

**Effective February 2, 2024, TSX Trust Company is the Plan Agent. For inquiries, please contact TSX Trust at 1-800-387-0825, 416-682-3860 (Toronto) or [shareholderinquiries@tmx.com](mailto:shareholderinquiries@tmx.com).**

**OFFERING CIRCULAR**



**Magna International Inc.**  
**Class A Subordinate Voting Shares**  
**Shareholder Dividend Reinvestment Plan**

This Offering Circular relates to Class A Subordinate Voting Shares (“Subordinate Voting Shares”) of Magna International Inc. (the “Company”) issuable under the Shareholder Dividend Reinvestment Plan (the “Plan”).

The Plan provides a means for registered holders of either Subordinate Voting Shares or Class B Shares of the Company to purchase additional Subordinate Voting Shares (“New Subordinate Voting Shares”) through the investment of cash dividends paid on their shares.

**The price of New Subordinate Voting Shares purchased under the Plan will be the Average Market Price as defined in the Plan.**

The Subordinate Voting Shares are listed, and all New Subordinate Voting Shares will be listed, on the stock exchanges of Toronto, Montreal and New York.

March 21, 1994

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## SHAREHOLDER DIVIDEND REINVESTMENT PLAN

### Questions and Answers

The following questions and answers are intended to assist shareholders in understanding certain features of the Plan. The Company recommends that shareholders read carefully the full text of the Plan, commencing at page 6 below, before making any decision regarding the Plan. Unless otherwise defined below, each capitalized term which is defined in the Plan and used below has the same meaning as in the Plan.

#### 1. What is the Shareholder Dividend Reinvestment Plan?

The Plan provides a means for Shareholders to invest their cash dividends from Subordinate Voting Shares and Class B Shares in additional Subordinate Voting Shares (the “New Subordinate Voting Shares”) issued by the Company pursuant to the Plan.

#### 2. What are the advantages of the Plan?

New Subordinate Voting Shares are purchased for the account of Participants on each dividend payment date with invested dividends. Participants are not charged any commissions, brokerage fees or service charges in connection with the purchase of Subordinate Voting Shares pursuant to the Plan. Investment of all the cash dividends paid on each Participant’s Subordinate Voting Shares and/or Class B Shares, as the case may be, occurs because fractional Subordinate Voting Shares, as well as whole Subordinate Voting Shares, are purchased and held for Participants under the Plan. Dividends paid on all Subordinate Voting Shares and Class B Shares held of record by each Participant and all New Subordinate Voting Shares held for such Participant under the Plan, including dividends on fractional New Subordinate Voting Shares, are automatically invested. The Agent delivers to each Participant a quarterly statement which provides a record of the New Subordinate Voting Shares held for the Participant. All administrative costs of the Plan, including the fees and expenses of the Agent, are borne by the Company.

#### 3. How does a Shareholder become a Participant?

Any Shareholder may become a Participant at any time by completing an “Authorization Form” and sending it to the Agent. Shareholders should not send share certificates or dividend cheques to the Agent or the Company at any time. A beneficial owner of Subordinate Voting Shares or Class B Shares who is not the registered holder (for example, a person whose Subordinate Voting Shares or Class B Shares are held and registered in a nominee account, such as in the name of a broker) must become a holder of record by having his Subordinate Voting Shares and/or Class B Shares, as the case may be, transferred into his own name or into a specific segregated registered account (for example, a numbered account with a bank or trust company with the bank’s or trust company’s concurrence), in order to participate in the Plan.

#### 4. When does a Shareholder become a Participant?

A Shareholder becomes a Participant as of the first dividend record date following receipt by the Agent of a completed Authorization Form. The dividend record dates of the Company generally precede dividend payment dates by approximately two weeks. Once a Shareholder enrolls as a Participant, he remains a Participant until he decides to withdraw from the Plan (see Question 8 below) or the Plan is terminated by the Company.

#### 5. How are New Subordinