May 2014.

ETHICS AND 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;
- 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' personal information;
- protection by employees of 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; and anti-trust and competition.

In order to help Directors, officers and other employees understand the values, standards and principles underlying the Code, we have implemented a comprehensive compliance program which includes a mix of live training sessions and online training modules. Online training was rolled-out in 2012, and an initial course has been completed by approximately 16,000 officers and employees to date. Among other things, each employee participating in the online training is required to read and acknowledge their understanding of the Code of Conduct. We have also developed specialized compliance training modules which target specific functional audiences, including purchasing, finance, sales, program and engineering management personnel, as well as General Managers and Assistant General Managers. These specialized programs are designed to be interactive and also incorporate real-life scenarios, which we believe amplifies our compliance expectations and resonates more powerfully with participants. Live training is typically conducted by in-house lawyers, supported by external legal counsel where appropriate.

The Board oversees our ethics and legal compliance training program. The global implementation of the program is supervised by the Magna Compliance Council, a body that includes our: Executive Vice President & Chief Financial Officer; Executive Vice President & Chief Legal Officer; Executive Vice-President and Chief Marketing Officer; Executive Vice-President and Chief Human Resources Officer; General Counsel, North America; General Counsel, Europe; Vice President, Ethics & Legal Compliance; Vice-President, Internal Audit; and Vice-President, Operational Quality and Improvement. 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 and Divisional compliance teams.

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, high 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, which has a significant impact on consumer demand for vehicles. Vehicle production is closely related to consumer demand. A significant decline in production volumes from current levels could have a material adverse effect on our profitability.

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

The European automotive industry continues to experience significant overcapacity, elevated levels of vehicle inventory, reduced consumer demand for vehicles and depressed production volumes and sales levels. In response to these conditions, some automobile manufacturers are restructuring their European operations, including through plant closures, and other automobile manufacturers may take similar actions. In addition to planned actions, we may take additional restructuring or downsizing actions. In such an event, we may incur restructuring, downsizing and/or other significant non-recurring costs in our European operations, which could have a material adverse effect on our profitability.

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

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. We understand that investigations of this nature can continue for several years, and regulators in other jurisdictions could choose to initiate investigations in existing or other product areas. Where wrongful conduct is found, antitrust regulators have the authority to impose significant civil or criminal penalties.

On September 24, 2013, representatives of the Bundeskartellamt, the German Federal Cartel Office (the “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 automobile textile coverings and components, particularly trunk linings. In light of the early stage of the Cartel Office investigation, we are unable to predict its duration or outcome, including whether any operating Division of the Company could be found liable for any violation of law or the extent of any fine, if found to be liable. The Cartel Office has the authority to impose administrative fines which it calculates in accordance with formula-based guidelines tied to the level of affected sales. The formula also takes into account the gravity of the infringement, as well as other mitigating and aggravating factors. Absent aggravating factors, the maximum fine 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. Additional information regarding these guidelines is publicly available on the Cartel Office’s website.

Our policy is to comply with all applicable laws, including antitrust and competition laws. In the event of any violation of such laws, any fines imposed by a regulatory authority, including by the Cartel Office under the guidelines referred to above, could have a material adverse effect on our profitability in the year such fine is imposed.

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.

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. 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. 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. 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.

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, BMW, Ford, Volkswagen and Daimler. 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 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, Brazil, Eastern Europe 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; 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 if it does arise. 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. 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.

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 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, which could have a material adverse effect on our profitability.

We may become subject to liabilities or risks if our acquisition due diligence efforts are limited or prove to be insufficient which could materially adversely affect our profitability.

Although we seek to conduct appropriate levels of due diligence of 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 plants and/or personnel; or other limitations on the due diligence process. As a result, we may become subject to liabilities or risks not discovered through our due diligence efforts, which could have a material 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. The obligation to repair or replace such products could have a material adverse effect on our profitability and financial condition.

Natural disasters 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, including fires, floods, hurricanes and earthquakes. The occurrence of any of these disasters could cause the total or partial destruction of a 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 at a manufacturing facility could have a material adverse effect on our operations and profitability.

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, 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 available cash to successfully execute our business plan and balance sheet strategy, even in the event of another global recession similar to that of 2008-2009. However, uncertain economic conditions create significant planning risks for us. 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.

Dividends Paid

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

PERIOD	PAYMENT DATE	RECORD DATE	AMOUNT PER COMMON SHARE
Calendar 2014 (to date)	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
Calendar 2011	December 15	November 30	$ 0.250
	September 15	August 31	$ 0.250
	June 15	May 31	$ 0.250
	March 23	March 11	$ 0.250

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.

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 25, 2014, a total of 219,732,055 Common Shares were 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 following senior debt credit ratings:

CREDIT RATING AGENCY	RATING	OUTLOOK/TREND
DBRS(1)	A (low)	Stable
Moody's(2)	Baa2	Stable
Standard & Poor's(3)	A-	Stable

Notes:

(1) Dominion Bond Rating Service's rating of our senior debt is based on its long-term debt rating scale that ranges from "AAA" to "D which represents the range from highest to lowest credit quality of the long-term debt rated. Long-term debt rated in the "A" rating category is in the third highest category of the relevant scale 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.

(2) Moody's Investor Service'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 "Ca", which represents the range from those obligations with minimal credit risk to those obligations that are highly speculative and likely in, or very near, default. Issuer's in the "Baa" rating category are in the fourth highest category of the relevant scale 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 Ca. 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) Standard & Poor'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 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.

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, for the months during the year ended December 31, 2013 were as follows:

MONTH	HIGH (CDN.$)	LOW (CDN.$)	VOLUME
January	54.59	50.05	15,931,034
February	55.20	52.04	10,226,400
March	59.75	55.03	14,322,009
April	61.27	55.84	14,190,728
May	69.96	59.95	16,697,733
June	75.72	67.62	15,283,199
July	79.34	74.33	12,034,884
August	85.40	78.24	12,645,657
September	87.68	81.81	10,064,678
October	89.25	84.14	9,761,104
November	92.75	85.20	9,657,430
December	87.47	80.52	12,197,911

Directors

Our Board of Directors currently consists of the following members:

NAME AND MUNICIPALITY OF RESIDENCE	DIRECTOR SINCE	PRINCIPAL OCCUPATION
SCOTT B. BONHAM California, U.S.A.	May 10, 2012	Co-Founder and Venture Partner, 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 HARDER(1) Ontario, Canada	May 10, 2012	Senior Policy Advisor, Dentons LLP
LADY BARBARA JUDGE London, United Kingdom	September 20, 2007	Corporate Director
DR. KURT J. LAUK(2) Baden-Württemburg, Germany	May 4, 2011	Co-Founder & President, Globe CP GmbH
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(3)(4) 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 Scheuffelen GmbH, a private company, when it filed for bankruptcy protection under German law on July 17, 2008.
(3) Chairman of the Board.
(4) 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 10, 2013. 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.

Lady Judge and Messrs. Bonham, Bowie, Eyton, Harder, Lauk, Worrall and Young 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, comprised of the following independent directors as of March 26, 2014:

	AUDIT COMMITTEE	CORPORATE GOVERNANCE, COMPENSATION & NOMINATING COMMITTEE	ENTERPRISE RISK OVERSIGHT COMMITTEE
Scott B. Bonham	■		■
Peter G. Bowie	■		
Hon. J. Trevor Eyton		■	
V. Peter Harder		■	■
Lady Barbara Judge			Chair
Kurt J. Lauk	■		
Lawrence D. Worrall	Chair		■
William L. Young		Chair	

Additional information in respect of each person nominated for election at the Meeting, including two nominees, Cynthia A. Niekamp and Dr. Indira V. Samarasekera, who do not presently serve on our Board, 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 AND MUNICIPALITY OF RESIDENCE	PRINCIPAL OCCUPATION
DONALD J. WALKER Ontario, Canada	Chief Executive Officer (since November 2010; previously Co-CEO since April 2005)
VINCENT J. GALIFI 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 (16 persons) owned beneficially or exercised control or direction over 1,179,416 Common Shares representing approximately 0.5% of the class, as at March 25, 2014.

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". In 2015, following expiration of the shareholder-approved compensation arrangements involving our Founder, Frank Stronach, we will reduce the aggregate profit-sharing bonus limit from 6% to 3% of Pre-Tax Profit 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 Plan Awards" in our Circular.

German Cartel Investigation

On September 24, 2013, representatives of the Bundeskartellamt, the German 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 automobile textile coverings and components, particularly trunk linings. Our policy is to comply with all applicable laws, including antitrust and competition laws. In light of the early stage of the Cartel Office investigation, we are unable to determine its duration or outcome, including whether or to what extent, if any, operating Divisions of the Company could be found liable for any violation of law or the extent of any fine, if found to be liable. Additional information and a discussion of the risks related to the German Cartel investigation is included under "Section 3. DESCRIPTION OF THE BUSINESS – RISK FACTORS".

Putative Class Action

A putative class action lawsuit alleging violations of the United States Securities Exchange Act of 1934 was filed in the United States District Court, Southern District of New York, against the Company, as well as its Chief Executive Officer, Chief Financial Officer and Founder. Boilermaker-Blacksmith National Pension Trust was appointed the lead plaintiff on an uncontested motion, following which it filed an amended complaint. The defendants filed motion materials seeking dismissal of the lawsuit and the District Court ruled in favour of the defendants on August 23, 2013, granting their motion to dismiss, with prejudice. Plaintiff appealed the dismissal to the U.S. Court of Appeals for the Second Circuit. Following discussions between the parties, on January 16, 2014, the District Court entered a Stipulation and Order Regarding Dismissal of the Appeal, as agreed between the parties. In accordance with the Stipulation and Order, the Plaintiffs filed a motion to voluntarily dismiss the appeal, which the Court of Appeal granted on January 30, 2014, ending the action.

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 Cdn.$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 late 2014, 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 AND 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. EXPERTS

Our independent auditor for the 2013 fiscal year is Ernst & Young LLP, which (together with its predecessor firms) has been our independent auditor since February 27, 1969. Our Audit Committee and the Board have approved the engagement of Deloitte LLP as our independent auditor for the 2014 fiscal year, subject to ratification by shareholders at the Meeting. Additional information regarding the rotation of our independent auditors is contained under "Meeting Information – Business of the Meeting; Rotation of Independent Auditor" as well as in "Appendix A – Change of Auditor Notification Package" 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, 2013. 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, 2013, 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, 2013;
  - 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 holders.

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Exhibit 2

The Annual Report to Shareholders for the Year Ended December 31, 2013, which contains audited financial statements as at and for the three-year period ended December 31, 2013 and Management's Discussion and Analysis of Results of Operations and Financial Position is hereby incorporated by reference to Exhibit 99.1 to Report on Form 6-K dated March 28, 2014.

Exhibit 3

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our Firm under the caption “Experts” and to the use in this Annual Report on Form 40-F of our reports dated March 7, 2014, with respect to the consolidated balance sheets of the Company as at December 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting of Magna International Inc. as at December 31, 2013.

We also consent to the incorporation by reference of our reports dated March 7, 2014 in the Registration Statement (Form S-8 No. 333-128257) pertaining to the Magna Group of Companies Retirement Savings Plan.

/s/ “Ernst & Young LLP”
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 28, 2014

Exhibit 99.1

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 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; and
5. The issuer's other certifying officer 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 control 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.

Dated as of March 28, 2014.

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

Exhibit 99.2

CERTIFICATION

I, Vincent J. Galifi, 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 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; and
5. The issuer's other certifying officer 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 control 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.

Dated as of March 28, 2014.

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

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**

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 March 28, 2014 for the fiscal year ended December 31, 2013 (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 March 28, 2014.

/s/ "Donald J. 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.

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

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 March 28, 2014 for the fiscal year ended December 31, 2013 (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 March 28, 2014.

/s/ “Vincent J. 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.

Magna International Inc.
337 Magna Drive
Aurora, Ontario L4G 7K1
Tel (905) 726-2462
Fax (905) 726-7164

Consolidated Financial Statements

Magna International Inc.
December 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Magna's management is responsible for the preparation and presentation of the consolidated financial statements and all the information in the accompanying Management's Discussion and Analysis of Results of Operations and Financial Position ("MD&A"). The consolidated financial statements were prepared by management in accordance with United States generally accepted accounting principles.

Where alternative accounting methods exist, management has selected those it considered to be most appropriate in the circumstances. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis designed to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented in the accompanying MD&A has been prepared by management to ensure consistency with that in the consolidated financial statements. The consolidated financial statements have been reviewed by the Audit Committee, audited by the independent auditors and approved by the Board of Directors of the Company.

Management is responsible for the development and maintenance of systems of internal accounting and administrative cost controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that financial information is accurate, relevant and reliable, and that the Company's activities are appropriately accounted for and assets are adequately safeguarded. In compliance with U.S. Securities and Exchange Commission ("SEC") requirements and Section 404 of the U.S. Sarbanes-Oxley Act ("SOX"), management has determined that as at December 31, 2013 internal control over financial reporting is, in all material respects, effective. The Company's Chief Executive Officer and Chief Financial Officer, in compliance with Section 302 of SOX, provide a certification related to the Company's annual disclosure document in the U.S. (Form 40-F) to the SEC. According to National Instrument 52-109, the same certification is provided to the Canadian Securities Administrators.

The Company's Audit Committee is appointed by its Board of Directors annually and is comprised solely of independent directors. The Audit Committee meets regularly with management, as well as with the independent auditors, to satisfy itself that each is properly discharging its responsibilities, to review the consolidated financial statements and the independent auditors' report and to discuss significant financial reporting issues and auditing matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements and the effectiveness of internal control over financial reporting have been audited by Ernst & Young LLP, the independent auditors, in accordance with the standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. The Independent Auditors' Reports on the consolidated financial statements and internal controls outline the nature of their examinations and their opinions. The independent auditors have full and unrestricted access to the Audit Committee.

/s/ "Donald J. Walker"

Donald J. Walker
Chief Executive Officer

/s/ "Vincent J. Galifi"

Vincent J. Galifi
Executive Vice-President and Chief Financial Officer

Toronto, Canada
March 7, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Magna International Inc.

We have audited the accompanying consolidated balance sheets of Magna International Inc. (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Magna International Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated March 7, 2014 expressed an unqualified opinion thereon.

/s/ “Ernst & Young LLP”

Chartered Accountants
Licensed Public Accountants
March 7, 2014
Toronto, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Magna International Inc.

We have audited Magna International Inc.'s (the "Company") internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the "COSO" criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Responsibility for Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2013 and our report dated March 7, 2014 expressed an unqualified opinion thereon.

/s/ "Ernst & Young LLP"

Chartered Accountants
Licensed Public Accountants
March 7, 2014
Toronto, Canada

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME
[U.S. dollars in millions, except per share figures]

Years ended December 31,

	Note	2013	2012	2011
Sales		**$34,835**	$30,837	$28,748
Costs and expenses				
Cost of goods sold	16	**30,287**	27,019	25,434
Depreciation and amortization		**1,063**	801	686
Selling, general and administrative	8, 18	**1,616**	1,510	1,382
Interest expense (income), net	15	**16**	16	(6)
Equity income		**(196)**	(151)	(121)
Other expense (income), net	3	**144**	(108)	156
Income from operations before income taxes		**1,905**	1,750	1,217
Income taxes	11	**360**	324	202
Net income		**1,545**	1,426	1,015
Net loss attributable to non-controlling interests		**16**	7	3
Net income attributable to Magna International Inc.		**$ 1,561**	$ 1,433	$ 1,018
Earnings per Common Share:	4			
Basic		**$ 6.85**	$ 6.17	$ 4.26
Diluted		**$ 6.76**	$ 6.09	$ 4.20
Cash dividends paid per Common Share		**$ 1.28**	$ 1.10	$ 1.00
Average number of Common Shares outstanding during the year [in millions]:	4			
Basic		**227.9**	232.4	239.3
Diluted		**230.8**	235.2	242.8

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
[U.S. dollars in millions]

Years ended December 31,

	Note	2013	2012	2011
Net income		**$1,545**	$1,426	$1,015
Other comprehensive income (loss), net of tax:	20			
Net unrealized (loss) gain on translation of net investment in foreign operations		**(134)**	88	(171)
Net unrealized (loss) gain on cash flow hedges		**(39)**	75	(41)
Reclassification of net gain on cash flow hedges to net income		**(15)**	(18)	(22)
Reclassification of net loss on pensions to net income		**7**	11	3
Pension and post-retirement benefits		**44**	(72)	(52)
Net unrealized loss on available-for-sale investments		**(5)**	(4)	(6)
Other comprehensive (loss) income		**(142)**	80	(289)
Comprehensive income		**1,403**	1,506	726
Comprehensive loss attributable to non-controlling interests		**17**	5	3
Comprehensive income attributable to Magna International Inc.		**$1,420**	$1,511	$ 729

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
[U.S. dollars in millions]

Years ended December 31,

	Note	2013	2012	2011
OPERATING ACTIVITIES				
Net income		**$ 1,545**	$ 1,426	$ 1,015
Items not involving current cash flows	5	**1,149**	708	826
		2,694	2,134	1,841
Changes in non-cash operating assets and liabilities	5	**(127)**	72	(631)
Cash provided from operating activities		**2,567**	2,206	1,210
INVESTMENT ACTIVITIES				
Fixed asset additions		**(1,169)**	(1,274)	(1,236)
Purchase of subsidiaries	6	**(9)**	(525)	(120)
Increase in investments and other assets		**(192)**	(122)	(196)
Disposal of facilities	3	**0**	0	112
Proceeds from disposition		**163**	106	168
Cash used for investment activities		**(1,207)**	(1,815)	(1,272)
FINANCING ACTIVITIES				
(Decrease) increase in bank indebtedness		**(18)**	42	38
Repayments of debt	15	**(173)**	(309)	(47)
Issues of debt	15	**151**	348	146
Issues of Common Shares		**63**	14	59
Settlement of stock options	18	**(23)**	(19)	(30)
Repurchase of Common Shares	19	**(1,020)**	(40)	(407)
Contribution to subsidiaries by non-controlling interests		**4**	0	20
Dividends paid		**(284)**	(252)	(236)
Cash used for financing activities		**(1,300)**	(216)	(457)
Effect of exchange rate changes on cash and cash equivalents		**(28)**	22	(37)
Net increase (decrease) in cash and cash equivalents during the year		**32**	197	(556)
Cash and cash equivalents, beginning of year		**1,522**	1,325	1,881
Cash and cash equivalents, end of year		**$ 1,554**	$ 1,522	$ 1,325

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
[U.S. dollars in millions]

As at December 31,

	Note	2013	2012
ASSETS			
Current assets			
Cash and cash equivalents	5	**$ 1,554**	$ 1,522
Accounts receivable		**5,246**	4,774
Inventories	7	**2,637**	2,512
Deferred tax assets	11	**275**	170
Prepaid expenses and other		**211**	157
		9,923	9,135
Investments	3, 8, 16, 21	**391**	385
Fixed assets, net	3, 9	**5,441**	5,273
Goodwill	3, 10	**1,440**	1,473
Deferred tax assets	11	**120**	90
Other assets	3, 12, 16	**675**	753
		$17,990	$17,109
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	15	**$ 41**	$ 71
Accounts payable		**4,781**	4,450
Accrued salaries and wages	13	**704**	617
Other accrued liabilities	14	**1,538**	1,185
Income taxes payable		**6**	93
Deferred tax liabilities	11	**9**	19
Long-term debt due within one year	15	**230**	249
		7,309	6,684
Long-term employee benefit liabilities	16	**532**	560
Long-term debt	15	**102**	112
Other long-term liabilities	17	**208**	154
Deferred tax liabilities	11	**200**	141
		8,351	7,651
Shareholders' equity			
Common Shares [issued: 221,151,704; 2012 – 233,115,783]	19	**4,230**	4,391
Contributed surplus		**69**	80
Retained earnings	19	**5,011**	4,462
Accumulated other comprehensive income	20	**313**	496
		9,623	9,429
Non-controlling interest		**16**	29
		9,639	9,458
		$17,990	$17,109

Commitments and contingencies *[notes 15, 21 and 22]*

See accompanying notes

On behalf of the Board:

/s/ "Lawrence D. Worrall"	*/s/ "William L. Young"*
Director	Chairman of the Board

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
[U.S. dollars in millions]

	Common Shares						
	Number *[in millions]*	Stated Value	Contributed Surplus	Retained Earnings	AOCI [i]	Non-controlling Interests	Total Equity
Balance, December 31, 2010	242.6	$4,500	$ 56	$ 2,715	$ 752	$ 3	$ 8,026
Net income				1,018		(3)	1,015
Other comprehensive loss					(289)		(289)
Contribution to subsidiaries by non-controlling interests						20	20
Acquisition of subsidiaries						7	7
Shares issued on exercise of stock options	1.4	69	(10)				59
Release of restricted stock		6	(6)				0
Repurchase and cancellation undernormal course issuer bid *[note 19]*	(10.7)	(204)		(162)	(41)		(407)
Stock-based compensation expense *[note 18]*			31				31
Settlement of stock options *[note 18]*			(8)	(16)			(24)
Dividends paid		2		(238)			(236)
Balance, December 31, 2011	233.3	4,373	63	3,317	422	27	8,202
Net income				1,433		(7)	1,426
Other comprehensive income					78	2	80
Acquisition of subsidiaries						7	7
Shares issued on exercise of stock options	0.4	19	(5)				14
Release of restricted stock		5	(5)				0
Release of restricted stock units		5	(5)				0
Repurchase and cancellation undernormal course issuer bid *[note 19]*	(0.8)	(18)		(20)	(4)		(42)
Stock-based compensation expense *[note 18]*			39				39
Settlement of stock options *[note 18]*			(7)	(9)			(16)
Dividends paid	0.2	7		(259)			(252)
Balance, December 31, 2012	233.1	4,391	80	4,462	496	29	9,458
Net income				1,561		(16)	1,545
Other comprehensive loss					(141)	(1)	(142)
Issues of shares by subsidiaries						4	4
Shares issued on exercise of stock options	2.0	84	(21)				63
Release of restricted stock		6	(6)				0
Release of restricted stock units		9	(9)				0
Repurchase and cancellation undernormal course issuer bids *[note 19]*	(14.1)	(271)		(707)	(42)		(1,020)
Stock-based compensation expense *[note 18]*			34				34
Settlement of stock options *[note 18]*			(9)	(10)			(19)
Dividends paid	0.2	11		(295)			(284)
Balance, December 31, 2013	**221.2**	**$4,230**	**$ 69**	**$ 5,011**	**$ 313**	**$ 16**	**$ 9,639**

[i] AOCI is Accumulated Other Comprehensive Income.

See accompanying notes

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

1. SIGNIFICANT ACCOUNTING POLICIES

Magna International Inc. [collectively "Magna" or the "Company"] is a leading global automotive supplier with 316 manufacturing operations and 84 product development, engineering and sales centres in 29 countries. Magna has over 125,000 employees focused on delivering superior value to customers through innovative processes and World Class Manufacturing. The Company's product capabilities include body, chassis, interior, exterior, seating, powertrain, electronic, vision, closure and roof systems and modules, as well as complete vehicle engineering and contract manufacturing.

The consolidated financial statements have been prepared in U.S. dollars following U.S. generally accepted accounting principles ["GAAP"].

Principles of consolidation

The consolidated financial statements include the accounts of Magna and its subsidiaries, some of which have a non-controlling interest.

Financial instruments

The Company classifies all of its financial assets and financial liabilities as held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. Held-for-trading financial instruments, which include cash and cash equivalents and the Company's investment in asset-backed commercial paper ["ABCP"] are measured at fair value and all gains and losses are included in net income in the period in which they arise. Held-to-maturity investments, which include long-term interest bearing government securities held to partially fund certain Austrian lump sum termination and long service payment arrangements, are recorded at amortized cost using the effective interest method. Loans and receivables, which include accounts receivable, long-term receivables and accounts payable, are recorded at amortized cost using the effective interest method. Available-for-sale financial assets are recorded at cost and are subsequently measured at fair value with all revaluation gains and losses included in other comprehensive income.

Foreign currency translation

The Company operates globally, which gives rise to a risk that its earnings and cash flows may be adversely impacted by fluctuations in foreign exchange rates.

Assets and liabilities of the Company's operations having a functional currency other than the U.S. dollar are translated into U.S. dollars using the exchange rate in effect at year end, and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net investment in these operations are included in comprehensive income and are deferred in accumulated other comprehensive income. Foreign exchange gains or losses on debt that was designated as a hedge of the Company's net investment in these operations are also recorded in accumulated other comprehensive income.

Foreign exchange gains and losses on transactions occurring in a currency other than an operation's functional currency are reflected in income, except for gains and losses on foreign exchange contracts used to hedge specific future commitments in foreign currencies and on intercompany balances which are designated as long-term investments. In particular, the Company uses foreign exchange forward contracts for the sole purpose of hedging certain of the Company's future committed foreign currency based outflows and inflows. Most of the Company's foreign exchange contracts are subject to master netting arrangements that provide for the net settlement of contracts, by counterparty, in the event of default or termination. All derivative instruments, including foreign exchange contracts, are recorded on the consolidated balance sheet at fair value. The fair values of derivatives are recorded on a gross basis in prepaid expenses, other assets, other accrued liabilities or other long-term liabilities. To the extent that cash flow hedges are effective, the change in their fair value is recorded in other comprehensive income; any ineffective portion is recorded in net income. Amounts accumulated in other comprehensive income are reclassified to net income in the period in which the hedged item affects net income.

If the Company's foreign exchange forward contracts cease to be effective as hedges, for example, if projected foreign cash inflows or outflows declined significantly, gains or losses pertaining to the portion of the hedging transactions in excess of projected foreign currency denominated cash flows would be recognized in income at the time this condition was identified.

Cash and cash equivalents

Cash and cash equivalents include cash on account, demand deposits and short-term investments with remaining maturities of less than three months at acquisition.

Inventories

Production inventories and tooling inventories manufactured in-house are valued at the lower of cost and market, with cost being determined substantially on a first-in, first-out basis. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead.

Outsourced tooling inventories are valued at the lower of subcontracted costs and market.

Investments

The Company accounts for its investments in which it has significant influence on the equity basis. Investments also include the Company's investment in ABCP, public company shares and long-term interest bearing government securities held to partially fund certain Austrian lump sum termination and long service payment arrangements pursuant to local tax laws.

Long-lived assets

Fixed assets are recorded at historical cost. Depreciation is provided on a straight-line basis over the estimated useful lives of fixed assets at annual rates of 2 ½% to 5% for buildings, 7% to 10% for general purpose equipment and 10% to 33% for special purpose equipment.

Definite-lived intangible assets, which have arisen principally through acquisitions, are recorded in other assets and are amortized on a straight-line basis over their estimated useful lives, typically over periods not exceeding five years.

The Company assesses fixed and other long-lived assets [excluding goodwill] for recoverability whenever indicators of impairment exist. If the carrying value of the asset exceeds the estimated undiscounted cash flows from the use of the asset, then an impairment loss is recognized to write the asset down to fair value. The fair value of the long-lived assets is generally determined using estimated discounted future cash flows.

Goodwill

Goodwill represents the excess of the cost of an acquired enterprise over the fair value of the identifiable assets acquired and liabilities assumed less any subsequent writedowns for impairment. Goodwill is reviewed for impairment on an annual basis. Goodwill impairment is evaluated between annual tests upon the occurrence of certain events or circumstances. Goodwill impairment is assessed based on a comparison of the fair value of a reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. When the carrying amount of the reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of impairment, if any. The fair value of a reporting unit is generally determined using the estimated discounted future cash flows of the reporting unit.

Other assets

Other assets include the long-term portion of certain receivables, which represent the recognized sales value of tooling and design and engineering services provided to customers under certain long-term contracts. The receivables will be paid in full upon completion of the contracts or in instalments based on forecasted production volumes. In the event that actual production volumes are less than those forecasted, a reimbursement for any shortfall will be made.

Preproduction costs related to long-term supply agreements

Pre-operating costs incurred in establishing new facilities that require substantial time to reach commercial production capability are expensed as incurred.

Costs incurred [net of customer subsidies] related to design and engineering, which are paid for as part of subsequent production piece price amounts, are expensed as incurred unless a contractual guarantee for reimbursement exists.

Costs incurred [net of customer subsidies] related to design and development costs for moulds, dies and other tools that the Company does not own [and that will be used in, and paid for as part of the piece price amount for, subsequent production] are expensed as incurred unless the supply agreement provides a contractual guarantee for reimbursement or the non-cancellable right to use the moulds, dies and other tools during the supply agreement.

Where these preproduction costs are deemed to be a single unit of account combined with a subsequent parts production, the costs deferred in the above circumstances are included in other assets and amortized on a units-of-production basis to cost of goods sold over the anticipated term of the supply agreement.

Warranty

The Company records product warranty liabilities based on its individual customer agreements. Under most customer agreements, the Company only accounts for existing or probable claims on product default issues when amounts related to such issues are probable and reasonably estimable. Under certain complete vehicle engineering and assembly contracts, the Company records an estimate of future warranty-related costs based on the terms of the specific customer agreements and the specific customer's warranty experience.

Product liability provisions are established based on the Company's best estimate of the amounts necessary to settle existing claims on product default issues. Recall costs are costs incurred when government regulators and/or the customer decides to recall a product due to a known or suspected performance issue, and the Company is required to participate, either voluntarily or involuntarily. Costs typically include the cost of the product being replaced, the customer's cost of the recall and labour to remove and replace the defective part. When a decision to recall a product has been made or is probable, the Company's portion of the estimated cost of the recall is recorded as a charge to income in that period. In making this estimate, judgment is required as to the number of units that may be returned as a result of the recall, the total cost of the recall campaign and the ultimate negotiated sharing of the cost between the Company, the customer and, in some cases, a supplier to the Company.

Employee future benefit plans

The cost of providing benefits through defined benefit pensions, lump sum termination and long service payment arrangements, and post-retirement benefits other than pensions is actuarially determined and recognized in income using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and, with respect to medical benefits, expected health care costs. Differences arising from plan amendments, changes in assumptions and experience gains and losses that are greater than 10% of the greater of the accrued benefit obligation at the beginning of the year and the fair value, or market related value, of plan assets at the beginning of the year, are recognized in income over the expected average remaining service life of employees. Gains related to plan curtailments are recognized when the event giving rise to the curtailment has occurred. Plan assets are valued at fair value. The cost of providing benefits through defined contribution pension plans is charged to income in the period in respect of which contributions become payable.

The funded status of the plans is measured as the difference between the plan assets at fair value and the projected benefit obligation [PBO]. The aggregate of all overfunded plans is recorded in other assets, and the aggregate of all underfunded plans in long-term employee benefit liabilities. The portion of the amount by which the actuarial present value of benefits included in the PBO exceeds the fair value of plan assets, payable in the next twelve months, is reflected in accrued liabilities. This is determined on a plan by plan basis.

Asset retirement obligation

The Company recognizes its obligation to restore leased premises at the end of the lease by recording at lease inception the estimated fair value of this obligation as other long-term liabilities with a corresponding amount recognized as fixed assets. The fixed asset amount is amortized over the period from lease inception to the time the Company expects to vacate the premises, resulting in both depreciation and interest charges. The estimated fair value of the obligation is assessed for changes in the expected timing and extent of expenditures with changes related to the time value of money recorded as interest expense.

Revenue recognition

Revenue from the sale of manufactured products is recognized when the price is fixed or determinable, collectability is reasonably assured and upon shipment to [or receipt by customers, depending on contractual terms], and acceptance by customers.

For revenue arrangements entered into prior to January 1, 2011, tooling and engineering services are accounted for as a separate revenue element only in circumstances where the tooling and engineering has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the subsequent parts production or vehicle assembly. For revenue arrangements entered into or materially modified on or after January 1, 2011, tooling and engineering services are accounted for as a separate revenue element only in circumstances where the tooling and engineering has value to the customer on a standalone basis. Revenues from significant engineering services and tooling contracts that qualify as separate revenue elements are recognized on a percentage-of-completion basis. Percentage-of-completion is generally determined based on the proportion of accumulated expenditures to date as compared to total anticipated expenditures.

Revenue and cost of goods sold, including amounts from engineering and tooling contracts, are presented on a gross basis in the consolidated statements of income and comprehensive income when the Company is acting as principal and is subject to significant risks and rewards in connection with the process of bringing the product to its final state and in the post-sale dealings with its customers. Otherwise, components of revenues and related costs are presented on a net basis. With respect to vehicle assembly sales, where Magna is acting as principal with respect to purchased components and systems, the selling price to the customer includes the costs of such inputs. These programs are accounted for on a full-cost basis under which sales and cost of goods sold include these input costs.

Government assistance

The Company makes periodic applications for financial assistance under available government assistance programs in the various jurisdictions that the Company operates. Grants relating to capital expenditures are reflected as a reduction of the cost of the related assets. Grants relating to current operating expenditures are generally recorded as a reduction of the related expense at the time the eligible expenses are incurred. The Company also receives tax credits and tax super allowances, the benefits of which are recorded as a reduction of income tax expense. In addition, the Company receives loans which are recorded as liabilities in amounts equal to the cash received. When a government loan is issued to the Company at a below-market rate of interest, the loan is initially recorded at its net present value, and accreted to its face value over the period of the loan. The benefit of the below-market rate of interest is accounted for like a government grant. It is measured as the difference between the initial carrying value of the loan and the cash proceeds received.

Income taxes

The Company uses the liability method of tax allocation to account for income taxes. Under the liability method of tax allocation, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

No deferred tax liability is recorded for taxes on undistributed earnings and translation adjustments of foreign subsidiaries if these items are either considered to be reinvested for the foreseeable future or if they are available for repatriation and are not subject to further tax on remittance. Taxes will be recorded on such foreign undistributed earnings and translation adjustments when it becomes apparent that such earnings will be distributed in the foreseeable future and the Company will incur further significant tax on remittance.

Recognition of uncertain tax positions is dependent on whether it is more-likely-than-not that a tax position taken or expected to be taken in a tax return will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If a tax position meets the more-likely-than-not recognition threshold, it is measured to determine the amount of benefit to recognize in the financial statements. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Stock-based compensation

Compensation expense is recognized for stock options based upon the fair value of the options at the grant or modification date. The fair value of the options is recognized over the vesting period of the options as compensation expense in selling, general and administrative expense with a corresponding increase to contributed surplus.

The fair value of stock options is estimated at the grant or modification date using the Black-Scholes option pricing model. This model requires the input of a number of assumptions, including expected dividend yields, expected stock price volatility, expected time until exercise and risk-free interest rates. Although the assumptions used reflect management’s best estimates, they involve inherent uncertainties based on market conditions generally outside the Company’s control. If other assumptions are used, stock-based compensation expense could be significantly impacted.

As stock options are exercised, the proceeds received on exercise, in addition to the portion of the contributed surplus balance related to those stock options, is credited to Common Shares and contributed surplus is reduced accordingly.

The Company’s restricted stock plans and certain restricted share unit plans are measured at fair value at the date of grant or modification and amortized to compensation expense from the effective date of the grant to the final vesting date in selling, general and administrative expense with a corresponding increase to contributed surplus. As restricted stock or restricted share units are released under the plans, the portion of the contributed surplus balance relating to the restricted stock or restricted share units is credited to Common Shares and released from contributed surplus. Certain other restricted share unit plans are recorded as liabilities at the date of grant and are marked to market in selling, general and administrative expenses each period until settled.

Comprehensive income

Other comprehensive income includes unrealized gains and losses on translation of the Company's net investment in self-sustaining foreign operations, the change in fair value of available-for-sale investments, net of taxes, change in unamortized actuarial amounts, net of taxes and to the extent that cash flow hedges are effective, the change in their fair value, net of income taxes.

Accumulated other comprehensive income is a separate component of shareholders' equity which includes the accumulated balances of all components of other comprehensive income which are recognized in comprehensive income but excluded from net income.

Earnings per Common Share

Basic earnings per Common Share are calculated on net income attributable to Magna International Inc. using the weighted average number of Common Shares outstanding during the year.

Diluted earnings per Common Share are calculated on the weighted average number of Common Shares outstanding, including an adjustment for stock options outstanding using the treasury stock method.

Common Shares that have not been released under the Company's restricted stock plan or are being held in trust for purposes of the Company's restricted stock unit program have been excluded from the calculation of basic earnings per share but have been included in the calculation of diluted earnings per share.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

2. ACCOUNTING STANDARDS

Intangibles

During 2012, the Financial Accounting Standards Board ["FASB"] issued Accounting Standards Update ["ASU"] 2012-02, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment". ASU 2012-02 provides an option to first perform a qualitative assessment to determine whether it is more-likely-than-not that an indefinite-lived intangible asset is impaired. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Accumulated Other Comprehensive Income [“AOCI”]

In February 2013, the FASB issued ASU 2013-02, “Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income”, which is effective prospectively for public companies for reporting periods beginning after December 15, 2012. ASU 2013-02 requires an entity to report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. The ASU was adopted effective January 1, 2013 and did not have a material impact on the Company’s consolidated financial statements. The required disclosures were added to note 20[a].

Balance sheet offsetting

In December 2011, the FASB issued ASU 2011-11, “Disclosure about Offsetting Assets and Liabilities,” which requires additional disclosures regarding offsetting and related arrangements. In January 2013, the FASB issued ASU 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities,” which clarifies that ordinary trade receivables and receivables in general are not within the scope of ASU 2011-11. The balance sheet offsetting disclosures would apply to derivatives that are subject to enforceable master netting arrangements or similar agreements. The ASU was adopted effective January 1, 2013 and did not have a material impact on the Company’s consolidated financial statements. The required disclosures were added to note 21[d].

Future Accounting Standards

Unrecognized tax benefits

In July 2013, the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists”. ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. The guidance is effective for annual reporting periods beginning on or after December 15, 2013 and subsequent interim periods. The Company currently presents its unrecognized tax benefits in accordance with ASU 2013-11 and therefore this pronouncement will not result in a change to the Company’s consolidated financial statements.

Joint and several liability arrangements

In February 2013, the FASB issued ASU 2013-04, “Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date”. ASU 2013-04 requires reporting and disclosure about obligations resulting from joint and several liability arrangements within the scope of Subtopic 405-40 for which the total amount of the obligation is fixed at the reporting date. ASU 2013-04 is effective for fiscal years and interim periods beginning after December 15, 2013. The impact, if any, on the Company’s consolidated financial statements is currently being assessed.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

3. OTHER EXPENSE (INCOME), NET

Other expense (income), net consists of significant items such as: restructuring charges generally related to plant closures; impairment charges; gains or losses on disposal of facilities; re-measurement gains on acquisitions; and other items not reflective of on-going operating profit or loss. Other expense (income), net consists of:

	2013	2012	2011
North America [a]			
Impairment of long-lived assets	**$ 23**	$ 2	$ 7
Re-measurement gain of STT	**0**	(35)	0
Settlement agreement	**0**	0	11
Insurance proceeds	**0**	0	(15)
	23	(33)	3
Europe [b]			
Restructuring charges	**89**	55	0
Impairment of long-lived assets	**0**	23	14
Loss on disposal of facility	**0**	0	129
Customer bankruptcy	**0**	0	11
	89	78	154
Rest of World [c]			
Impairment of long-lived assets	**10**	0	0
Impairment of goodwill	**22**	0	0
	32	0	0
Corporate [d]			
Re-measurement gain of E-Car	**0**	(153)	0
Write down of real estate	**0**	0	9
Gain on sale of investment	**0**	0	(10)
	0	(153)	(1)
	$144	$(108)	$156

[a] North America

For the year ended December 31, 2013

In conjunction with its annual business planning cycle, during the fourth quarter of 2013 the Company recorded long-lived asset impairment charges of $23 million [$11 million after tax and non-controlling interests] in North America related to battery research equipment in Canada.

For the year ended December 31, 2012

During 2012 the Company recorded long-lived asset impairment charges of $2 million [$1 million after tax] in North America related to specific fixed assets at a metal fabricating facility in the United States.

On October 26, 2012, the Company acquired the remaining 50% interest in STT Technologies Inc. ["STT"] for cash consideration of $55 million. STT is a manufacturer of automotive pumps with operations in Canada and Mexico. Prior to the acquisition, the Company accounted for this investment using the equity method of accounting.

The incremental investment in STT was accounted for under the business acquisition method of accounting as a step acquisition which requires that Magna re-measures its pre-existing investment in STT at fair value and recognize any gains or losses in income. The estimated fair value of Magna's investment immediately before the closing date was $55 million, which resulted in the recognition of a non-cash gain of $35 million [$35 million after tax].

For the year ended December 31, 2011

During 2011, a settlement agreement was finalized in connection with the settlement of certain patent infringement and other claims. The Company recorded an $11 million expense in the third quarter of 2011 in relation to these arrangements.

During 2011, the Company recorded long-lived asset impairment charges of $7 million [$7 million after tax] related to a roof systems facility in the United States.

During 2011, the Company received proceeds pursuant to an insurance claim for fire damages related to an interior systems facility in the United States. The proceeds received were $15 million in excess of the damaged assets' net book value and the losses previously recognized, and was recorded in income.

[b] Europe

For the year ended December 31, 2013

As a result of recent customer announcements related to plant closures, the profitability of certain facilities and the level of future booked business, management determined that restructuring would have to be completed in its traditional European markets in order to remain cost competitive over the long-term. As a result, during 2013, the Company recorded net restructuring charges of $89 million [$64 million after tax] in Europe at its exterior and interior systems operations related primarily to the closure of a facility in Belgium.

Substantially all of these restructuring costs will be paid subsequent to 2013.

For the year ended December 31, 2012

During the fourth quarter of 2012, the Company recorded restructuring charges of $55 million [$53 million after tax] in Europe primarily at its exterior and interior systems and complete vehicle and engineering services operations.

During the fourth quarter of 2012, the Company recorded long-lived asset impairment charges of $23 million [$22 million after tax] primarily related to exterior and interior systems facilities.

For the year ended December 31, 2011

During the third quarter of 2011, the Company sold an interior systems operation located in Germany and recorded a loss on disposal of $113 million. This operation, whose long-lived assets were substantially impaired in 2010, had a history of losses which were projected to continue throughout the business planning period. Under the terms of the 2011 sale arrangements [the "SPA"], the Company agreed to fund the buyer $67 million, to be satisfied with certain working capital items, cash and the assumption of certain liabilities. Final settlement of the SPA did not occur during 2011 and in the fourth quarter of 2011 an additional $16 million was accrued in relation to the ongoing disputes with the purchaser bringing the total loss on disposal to $129 million. As more fully described in note 6, on June 4, 2012, the Company re-acquired the above operation.

During 2011, the Company recorded long-lived asset impairment charges of $14 million [$13 million after tax] related to various facilities in Europe.

During 2011, the Company recorded an $11 million charge related to the insolvency of Saab.

[c] Rest of World

For the year ended December 31, 2013

In conjunction with its annual business planning cycle, during 2013 the Company recorded long-lived asset impairment charges of $10 million [$10 million after tax], related primarily to fixed assets at the Company's Seating operations in South America.

In addition, during 2013 the Company recorded goodwill impairment charges of $22 million [$22 million after tax] related to the Company's metal stamping operations.

[d] Corporate

For the year ended December 31, 2012

On August 31, 2012, the Company acquired the controlling 27% interest in the Magna E-Car Systems L.P. ["E-Car"] partnership from a company affiliated with the Stronach Group for cash consideration of $75 million.

Prior to the acquisition, the Company held the remaining 73% non-controlling interest in E-Car and accounted for this investment using the equity method of accounting. The incremental investment in E-Car was accounted for under the business acquisition method of accounting as a step acquisition which requires that Magna re-measure its pre-existing investment in E-Car at fair value and recognize any gains or losses in income. The estimated fair value of Magna's partnership interest immediately before the closing date was $205 million, which resulted in the recognition of a non-cash gain of $153 million [$125 million after tax].

For the year ended December 31, 2011

During 2011, five excess corporate real estate assets were sold to entities associated with the Company's Founder and Chairman, Mr. Stronach and/or the Company's former Co-Chief Executive Officer, Siegfried Wolf. The sales were approved by the independent members of Magna's Board of Directors based on independent fair market appraisals. The appraised fair value range for the properties was less than their carrying value and, accordingly, the Company recorded a $9 million impairment charge in 2011.

During 2011, the Company sold its 40% non-controlling interest in an equity accounted investment for proceeds of $151 million [Cdn$147 million] and recognized a $10 million gain on disposal.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

4. EARNINGS PER SHARE

Earnings per share are computed as follows:

	2013	2012	2011
Basic earnings per Common Share:			
Net income attributable to Magna International Inc.	**$1,561**	$1,433	$1,018
Average number of Common Shares outstanding during the year	**227.9**	232.4	239.3
Basic earnings per Common Share	**$ 6.85**	$ 6.17	$ 4.26
Diluted earnings per Common Share:			
Net income attributable to Magna International Inc.	**$1,561**	$1,433	$1,018
Average number of Common Shares outstanding during the year	**227.9**	232.4	239.3
Adjustments			
Stock options and restricted stock [a]	**2.9**	2.8	3.5
	230.8	235.2	242.8
Diluted earnings per Common Share	**$ 6.76**	$ 6.09	$ 4.20

[a] Diluted earnings per Common Share exclude 0.1 million [2012 - 2.3 million; 2011 - 2.1 million] Common Shares issuable under the Company's Incentive Stock Option Plan because these options were not "in-the-money".

5. DETAILS OF CONSOLIDATED STATEMENTS OF CASH FLOWS

[a] Cash and cash equivalents consist of:

	2013	2012
Bank term deposits, bankers' acceptances and government paper	**$1,331**	$1,220
Cash	**223**	302
	$1,554	$1,522

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] Items not involving current cash flows:

	2013	2012	2011
Depreciation and amortization	**$1,063**	$ 801	$ 686
Other non-cash charges	**189**	154	110
Amortization of other assets included in cost of goods sold	**138**	113	80
Non-cash portion of Other expense (income), net *[note 3]*	**0**	(188)	147
Impairment charges *[note 3]*	**55**	25	0
Deferred income taxes *[note 11]*	**(100)**	(46)	(76)
Equity income	**(196)**	(151)	(121)
	$1,149	$ 708	$ 826

[c] Changes in non-cash operating assets and liabilities:

	2013	2012	2011
Accounts receivable	**$(584)**	$ (46)	$(909)
Inventories	**(141)**	(315)	(282)
Prepaid expenses and other	**(56)**	36	(49)
Accounts payable	**329**	249	475
Accrued salaries and wages	**87**	37	80
Other accrued liabilities	**298**	97	87
Income taxes payable	**(56)**	16	(29)
Deferred revenue	**(4)**	(2)	(4)
	$(127)	$ 72	$(631)

6. BUSINESS ACQUISITIONS

Acquisitions in the year ended December 31, 2013

In November 2013, the Company 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. Prior to the acquisition, the Company was fully consolidating this entity and recording a non-controlling interest equal to the 49% interest not owned by the Company.

The net effect of this and other small acquisitions on the Company's 2013 consolidated balance sheet were increases in fixed assets of $5 million, goodwill of $3 million, other assets of $2 million, and other long-term liabilities of $2 million and a reduction of non-controlling interest of $1 million.

Acquisitions in the year ended December 31, 2012

In January 2012, the Company acquired BDW technologies group, a structural casting supplier of aluminium components, which has operations in Germany, Poland and Hungary. The acquired business has sales primarily to Volkswagen, Audi, Porsche, Mercedes-Benz, Ferrari and ZF.

As described in note 3, during the third quarter of 2011 the Company sold an interior systems operation [the "Business"] located in Germany. Subsequent to disposal, the Business continued to incur significant financial losses. By the end of the first quarter of 2012, the Business was experiencing severe liquidity issues. Although the Company had no legal obligation to do so, in light of customer relationship issues and other relevant considerations, on June 4, 2012, the Company re-acquired the Business.

As more fully described in note 3, on August 31, 2012 the Company acquired the controlling 27% interest in the E-Car partnership for cash consideration of $56 million [net of $19 million cash acquired]. The incremental investment in E-Car was accounted for under the business acquisition method of accounting as a step acquisition which requires that all assets acquired and liabilities of E-Car be measured at fair value. The purchase equation allocated $210 million to intangible assets which are primarily technology based intangibles. Given the continuing uncertainties regarding the timing and magnitude of a viable electric vehicle industry, competing electric vehicle technologies, significantly larger competitors, and other factors, the Company determined that the intangible assets would be amortized on a straight-line basis over the period ended December 31, 2013. At December 31, 2013, these intangible assets have been fully amortized *[note 12]*.

As more fully described in note 3, on October 26, 2012 the Company acquired the remaining 50% interest in STT. The incremental investment in STT required that all assets acquired and liabilities of STT be measured at fair value.

In December 2012, the Company 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 acquired business has sales primarily to BMW, Daimler, Volkswagen, Schaeffler, ZF, Ford, Chrysler, Renault-Nissan and Toyota.

The total consideration for these acquisitions was $525 million paid in cash [net of cash acquired].

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

The net effect of the acquisitions on the Company's 2012 consolidated balance sheet and as well as certain adjustments recorded during 2013 to the preliminary purchase price allocations are as follows:

	2012 Preliminary Allocation	2013 Adjustments	Final Allocation
Non-cash working capital	$ (129)	$ (47)	$ (176)
Investments	3	(3)	0
Fixed assets	501	(36)	465
Goodwill	289	(2)	287
Other assets	94	99	193
Deferred tax assets	0	5	5
Purchase intangibles	215	0	215
Long-term employee benefit liabilities	(49)	1	(48)
Long-term debt	(25)	(2)	(27)
Other long-term liabilities	(35)	0	(35)
Deferred tax liabilities	(68)	(15)	(83)
Non-controlling interests	(11)	0	(11)
Fair value of net assets (excluding cash)	$ 785	$ 0	$ 785

The above adjustments had an insignificant impact on the 2013 consolidated statement of income since the adjustments related primarily to the acquisitions that were completed in the fourth quarter of 2012.

Acquisitions in the year ended December 31, 2011

In December 2011, the Company acquired ThyssenKrupp Automotive Systems Industrial do Brasil Ltda, which consists of four manufacturing facilities in Brazil that assemble chassis structural components and modules. The acquired business has sales to Ford, Fiat, Renault-Nissan, Honda and PSA.

In August 2011, the Company acquired Grenville Castings Ltd., a structural casting supplier of aluminum components located in Canada. The acquired business has sales primarily to Ford and General Motors.

In June 2011, the Company acquired Continental Plastics Co., a supplier of interior products, mainly door panel and seat back assemblies. The acquired business is located in the United States with sales primarily to General Motors.

In May 2011, the Company acquired a 51% interest in Wuhu Youth Tongyang Auto Plastic Parts Co., Ltd., a supplier of exterior products, mainly front and rear bumpers. The acquired business is located in China with sales primarily to Chery Automobile Co. Ltd.

In January 2011, the Company acquired Automobiltechnik Dürbheim, a manufacturer of tapping plates which assist in the fastening of bolts. The acquired business is located in Germany and has sales to various OEMs.

The total consideration for these acquisitions was $157 million, consisting of $120 million paid in cash [net of cash acquired] and $37 million of assumed debt.

The net effect of the acquisitions on the Company's 2011 consolidated balance sheet were increases in non-cash working capital of $35 million, fixed assets of $95 million, goodwill of $29 million, deferred tax assets of $6 million, other long-term liabilities of $28 million, and non-controlling interest of $7 million.

Pro forma impact [unaudited]

If the acquisitions completed during 2013 and 2012 occurred on January 1, 2012, the Company's unaudited pro forma consolidated sales and net income for the year ended December 31, 2013 would have been unchanged [2012 - $31.5 billion and $1.4 billion, respectively].

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

7. INVENTORIES

Inventories consist of:

	2013	2012
Raw materials and supplies	**$ 947**	$ 911
Work-in-process	**273**	260
Finished goods	**339**	283
Tooling and engineering	**1,078**	1,058
	$2,637	$2,512

Tooling and engineering inventory represents costs incurred on tooling and engineering services contracts in excess of billed and unbilled amounts included in accounts receivable.

8. INVESTMENTS

[a] At December 31, 2013, the Company held Canadian third party ABCP with a face value of Cdn$107 million [2012 - Cdn$107 million]. These investments did not settle at the scheduled maturity during the third quarter of 2007 due to ABCP market liquidity issues, and as a result the Company reclassified its ABCP to long-term investments from cash and cash equivalents.

On January 16, 2009, a restructuring plan was finalized and restructuring Notes [the "Notes"] were issued in exchange for existing investments. The Notes issued included: [i] notes in a Master Trust (MAV2 - A Notes), which were rated A by DBRS with a face amount value of Cdn$102 million; [ii] subordinate notes (MAV2 - B and C Notes) which were unrated with a face amount value of Cdn$9 million; and [iii] various tracking notes which were issued in exchange for assets deemed ineligible for inclusion in the Master Trust with a face amount value of Cdn$23 million. The criteria for eligibility into the Master Trust included credit quality, an expected return of the assets and arrangements with individual asset providers. The performance of the tracking notes is tied directly to actual performance of the specific assets.

The following is a continuity of the Company's investment in ABCP:

	2013	2012	2011
Balance, beginning of year	**$90**	$82	$84
Valuation adjustment [i]	**8**	15	0
Cash receipts	**0**	(9)	0
Foreign exchange and other	**(6)**	2	(2)
	$92	$90	$82

[i] The carrying value of this investment was based on a valuation technique estimating the fair value from the perspective of a market participant. During the year ended December 31, 2013, the Company recorded an $8 million [2012 - $15 million] increase in the carrying value of its investment in ABCP in selling, general and administrative expense, due to a reduction of the spread between the anticipated return on the restructured notes and current market indices.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] The Company's net income includes the proportionate share of net income or loss of its equity method investees. When a proportionate share of net income is recorded, it increases equity income in the consolidated statements of income and the carrying value of those investments. Conversely, when a proportionate share of a net loss is recorded, it decreases equity income in the consolidated statements of income and the carrying value of those investments. The following is the Company's combined proportionate share of the major components of the financial statements of the entities in which the Company accounts for using the equity method:

Balance Sheets

	2013	2012
Current assets	**$373**	$344
Long-term assets	**$ 82**	$ 74
Current liabilities	**$167**	$150
Long-term liabilities	**$ 76**	$ 60

Statements of Income

	2013	2012	2011
Sales	**$1,013**	$967	$881
Cost of goods sold, expenses and income taxes	**839**	814	805
Net income	**$ 174**	$153	$ 76

Sales to equity method investees were approximately $144 million, $171 million and $76 million in 2013, 2012 and 2011, respectively.

9. FIXED ASSETS

Fixed assets consist of:

	2013	2012
Cost		
Land	**$ 236**	$ 238
Buildings	**1,592**	1,513
Machinery and equipment	**11,510**	11,047
	13,338	12,798
Accumulated depreciation		
Buildings	**(579)**	(541)
Machinery and equipment	**(7,318)**	(6,984)
	$ 5,441	$ 5,273

Included in the cost of fixed assets are construction in progress expenditures of $762 million [2012 - $939 million] that have not been depreciated.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

10. GOODWILL

The following is a continuity of the Company's goodwill by segment:

	North America	Europe	Asia	Rest of World	Total
Balance, December 31, 2011	$ 644	$ 392	$ 74	$ 86	$1,196
Acquisitions *[note 6]*	75	206	0	8	289
Foreign exchange and other	(18)	13	0	(7)	(12)
Balance, December 31, 2012	701	611	74	87	1,473
Acquisitions *[note 6]*	(24)	22	3	0	1
Impairments *[note 3]*	0	0	0	(22)	(22)
Reallocation between reporting segments [i]	0	0	51	(51)	0
Foreign exchange and other	(21)	22	1	(14)	(12)
Balance, December 31, 2013	**$ 656**	**$ 655**	**$129**	**$ 0**	**$1,440**

[i] During the fourth quarter of 2013, the Company began reporting Asia and Rest of World as separate reporting segments *[note 23]*. As a result, goodwill was assigned to the reporting segments using a relative fair value allocation.

11. INCOME TAXES

[a] The provision for income taxes differs from the expense that would be obtained by applying the Canadian statutory income tax rate as a result of the following:

	2013	2012	2011
Canadian statutory income tax rate	**26.5%**	26.5%	28.3%
Manufacturing and processing profits deduction	**(0.4)**	(0.7)	(0.8)
Foreign rate differentials	**(1.5)**	(1.5)	(2.0)
Losses not benefited	**5.3**	5.8	11.4
Utilization of losses previously not benefited	**(1.0)**	(0.3)	(10.2)
Earnings of equity accounted investees	**(1.1)**	(1.2)	(1.6)
Withholding tax	**1.4**	0	0
Valuation allowance on deferred tax assets [i]	**(1.1)**	(5.0)	(6.5)
Mexican flat tax [ii]	**(1.9)**	0	0
Research and development tax credits [iii]	**(4.3)**	(2.3)	(1.6)
Reserve for uncertain tax positions	**(2.3)**	(1.0)	(0.4)
Re-measurement gains	**0**	(1.1)	0
Other	**(0.7)**	(0.7)	0
Effective income tax rate	**18.9%**	18.5%	16.6%

[i] GAAP requires that the Company assess whether valuation allowances should be established or maintained against its deferred tax assets, based on consideration of all available evidence, using a "more likely than not" standard. The factors the Company uses to assess the likelihood of realization are its history of losses, forecasts of future pre-tax income and tax planning strategies that could be implemented to realize the deferred tax assets.

For the year ended December 31, 2013

The Company had valuation allowances against its deferred tax assets in certain European countries. These valuation allowances were required because of historical losses and uncertainty as to the timing of when the Company would be able to generate the necessary level of earnings to recover these deferred tax assets. Over the past few years some of the Company's European operations have delivered sustained profits which together with forecasted profits have allowed the Company to release a portion of the valuation allowances set up against its European deferred tax assets. Additionally, during 2013, the Company released a portion of its valuation allowance in China. The effect of these valuation allowance releases in 2013 is $21 million.

For the year ended December 31, 2012

The Company had valuation allowances against its deferred tax assets in the United Kingdom and Germany. Based on financial forecasts and continued anticipated growth, the Company released a portion of the valuation allowance set up against its deferred tax assets in the United Kingdom; and in Germany, the BDW and ixetic acquisitions allowed the Company to release a portion of the valuation allowance set up against its German deferred tax assets. Additionally, during 2012 the Company released a portion of its valuation allowances in Mexico and China, which were partially offset by a new valuation allowance against all of its deferred tax assets in Brazil. The net effect of all these valuation allowance releases in 2012 was $89 million.

For the year ended December 31, 2011

The Company had valuation allowances against all of its deferred tax assets in the United States. During 2010 and 2011, the Company's United States operations delivered sustained profits. Based on financial forecasts and the continued anticipated growth for the U.S. market, the Company released $78 million of the U.S. valuation allowance in the fourth quarter of 2011.

[ii] During the fourth quarter of 2013, the Company recorded a tax benefit of $36 million as a result of the elimination of the Mexican flat tax, which became effective on January 1, 2014. Previously, there were two taxes in Mexico; a flat tax and an income tax and taxpayers were required to pay tax based on the greater of the two. Deferred taxes were also maintained by the Company based on calculations under one or the other of these taxes. The elimination of the flat tax allowed the Company to reverse its net deferred tax liabilities for its entities under that tax and establish a deferred tax asset under the income tax.

[iii] For the year ended December 31, 2013, the amount includes a tax benefit of $36 million in connection with a settlement with the United States Internal Revenue Service, of claims for research and development tax credits covering years 2008 and 2009 and a resulting change in the Company's estimate of the amount of similar claims for subsequent periods.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] The details of income before income taxes by jurisdiction are as follows:

	2013	2012	2011
Canadian	**$ 653**	$ 944	$ 710
Foreign	**1,252**	806	507
	$1,905	$1,750	$1,217

[c] The details of the income tax provision (recovery) are as follows:

	2013	2012	2011
Current			
Canadian	**$ 159**	$170	$115
Foreign	**301**	200	163
	460	370	278
Deferred			
Canadian	**(29)**	(6)	7
Foreign	**(71)**	(40)	(83)
	(100)	(46)	(76)
	$ 360	$324	$202

[d] Deferred income taxes have been provided on temporary differences, which consist of the following:

	2013	2012	2011
Tax depreciation greater (less) than book depreciation	**$ (23)**	$ 13	$ 51
Book amortization less than (in excess of) tax amortization	**(57)**	16	0
Liabilities currently not deductible for tax	**(48)**	(29)	(28)
Net tax losses (benefited) utilized	**50**	(11)	(37)
Change in valuation allowance on deferred tax assets	**(21)**	(89)	(78)
Net tax credits utilized	**2**	53	24
Other	**(3)**	1	(8)
	$(100)	$(46)	$(76)

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[e] Deferred tax assets and liabilities consist of the following temporary differences:

	2013	2012
Assets		
Tax benefit of loss carryforwards	**$ 610**	$ 628
Liabilities currently not deductible for tax	**337**	263
Tax credit carryforwards	**34**	35
Unrealized loss on cash flow hedges and retirement liabilities	**39**	48
Other	**11**	0
	1,031	974
Valuation allowance against tax benefit of loss carryforwards	**(528)**	(504)
Other valuation allowance	**(111)**	(45)
	392	425
Liabilities		
Tax depreciation in excess of book depreciation	**170**	199
Other assets book value in excess of tax value	**15**	77
Unrealized gain on cash flow hedges and retirement liabilities	**21**	19
Other	**0**	30
	206	325
Net deferred tax assets	**$ 186**	$ 100

The net deferred tax assets are presented on the consolidated balance sheet in the following categories:

	2013	2012
Current deferred tax assets	**$ 275**	$ 170
Current deferred tax liabilities	**(9)**	(19)
Long-term deferred tax assets	**120**	90
Long-term deferred tax liabilities	**(200)**	(141)
	$ 186	$ 100

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[f] Income taxes paid in cash [net of refunds] were $507 million for the year ended December 31, 2013 [2012 - $347 million; 2011 - $304 million].

[g] As of December 31, 2013, the Company had domestic and foreign operating loss carryforwards of $2.00 billion and tax credit carryforwards of $34 million. Approximately $1.07 billion of the operating losses can be carried forward indefinitely. The remaining operating losses and tax credit carryforwards expire between 2014 and 2033.

[h] As at December 31, 2013, 2012 and 2011, the Company's gross unrecognized tax benefits were $238 million, $279 million and $252 million, respectively [excluding interest and penalties], of which $219 million, $240 million and $222 million, respectively, if recognized, would affect the Company's effective tax rate. The gross unrecognized tax benefits differ from the amount that would affect the Company's effective tax rate due primarily to the impact of the valuation allowance on deferred tax assets. A summary of the changes in gross unrecognized tax benefits is as follows:

	2013	2012	2011
Balance, beginning of year	**$279**	$252	$257
Additions based on tax positions related to current year	**35**	68	14
(Reductions)/additions based on tax positions of prior years	**(44)**	(31)	13
Settlements	**(24)**	(10)	(12)
Statute expirations	**(7)**	(5)	(16)
Foreign currency translation	**(1)**	5	(4)
	$238	$279	$252

The Company recognizes interest and penalties with respect to unrecognized tax benefits as income tax expense. As at December 31, 2013, 2012 and 2011 the Company had recorded interest and penalties on the unrecognized tax benefits of $42 million, $49 million and $42 million, respectively, which reflects recoveries/(expenses) related to changes in its reserves for interest and penalties of $7 million, ($7 million) and $3 million, respectively.

The Company operates in multiple jurisdictions throughout the world, and its tax returns are periodically audited or subject to review by both domestic and foreign tax authorities. During the next twelve months, it is reasonably possible that, as a result of audit settlements, the conclusion of current examinations and the expiration of the statute of limitations in several jurisdictions, the Company may decrease the amount of its gross unrecognized tax benefits [including interest and penalties] by approximately $66 million, of which $62 million, if recognized, would affect its effective tax rate.

The Company considers its significant tax jurisdictions to include Canada, the United States, Austria, Germany and Mexico. The Company remains subject to income tax examination in Austria for years after 2005, Germany for years after 2007, Mexico for years after 2007, U.S. federal jurisdiction for years after 2007, and in Canada for years after 2008.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

12. OTHER ASSETS

Other assets consist of:

	2013	2012
Preproduction costs related to long-term supply agreements with contractual guarantee for reimbursement	**$291**	$297
Long-term receivables *[note 21[c]]*	**111**	95
Patents and licenses, net	**44**	40
Unrealized gain on cash flow hedges *[note 21]*	**20**	32
E-Car intangible *[note 6]*	**0**	158
Customer relationship intangibles *[note 6]*	**143**	93
Pension overfunded status *[note 16[a]]*	**26**	0
Other, net	**40**	38
	$675	$753

13. EMPLOYEE EQUITY AND PROFIT PARTICIPATION PROGRAM

During the year ended December 31, 2013, a trust, which exists to make orderly purchases of the Company's shares for employees for transfer to the Employee Equity and Profit Participation Program ["EEPPP"], borrowed up to $39 million [2012 - $18 million; 2011 - $35 million] from the Company to facilitate the purchase of Common Shares. At December 31, 2013, the trust's indebtedness to Magna was $39 million [2012 - $17 million]. The Company nets the receivable from the trust with the Company's accrued EEPPP payable in accrued wages and salaries.

14. WARRANTY

The following is a continuity of the Company's warranty accruals:

	2013	2012	2011
Balance, beginning of year	**$ 94**	$ 76	$ 68
Expense, net	**40**	43	46
Settlements	**(46)**	(46)	(38)
Acquisitions *[note 6]*	**1**	17	0
Foreign exchange and other	**2**	4	0
	$ 91	$ 94	$ 76

15. DEBT AND COMMITMENTS

[a] The Company's long-term debt, which is substantially uncollateralized, consists of the following:

	2013	2012
Bank term debt at a weighted average interest rate of approximately 6.3% [2012 – 8.0%], denominated primarily in Chinese renminbi and Brazilian real	**$239**	$268
Government loans at a weighted average interest rate of approximately 5.9% [2012 – 5.4%], denominated primarily in Brazilian real and euros	**26**	15
Other	**67**	78
	332	361
Less due within one year	**230**	249
	$102	$112

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] Future principal repayments on long-term debt are estimated to be as follows:

2014	$230
2015	39
2016	22
2017	15
2018	18
Thereafter	8
	$332

[c] On June 20, 2013, the Company amended its previous $2.25 billion revolving credit facility to become a five year facility with a maturity of June 20, 2018. The facility now 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.

[d] Interest expense (income), net includes:

	2013	2012	2011
Interest expense			
Current	**$ 26**	$ 27	$ 16
Long-term	**8**	7	3
	34	34	19
Interest income	**(18)**	(18)	(25)
Interest expense (income), net	**$ 16**	$ 16	$ (6)

[e] Interest paid in cash was $32 million for the year ended December 31, 2013 [2012 - $32 million; 2011 - $19 million].

[f] At December 31, 2013, the Company had commitments under operating leases requiring annual rental payments as follows:

	Total
2014	$ 343
2015	303
2016	273
2017	240
2018	157
Thereafter	402
	$1,718

Prior to June 30, 2011, MI Developments Inc. ["MID"] was a considered a related party. In the normal course of business, Magna leases various land and buildings from MID under operating lease agreements, which were effected on normal commercial terms. The leases were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Lease expense related to MID for 2011 was $166 million.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[g] The Company has agreements with Mr. Stronach and certain affiliated entities for the provision of business development, consulting and other business services. The cost of these agreements is measured at the exchange amount. The court-approved plan of arrangement in which the Company's dual-class share structure was collapsed, set a termination date of December 31, 2014 with a declining fee schedule for the consulting, business development and business services agreements. The aggregate amount expensed under these agreements with respect to the year ended December 31, 2013 was $52 million [2012 - $47 million; 2011 - $38 million].

16. LONG-TERM EMPLOYEE BENEFIT LIABILITIES

Long-term employee benefit liabilities consist of:

	2013	2012	2011
Defined benefit pension plans and other [a]	**$149**	$212	$128
Termination and long service arrangements [b]	**343**	304	244
Retirement medical benefits plans [c]	**34**	39	37
Other long-term employee benefits	**6**	5	10
Long-term employee benefit obligations	**$532**	$560	$419

[a] Defined benefit pension plans

The Company sponsors a number of defined benefit pension plans and similar arrangements for its employees. All pension plans are funded to at least the minimum legal funding requirements, while European defined benefit pension plans are unfunded.

The weighted average significant actuarial assumptions adopted in measuring the Company's obligations and costs are as follows:

	2013	2012	2011
Projected benefit obligation			
Discount rate	**4.7%**	4.1%	4.7%
Rate of compensation increase	**2.9%**	2.8%	2.8%
Net periodic benefit cost			
Discount rate	**4.1%**	4.7%	5.2%
Rate of compensation increase	**2.8%**	2.8%	2.7%
Expected return on plan assets	**6.5%**	7.0%	7.1%

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

Information about the Company's defined benefit pension plans is as follows:

	2013	2012	2011
Projected benefit obligation			
Beginning of year	**$502**	$ 388	$ 337
Current service cost	**13**	11	10
Interest cost	**19**	18	19
Actuarial (gains) losses and changes in actuarial assumptions	**(56)**	50	42
Benefits paid	**(18)**	(18)	(13)
Special termination benefit	**0**	0	1
Acquisition	**0**	47	0
Divestitures	**0**	0	(3)
Foreign exchange	**(6)**	6	(5)
End of year	**454**	502	388
Plan assets at fair value			
Beginning of year	**288**	259	253
Return on plan assets	**38**	26	0
Employer contributions	**30**	19	24
Benefits paid	**(18)**	(19)	(14)
Foreign exchange	**(10)**	3	(4)
End of year	**328**	288	259
Ending funded status	**$126**	$ 214	$ 129
Amounts recorded in the consolidated balance sheet			
Non-current asset *[note 12]*	**$ (26)**	$ 0	$ (1)
Current liability	**3**	2	2
Non-current liability	**149**	212	128
Net amount	**$126**	$ 214	$ 129
Amounts recorded in accumulated other comprehensive income			
Unrecognized actuarial losses	**$ (61)**	$(141)	$(101)
Net periodic benefit cost			
Current service cost	**$ 13**	$ 11	$ 10
Interest cost	**19**	18	19
Return on plan assets	**(19)**	(19)	(19)
Actuarial losses	**5**	3	1
Special termination benefit	**0**	0	1
Net periodic benefit cost	$ 18	$ 13	$ 12

[b] Termination and long service arrangements

Pursuant to labour laws and national labour agreements in certain European countries and Mexico, the Company is obligated to provide lump sum termination payments to employees on retirement or involuntary termination, and long service payments contingent upon persons reaching a predefined number of years of service.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

The weighted average significant actuarial assumptions adopted in measuring the Company's projected termination and long service benefit obligations and net periodic benefit cost are as follows:

	2013	2012	2011
Discount rate	**3.9%**	4.2%	5.4%
Rate of compensation increase	**3.9%**	3.9%	4.0%

Information about the Company's termination and long service arrangements is as follows:

	2013	2012	2011
Projected benefit obligation			
Beginning of year	**$314**	$252	$235
Current service cost	**24**	16	15
Interest cost	**13**	13	10
Actuarial losses and changes in actuarial assumptions	**12**	41	14
Benefits paid	**(21)**	(13)	(12)
Acquisition	**0**	2	0
Curtailment	**0**	(4)	0
Foreign exchange	**12**	7	(10)
Ending funded status	**$354**	$314	$252
Amounts recorded in the consolidated balance sheet			
Current liability	**$ 11**	$ 10	$ 8
Non-current liability	**343**	304	244
Net amount	**$354**	$314	$252
Amounts recorded in accumulated other comprehensive income			
Unrecognized actuarial losses	**$ (82)**	$ (74)	$ (45)
Net periodic benefit cost			
Current service cost	**$ 24**	$ 16	$ 15
Interest cost	**13**	13	10
Actuarial losses	**4**	12	6
Net periodic benefit cost	**$ 41**	$ 41	$ 31

[c] Retirement medical benefits plans

The Company sponsors a number of retirement medical plans which were assumed on certain acquisitions in prior years. These plans are frozen to new employees and incur no current service costs.

In addition, the Company sponsors a retirement medical benefits plan that was amended during 2009 such that substantially all employees retiring on or after August 1, 2009 no longer participate in the plan.

The weighted average discount rates used in measuring the Company's projected retirement medical benefit obligations and net periodic benefit cost are as follows:

	2013	2012	2011
Retirement medical benefit obligations	**4.5%**	3.6%	4.2%
Net periodic benefit cost	**3.6%**	4.2%	5.4%
Health care cost inflation	**7.7%**	8.0%	9.2%

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

Information about the Company's retirement medical benefits plans are as follows:

	2013	2012	2011
Projected benefit obligation			
Beginning of year	**$41**	$39	$36
Interest cost	**2**	2	2
Actuarial (gains) losses and changes in actuarial assumptions	**(4)**	3	4
Benefits paid	**(2)**	(3)	(3)
Foreign exchange	**(1)**	0	0
Ending funded status	**$36**	$41	$39
Amounts recorded in the consolidated balance sheet			
Current liability	**$ 2**	$ 2	$ 2
Non-current liability	**34**	39	37
Net amount	**$36**	$41	$39
Amounts recorded in accumulated other comprehensive income			
Unrecognized past service costs	**$ 2**	$ 3	$ 3
Unrecognized actuarial gains	**10**	8	12
Total accumulated other comprehensive income	**$12**	$11	$15
Net periodic benefit cost			
Interest cost	**$ 2**	$ 2	$ 2
Actuarial gains	**(2)**	(1)	(1)
Past service cost amortization	**(1)**	0	(1)
Net periodic benefit cost	**$ (1)**	$ 1	$ 0

The effect of a one-percentage point increase or decrease in health care trend rates would not have a significant impact on the Company's income.

[d] Future benefit payments

	Defined benefit pension plans	Termination and long service arrangements	Retirement medical benefits plans	Total
Expected employer contributions – 2014	$ 33	$ 11	$ 2	$ 46
Expected benefit payments:				
2014	$ 17	$ 11	$ 2	$ 30
2015	17	10	2	29
2016	17	10	2	29
2017	18	11	3	32
2018	18	14	2	34
Thereafter	104	104	12	220
	$ 191	$ 160	$ 23	$374

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[e] Plan assets

The asset allocation of the Company's defined benefit pension plans at December 31, 2013 and 2012, and the target allocation for 2014 is as follows:

	2014	2013	2012
Equity securities	**55-75%**	58%	57%
Fixed income securities	**25-45%**	41%	42%
Cash and cash equivalents	**0-15%**	1%	1%
	100%	100%	100%

The expected rate of return on plan assets was determined by considering the Company's current investment mix, the historic performance of these investment categories and expected future performance of these investment categories.

17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

	2013	2012
Long-term portion of income taxes payable	**$133**	$ 94
Asset retirement obligation	**40**	39
Long-term portion of fair value of hedges *[note 21]*	**28**	10
Deferred revenue	**7**	11
	$208	$154

18. STOCK-BASED COMPENSATION

[a] Incentive Stock Option Plan

The Company currently has two incentive stock option plans in effect: the 2009 Stock Option Plan, which was adopted by the Company's shareholders on May 6, 2010; and the Amended and Restated Incentive Stock Option Plan [the "1987 Stock Option Plan"], which was adopted by shareholders on December 10, 1987, and subsequently amended on May 18, 2000 and May 10, 2007.

Upon adoption of the 2009 Plan, new grants under the 1987 Plan were frozen, but all outstanding options were permitted to continue to vest and be exercisable in accordance with their terms.

2009 Stock Option Plan

Under the 2009 Stock Option Plan, the Company may grant options to purchase Common Shares to full-time employees and consultants of the Company and its subsidiaries. The maximum number of shares that can be reserved for issuance under the option plan is 16,000,000 shares. The number of shares available to be granted at December 31, 2013 was 7,516,831 [2012 - 8,457,666]. All options granted are for terms of up to seven years from the grant date. Options issued under the 2009 Option Plan to employees and consultants generally vest as to one-third on each of the first three anniversaries of the date of grant. All options allow the holder to purchase Common Shares at a price equal to or greater than the closing market price of such shares on the date prior to the date of the grant.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

1987 Stock Option Plan

The Company previously granted options to purchase Common Shares to full-time employees, outside directors or consultants of the Company under the 1987 Stock Option Plan. Upon shareholder approval of the Company's 2009 Stock Option Plan, the 1987 Stock Option Plan was terminated such that no future grants could be made, but previously granted options would continue to vest and be exercisable in accordance with their original terms of grant. All options granted under the 1987 Stock Option Plan are for terms of up to seven years from the grant date. All options allow the holder to purchase Common Shares at a price equal to or greater than the closing market price of such shares on the date prior to the date of the grant or modification.

The following is a continuity schedule of all options outstanding [number of options in the table below are expressed in whole numbers]:

	Options outstanding		
	Number of options	Weighted average exercise price	Number of options exercisable
Outstanding at December 31, 2010	11,142,450	Cdn$34.22	3,362,116
Exercised [i]	(2,737,253)	33.28	(2,737,253)
Cancelled	(1,537,830)	48.86	(1,426,164)
Vested	0	0	2,868,001
Outstanding at December 31, 2011	6,867,367	Cdn$31.54	2,066,700
Granted	1,389,000	48.22	0
Exercised [ii]	(1,525,159)	28.46	(1,525,159)
Cancelled	(107,966)	53.14	(58,967)
Vested	0	0	2,745,000
Outstanding at December 31, 2012	6,623,242	Cdn$35.39	3,227,574
Granted	1,060,000	57.02	0
Exercised [iii]	(2,805,969)	31.99	(2,805,969)
Cancelled	(119,165)	51.46	(31,667)
Vested	0	0	2,457,171
Outstanding at December 31, 2013	4,758,108	Cdn$41.82	2,847,109

The total intrinsic value of options exercised during 2013 was $56 million [2012 - $6 million; 2011 - $19 million].

[i] During 2011, 1,283,334 options were exercised on a cashless basis in accordance with applicable stock option plans. On exercise, cash payments totalling $30 million were made to the stock option holders.

[ii] During 2012, 1,100,001 options were exercised on a cashless basis in accordance with applicable stock option plans. On exercise, cash payments totalling $19 million were made to the stock option holders.

[iii] During 2013, 849,999 options were exercised on a cashless basis in accordance with the applicable stock option plans. On exercise, cash payments totalling $23 million were made to the stock option holders.

All cash payments were calculated using the difference between the aggregate fair market value of the Option Shares based on the closing price of the Company's Common Shares on the Toronto Stock Exchange ["TSX"] on the date of exercise and the aggregate Exercise Price of all such options surrendered.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

At December 31, 2013, the outstanding options consist of [number of options in the table below are expressed in whole numbers]:

	Options outstanding		
	Number of options	Remaining contractual life [years]	Number of options exercisable
$15 to $20	487,008	2.2	487,008
$25 to $30	1,398,853	3.2	1,398,853
$35 to $40	20,000	3.4	20,000
$45 to $50	1,156,324	4.3	275,325
$50 to $55	665,923	4.0	665,923
Over $55	1,030,000	6.2	0
	4,758,108		2,847,109
Weighted average exercise price	Cdn$ 41.82		Cdn$ 34.33
Weighted average life remaining [years]	4.31		3.38
Aggregate intrinsic value at December 31, 2013	$ 198		$ 139

The weighted average assumptions used in measuring the fair value of stock options granted are as follows:

	2013	2012	2011
Risk-free interest rate	**1.32%**	2.23%	0
Expected dividend yield	**2.00%**	2.00%	0
Expected volatility	**34%**	43%	0
Expected time until exercise	**4.5 years**	4.5 years	0
Weighted average fair value of options granted in year [Cdn$]	**$ 14.02**	$ 15.37	$ 0

[b] Long-term retention program

The Company awarded certain executives an entitlement to Common Shares in the form of restricted stock. Such shares become available to the executives, subject to acceleration on death or disability, after an approximate four-year holding period, provided certain conditions are met, and are to be released in equal amounts over a 10-year period, subject to forfeiture under certain circumstances. The stock that has not been released to the executives is reflected as a reduction in the stated value of the Company's Common Shares.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

The following is a continuity of the stock that has not been released to the executives and is reflected as a reduction in the stated value of the Company's Common Shares [number of Common Shares in the table below are expressed in whole numbers]:

	Number of shares	Stated value
Awarded and not released, December 31, 2010	1,182,736	$ 40
Release of restricted stock	(156,432)	(5)
Awarded and not released, December 31, 2011	1,026,304	35
Release of restricted stock	(143,316)	(5)
Awarded and not released, December 31, 2012	882,988	30
Release of restricted stock	(152,512)	(5)
Awarded and not released, December 31, 2013	730,476	$ 25

[c] Restricted stock unit program

In a number of different circumstances, the Company awards restricted stock units ["RSUs"] to certain executives and other employees as part of the Company's compensation program. These RSUs are notional units, each of which is equivalent to one Magna Common Share. In most cases, the RSUs are redeemable solely at the Company's option, either by delivery of the specified number of Common Shares or the cash value on the redemption date [based on the 20-day weighted average trading price]. Redemption of the RSUs generally occurs on December 15 of the second year after the date of grant, subject to earlier redemption or cancellation in specified circumstances. In some cases, RSUs are subject to vesting and other conditions and quarterly dividend equivalents are paid to the grantees.

The Company maintains a Non-Employee Director Share-Based Compensation Plan ["DSU Plan"] which governs the 60% portion of the annual retainer payable to Independent Directors which is mandatorily deferred in the form of Deferred Share Units ["DSUs"]. Additionally, each Independent Director may annually elect to defer up to 100% of his or her total annual cash compensation from Magna [including committee retainers, meeting and other fees]. The amounts deferred in the DSU Plan are reflected in DSUs, which are notional units, the value of which increases or decreases in direct relation to, the New York Stock Exchange ["NYSE"] market price of Magna Common Shares. Dividend equivalents are credited on DSUs at the times and in the amounts of dividends that are declared and paid on Magna's Common Shares. All DSUs are fully vested on the date allocated to an Independent Director under the DSU Plan and are settled in cash only upon an Independent Director's retirement from the Board.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

The following is a continuity schedule of restricted stock unit programs outstanding [number of stock units in the table below are expressed in whole numbers]:

	Equity classified RSUs	Liability classified RSUs	Liability classified DSUs	Total
Outstanding at December 31, 2010	181,732	34,242	186,348	402,322
Granted	208,458	4,150	22,669	235,277
Dividend equivalents	2,022	946	4,696	7,664
Redeemed	(24,486)	(9,532)	(15,267)	(49,285)
Outstanding at December 31, 2011	367,726	29,806	198,446	595,978
Granted	320,131	15,364	37,456	372,951
Dividend equivalents	1,895	1,133	5,145	8,173
Redeemed	(84,322)	(26,204)	(34,124)	(144,650)
Outstanding at December 31, 2012	605,430	20,099	206,923	832,452
Granted	224,841	13,825	30,716	269,382
Dividend equivalents	1,262	624	2,815	4,701
Redeemed	(199,679)	(4,429)	(113,007)	(317,115)
Outstanding at December 31, 2013	631,854	30,119	127,447	789,420

[d] Compensation expense related to stock-based compensation

Stock-based compensation expense recorded in selling, general and administrative expenses related to the above programs is as follows:

	2013	2012	2011
Incentive Stock Option Plan	**$15**	$19	$21
Long-term retention	**4**	5	7
Restricted stock unit	**16**	14	6
	35	38	34
Fair value adjustment for liability classified DSUs	**5**	4	(3)
Incentive Stock Option Plan	**$40**	$42	$31

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

19. CAPITAL STOCK

[a] At December 31, 2013, the Company's authorized, issued and outstanding capital stock are as follows:

Preference shares - issuable in series -

The Company's authorized capital stock includes 99,760,000 preference shares, issuable in series. None of these shares are currently issued or outstanding.

Common Shares -

Common Shares without par value [unlimited amount authorized] have the following attributes:

[i] Each share is entitled to one vote per share at all meetings of shareholders.

[ii] Each share shall participate equally as to dividends.

[b] On November 8, 2013, the TSX accepted the Company's Notice of Intention to Make a Normal Course Issuer Bid relating to the purchase for cancellation, as well as purchases to fund the Company's stock-based compensation awards or programs and/or the Company's obligations to its deferred profit sharing plans, of up to 12,000,000 Magna Common Shares [the "2013 Bid"], representing 5.4% of the Company's public float of Common Shares. The Bid commenced on November 13, 2013 and will terminate no later than November 12, 2014.

Previously, the Company had Normal Course Issuer Bids in place for the 12 month periods beginning in November 2012, 2011 and 2010.

The following is a summary of the Normal Course Issuer Bids [number of shares in the table below are expressed in whole numbers]:

	Maximum number of shares	2013		2012		2011	
		Shares purchased	Cash amount	Shares purchased	Cash amount	Shares purchased	Cash amount
2010 Bid	8,000,000	0	$ 0	0	$ 0	7,546,500	$ 296
2011 Bid	12,000,000	0	0	467,630	21	3,200,800	111
2012 Bid	12,000,000	11,572,598	814	427,402	19	0	0
2013 Bid	12,000,000	2,509,723	199	0	0	0	0
		14,082,321	$1,013	895,032	$ 40	10,747,300	$ 407

Certain purchases under each of our 2013 Bid and 2012 Bid were made by way of private agreements entered into with arm's length, third party sellers. Such private agreement purchases were made at a discount to the prevailing market price for the Company's Common Shares and pursuant to issuer bid exemption orders issued by the Ontario Securities Commission. All other purchases of Common Shares are made at the market price at the time of purchase in accordance with the rules and policies of the TSX. Purchases may also be made on the NYSE in compliance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934.

[c] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at March 6, 2014 were exercised or converted:

Common Shares	221,187,872
Stock options *[note 18]*	5,455,690
	226,643,562

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

20. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following is a continuity schedule of accumulated other comprehensive income:

	2013	2012	2011
Accumulated net unrealized gain on translation of net investment in foreign operations			
Balance, beginning of year	**$ 629**	$ 547	$ 759
Net unrealized (loss) gain	**(133)**	86	(171)
Repurchase of shares under normal course issuer bids *[note 19]*	**(42)**	(4)	(41)
Balance, end of year	**454**	629	547
Accumulated net unrealized (loss) gain on cash flow hedges [b]			
Balance, beginning of year	**34**	(23)	40
Net unrealized (loss) gain	**(39)**	75	(41)
Reclassification of net gain to net income [a]	**(15)**	(18)	(22)
Balance, end of year	**(20)**	34	(23)
Accumulated net unrealized loss on other long-term liabilities [b]			
Balance, beginning of year	**(168)**	(107)	(58)
Net unrealized gain (loss)	**44**	(72)	(52)
Reclassification of net loss to net income [a]	**7**	11	3
Balance, end of year	**(117)**	(168)	(107)
Accumulated net unrealized (loss) gain on available-for-sale investments			
Balance, beginning of year	**1**	5	11
Net unrealized loss	**(5)**	(4)	(6)
Balance, end of year	**(4)**	1	5
Total accumulated other comprehensive income [c]	**$ 313**	$ 496	$ 422

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[a] The effects on net income of amounts reclassified from AOCI, with presentation location, were as follows:

	2013	2012	2011
Cash flow hedges			
Sales	**$ 3**	$ 24	$16
Cost of sales	**18**	(1)	15
Income tax	**(6)**	(5)	(9)
Net of tax	**15**	18	22
Other long-term liabilities			
Cost of sales	**(8)**	(14)	(5)
Income tax	**1**	3	2
Net of tax	**(7)**	(11)	(3)
Total gains reclassified to net income	**$ 8**	$ 7	$19

[b] The amount of income tax benefit (obligation) that has been allocated to each component of other comprehensive income is as follows:

	2013	2012	2011
Accumulated net unrealized (loss) gain on cash flow hedges			
Balance, beginning of year	**$(13)**	$ 12	$(15)
Net unrealized loss (gain)	**11**	(30)	18
Reclassification of net gain to net income	**6**	5	9
Balance, end of year	**4**	(13)	12
Accumulated net unrealized loss on other long-term liabilities			
Balance, beginning of year	**36**	24	1
Net unrealized (gain) loss	**(21)**	15	25
Reclassification of net loss to net income	**(1)**	(3)	(2)
Balance, end of year	**14**	36	24
Total income tax benefit	**$ 18**	$ 23	$ 36

[c] The amount of other comprehensive loss that is expected to be reclassified to net income during 2014 is $1 million [net of income tax of $1 million].

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

21. FINANCIAL INSTRUMENTS

[a] Foreign exchange contracts

At December 31, 2013, the Company had outstanding foreign exchange forward contracts representing commitments to buy and sell various foreign currencies. Significant commitments are as follows:

	For Canadian dollars				For U.S. dollars	
Buy (Sell)	U.S. dollar amount	Weighted average rate	Euro amount	Weighted average rate	Peso amount	Weighted average rate
2014	206	1.05974	47	1.34745	3,509	0.07128
2014	(656)	1.03832	(12)	1.40577	(2)	0.07678
2015	54	1.04289	12	1.44078	2,174	0.07170
2015	(332)	1.04592	(1)	1.42922	0	0
2016	17	1.03766	0	0	510	0.07166
2016	(185)	1.06735	0	0	0	0
2017	(85)	1.07747	0	0	0	0
2018	(2)	1.08040	0	0	0	0
	(983)		46		6,191	

	For euros					
Buy (Sell)	U.S. dollar amount	Weighted average rate	GBP amount	Weighted average rate	Czech koruna amount	Weighted average rate
2014	37	0.74048	31	1.14482	2,142	0.03956
2014	(123)	0.75973	(42)	1.16896	(8)	0.03890
2015	6	0.74375	13	1.19170	1,303	0.03945
2015	(80)	0.75549	(15)	1.16338	0	0
2016	2	0.73702	0	0	187	0.03904
2016	(34)	0.75060	(1)	1.17217	0	0
2017	(16)	0.73141	0	0	0	0
	(208)		(14)		3,624	

Based on forward foreign exchange rates as at December 31, 2013 for contracts with similar remaining terms to maturity, the gains and losses relating to the Company's foreign exchange forward contracts recognized in other comprehensive income are approximately $62 million and $65 million, respectively *[note 20]*.

The Company does not enter into foreign exchange forward contracts for speculative purposes.

[b] Natural gas swap contracts

The Company uses natural gas swap contracts to manage the cash flow risk of a portion of its forecasted natural gas swap contracts purchases in Canada and the United States. The Company does not enter into natural gas swap contracts for speculative purposes.

The natural gas swap contracts outstanding at December 31, 2013 have a total volume of 0.2 million Gigajoule ["GJ"] and a fixed price of $6.50 per GJ for Canada and a total volume of 0.2 million MMBTU ["Million British Thermal Units"] and a fixed price of $7.06 per MMBTU for the United States. These natural gas swap contracts extend through to December 2014.

The unrealized losses on these natural gas swap contracts at December 31, 2013 were $1 million [2012 - $4 million] and are recognized in other comprehensive income *[note 20]*.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[c] Financial assets and liabilities

The Company's financial assets and liabilities consist of the following:

	2013	2012
Held-for-trading		
Cash and cash equivalents	**$1,554**	$1,522
Investment in ABCP *[note 8]*	**92**	90
	$1,646	$1,612
Held-to-maturity investments		
Severance investments	**$ 5**	$ 8
Available-for-sale investments		
Equity investments	**$ 4**	$ 9
Loans and receivables		
Accounts receivable	**$5,246**	$4,774
Long-term receivables included in other assets *[note 12]*	**111**	95
	$5,357	$4,869
Other financial liabilities		
Bank indebtedness	**$ 41**	$ 71
Long-term debt (including portion due within one year)	**332**	361
Accounts payable	**4,781**	4,450
	$5,154	$4,882
Derivatives designated as effective hedges, measured at fair value		
Foreign currency contracts		
Prepaid expenses	**$ 42**	$ 37
Other assets	**20**	32
Other accrued liabilities	**(37)**	(11)
Other long-term liabilities	**(28)**	(9)
	(3)	49
Natural gas contracts		
Prepaid expenses	**0**	2
Other accrued liabilities	**(1)**	(3)
Other long-term liabilities	**0**	(1)
	(1)	(2)
	$ (4)	$ 47

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[d] Derivatives designated as effective hedges, measured at fair value

The Company presents derivatives that are designated as effective hedges at gross fair values in the Consolidated Balance Sheets. However, master netting and other similar arrangements allow net settlements under certain conditions. The following table shows the Company's derivative foreign currency contracts at gross fair value as reflected in the Consolidated Balance Sheets and the unrecognized impacts of master netting arrangements:

	Gross amounts presented in Consolidated Balance Sheets	Gross amounts not offset in Consolidated Balance Sheets	Net Amounts
December 31, 2013			
Assets	**$ 62**	**$ 42**	**$ 20**
Liabilities	**$ (65)**	**$ (42)**	**$ (23)**
December 31, 2012			
Assets	$ 69	$ 20	$ 49
Liabilities	$ (20)	$ (20)	$ 0

[e] Fair value

The Company determined the estimated fair values of its financial instruments based on valuation methodologies it believes are appropriate; however, considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

Cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable.

Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair values.

Investments

At December 31, 2013, the Company held Canadian third party ABCP with a face value of Cdn$107 million [2012 - Cdn$107 million]. The carrying value and estimated fair value of this investment was Cdn$99 million [2012 - Cdn$90 million]. As fair value information is not readily determinable for the Company's investment in ABCP, the fair value was based on a valuation technique estimating the fair value from the perspective of a market participant *[note 8]*.

At December 31, 2013, the Company held available-for-sale investments in publicly traded companies. At December 31, 2013, the carrying value and fair value of these investments was $4 million [2012 - $9 million], which was based on the closing share prices of these investments.

Term debt

The Company's term debt includes $230 million due within one year. Due to the short period to maturity of this debt, the carrying value as presented in the consolidated balance sheet is a reasonable estimate of its fair value.

[f] Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, accounts receivable, held-to-maturity investments and foreign exchange and commodity forward contracts with positive fair values.

Cash and cash equivalents, which consist of short-term investments, are only invested in governments, bank term deposits and bank commercial paper with an investment grade credit rating. Credit risk is further reduced by limiting the amount which is invested in certain governments or any major financial institution.

The Company's held-for-trading investments include an investment in ABCP *[note 8]*. Given the continuing uncertainties regarding the value of the underlying assets, the amount and timing of cash flows and the risk of collateral calls in the event that spreads widened considerably, the Company could be exposed to further losses on its investment.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions that the Company anticipates will satisfy their obligations under the contracts.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the automotive industry and are subject to credit risks associated with the automotive industry. For the year ended December 31, 2013, sales to the Company's six largest customers represented 83% of the Company's total sales; and substantially all of its sales are to customers in which the Company has ongoing contractual relationships.

[g] Currency risk

The Company is exposed to fluctuations in foreign exchange rates when manufacturing facilities have committed to the delivery of products for which the selling price has been quoted in currencies other than the facilities' functional currency, and when materials and equipment are purchased in currencies other than the facilities' functional currency. In an effort to manage this net foreign exchange exposure, the Company employs hedging programs, primarily through the use of foreign exchange forward contracts *[note 21[a]]*.

As at December 31, 2013, the net foreign exchange exposure, after considering the impact of foreign exchange contracts, was not material.

[h] Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. In particular, the amount of interest income earned on cash and cash equivalents is impacted more by investment decisions made and the demands to have available cash on hand, than by movements in interest rates over a given period.

In addition, the Company is not exposed to interest rate risk on its long-term debt instruments as the interest rates on these instruments are fixed.

22. CONTINGENCIES

[a] In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers, former employees and other parties. In addition, the Company 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, the Company assesses 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.

In November 1997, the Company and two of its subsidiaries were sued by KS Centoco Ltd., an Ontario-based steering wheel manufacturer in which the Company has 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 claim to add an additional remedy. The amended statement of claim alleges, among other things:

- breach of fiduciary duty by the Company and two of its subsidiaries;
- breach by the Company of its binding letter of intent with KS Centoco Ltd., including its 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 Limited;
- the plaintiff's exclusive entitlement to certain airbag technologies in North America pursuant to an exclusive licence agreement, together with an accounting of all revenues and profits resulting from the alleged use by the Company, TRW Inc. ["TRW"] and other unrelated third party automotive supplier defendants of such technology in North America;
- a conspiracy by the Company, TRW and others to deprive KS Centoco Ltd. of the benefits of such airbag technology in North America and to cause Centoco Holdings Limited to sell to TRW its interest in KS Centoco Ltd. in conjunction with the Company's sale to TRW of its interest in MST Automotive GmbH and TEMIC Bayern-Chemie Airbag GmbH; and
- oppression by the defendants.

The plaintiffs are seeking, amongst other things, damages of approximately Cdn$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 late 2014, at the earliest. The Company believes it has valid defences to the plaintiffs' claims and therefore intends 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.

[b] A putative class action lawsuit alleging violations of the United States Securities Exchange Act of 1934 was filed in May 2012 in the United States District Court, Southern District of New York, against the Company, its Chief Executive Officer and its Chief Financial Officer, as well as its founder. Boilermaker-Blacksmith National Pension Trust ["BBNPT"] was appointed the lead plaintiff on an uncontested motion in July 2012. BBNPT subsequently filed an amended complaint in October 2012, following which the defendants filed a motion seeking dismissal of the lawsuit. On August 23, 2013, the Court granted the Company's motion and dismissed the lawsuit "with prejudice". BBNPT appealed to the United States Court of Appeals for the Second Circuit and filed an appellant brief on December 18, 2013. Following discussions between the parties, on January 16, 2014, the United States District Court entered a Stipulation and Order regarding dismissal of the Appeal, as agreed by the parties. In accordance with that Stipulation and Order, BBNPT filed a motion to voluntarily dismiss the appeal, which the Court of Appeal granted on January 30, 2014, ending the action.

[c] On September 24, 2013, representatives of the Bundeskartellamt, the German Federal Cartel Office [the "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 automobile textile coverings and components, particularly trunk linings. Investigations of this nature can continue for several years. Where wrongful conduct is found, the Cartel Office has the authority to impose administrative fines that are calculated in accordance with formula-based guidelines tied to the level of affected sales, the gravity of the infringement, the consolidated sales of the group of companies to which the offending entity belongs, as well as other mitigating and aggravating factors.

The Company's policy is to comply with all applicable laws, including antitrust and competition laws. In light of the early stage of the investigation, management is unable to predict its duration or outcome, including whether any operating division of the Company could be found liable for any violation of law or the extent of any fine, if found to be liable. In the event of any such violation, any fines imposed under the Cartel Office guidelines referred to above could have a material adverse effect on Magna's profitability in the year such fine is imposed.

[d] In certain circumstances, the Company is at risk for warranty costs including product liability and recall costs. Due to the nature of the costs, the Company makes its best estimate of the expected future costs *[note 14]*; however, the ultimate amount of such costs could be materially different. The Company continues to experience increased customer pressure to assume greater warranty responsibility. Currently, under most customer agreements, the Company only accounts for existing or probable claims. Under certain complete vehicle engineering and assembly contracts, the Company records an estimate of future warranty-related costs based on the terms of the specific customer agreements, and the specific customer's warranty experience.

23. SEGMENTED INFORMATION

[a] Magna is a leading global automotive supplier with 316 manufacturing operations and 84 product development, engineering and sales centres in 29 countries. Magna has over 125,000 employees focused on delivering superior value to customers through innovative processes and World Class Manufacturing. The Company's product capabilities include body, chassis, interior, exterior, seating, powertrain, electronic, vision, closure and roof systems and modules, as well as complete vehicle engineering and contract manufacturing.

Magna's success is directly dependent upon the levels of North American and European [and currently to a lesser extent on Asia and Rest of World] car and light truck production by its customers. OEM production volumes in each of North America and Europe may be impacted by a number of geographic factors, including general economic conditions, interest rates, consumer credit availability, fuel prices and availability, infrastructure, legislative changes, environmental emission and safety issues, and labour and/or trade relations.

Given the differences between the regions in which the Company operates, Magna's operations are segmented on a geographic basis. Beginning in the fourth quarter of 2013, the Company's segments consist of North America, Europe, Asia and Rest of World. The Company maintains management teams in each of the Company's two primary markets, North America and Europe. The role of the North American and European management teams is to manage Magna's interests to ensure a coordinated effort across the Company's 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 the Company's operations while permitting the divisions enough flexibility through Magna's decentralized structure to foster an entrepreneurial environment.

Consistent with the above, the Company's internal financial reporting separately segments key internal operating performance measures between North America, Europe, Asia and Rest of World for purposes of presentation to the chief operating decision maker to assist in the assessment of operating performance, the allocation of resources, and the long-term strategic direction and future global growth in the Company.

The Company's chief operating decision maker uses Adjusted EBIT as the measure of segment profit or loss, since management believes Adjusted EBIT is the most appropriate measure of operational profitability or loss for its reporting segments. Adjusted EBIT represents income from operations before income taxes; interest expense (income), net; and other expense (income), net.

The accounting policies of each segment are the same as those set out under "Significant Accounting Policies" *[note 1]* and intersegment sales and transfers are accounted for at fair market value.

As more fully described in notes 3 and 6, on August 31, 2012 the Company acquired the controlling 27% interest in the E-Car partnership. From August 31, 2010 to August 31, 2012, the Company held a 73% non-controlling interest in E-Car and accounted for this investment using the equity method of accounting.

For segment reporting purposes, prior to August 31, 2012 the Company recorded its proportionate share of the losses of E-Car in the Corporate and Other segment. Beginning on August 31, 2012, the consolidated results of E-Car are recorded in the Company's North America and Europe segments.

MAGNA INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

The following tables show certain information with respect to segment disclosures:

	2013						
	Total sales	External sales	Depreciation and amortization	Adjusted EBIT	Goodwill	Fixed asset additions	Fixed assets, net
North America							
Canada	$ 6,734	$ 6,223				$ 167	$ 601
United States	8,409	7,938				349	1,135
Mexico	3,993	3,698				129	611
Eliminations	(1,182)	0				0	0
North America	17,954	17,859	$ 598	$ 1,645	$ 656	645	2,347
Europe							
Western Europe (excluding Great Britain)	11,813	11,544				225	1,463
Great Britain	975	968				24	70
Eastern Europe	2,317	2,013				112	636
Eliminations	(387)	0				0	0
Europe	14,718	14,525	355	375	655	361	2,169
Asia	1,684	1,539	64	85	129	114	597
Rest of World	889	889	20	(76)	0	20	102
Corporate and Other [i]	(410)	23	26	36	0	30	226
Total reportable segments	34,835	34,835	1,063	2,065	1,440	1,170	5,441
Other expense, net				(144)			
Interest expense, net				(16)			
	$34,835	$34,835	$ 1,063	$ 1,905	$ 1,440	$ 1,170	5,441
Current assets							9,923
Investments, goodwill, deferred tax assets and other assets							2,626
Consolidated total assets							$17,990

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

	2012						
	Total sales	External sales	Depreciation and amortization	Adjusted EBIT	Goodwill	Fixed asset addition	Fixed assets, net
North America							
Canada	$ 6,343	$ 5,907				$ 158	$ 660
United States	7,518	7,053				294	973
Mexico	3,520	3,281				163	573
Eliminations	(1,046)	0				0	0
North America	16,335	16,241	$ 432	$ 1,521	$ 701	615	2,206
Europe							
Western Europe (excluding Great Britain)	10,089	9,927				246	1,490
Great Britain	961	952				15	58
Eastern Europe	1,847	1,684				117	584
Eliminations	(188)	0				0	0
Europe	12,709	12,563	283	165	611	378	2,132
Asia	1,289	1,188	42	49	74	214	558
Rest of World	822	822	17	(77)	87	56	128
Corporate and Other [i, ii]	(318)	23	27	0	0	11	249
Total reportable segments	30,837	30,837	801	1,658	1,473	1,274	5,273
Other income, net				108			
Interest expense, net				(16)			
	$30,837	$30,837	$ 801	$ 1,750	$ 1,473	$1,274	5,273
Current assets							9,135
Investments, goodwill, deferred tax assets and other assets							2,701
Consolidated total assets							$17,109

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

	2011						
	Total sales	External sales	Depreciation and amortization	Adjusted EBIT	Goodwill	Fixed asset additions	Fixed assets, net
North America							
Canada	$ 5,951	$ 5,552				$ 115	$ 586
United States	7,025	6,514				281	804
Mexico	2,902	2,698				162	477
Eliminations	(1,023)	0				0	0
North America	14,855	14,764	$ 358	$ 1,373	$ 644	558	1,867
Europe							
Western Europe (excluding Great Britain)	10,124	9,963				284	1,111
Great Britain	913	909				7	53
Eastern Europe	1,708	1,557				132	438
Eliminations	(189)	0				0	0
Europe	12,556	12,429	259	(22)	392	423	1,602
Asia	1,074	982	31	68	74	204	378
Rest of World	525	524	7	(12)	86	32	107
Corporate and Other [i, ii]	(262)	49	31	(40)	0	19	282
Total reportable segments	28,748	28,748	686	1,367	1,196	1,236	4,236
Other expense, net				(156)			
Interest income, net				6			
	$28,748	$28,748	$ 686	$ 1,217	$ 1,196	$ 1,236	4,236
Current assets							8,146
Investments, goodwill, deferred tax assets and other assets							2,297
Consolidated total assets							$14,679

[i] Included in Corporate and Other Adjusted EBIT are intercompany fees charged to the automotive segments.

[ii] For the year ended December 31, 2012, Corporate and Other includes $35 million equity loss related to the Company's investment in E-Car.

For the year ended December 31, 2011, Corporate and Other includes $66 million equity loss related to the Company's investment in E-Car.

[All amounts in U.S. dollars and all tabular amounts in millions, except per share figures, unless otherwise noted]

[b] The following table aggregates external revenues by customer as follows:

	2013	2012	2011
General Motors	**$ 6,394**	$ 5,704	$ 6,202
Fiat / Chrysler Group	**5,137**	4,637	3,864
BMW	**4,882**	4,100	4,191
Ford Motor Company	**4,450**	3,848	3,549
Volkswagen	**4,047**	3,835	3,187
Daimler AG	**3,949**	3,367	2,793
Other	**5,976**	5,346	4,962
	$34,835	$30,837	$28,748

[c] The following table summarizes external revenues generated by automotive products and services:

	2013	2012	2011
Exterior and interior systems	**$12,308**	$11,673	$11,020
Body systems and chassis systems	**7,874**	7,123	6,056
Powertrain systems	**4,634**	3,825	3,667
Complete vehicle assembly	**3,062**	2,561	2,690
Tooling, engineering and other	**2,823**	2,317	2,065
Vision and electronic systems	**2,193**	2,132	2,066
Closure systems	**1,941**	1,206	1,184
	$34,835	$30,837	$28,748

24. SUBSEQUENT EVENTS

Under Austria's current group taxation system, an Austrian entity may utilize the tax losses of all direct foreign subsidiaries. On February 28, 2014, the Austrian government enacted legislation abolishing the utilization of foreign losses, where the direct foreign subsidiary is not a member of the European Union. Furthermore, any foreign losses previously used by Austrian entities arising in those direct non European Union subsidiaries will be subject to recapture in Austria. In light of this legislation, the Company anticipates taking a charge to tax expense of approximately $25 million to $30 million during the first quarter of 2014. The tax is payable over three years, commencing in 2015.

25. COMPARATIVE FIGURES

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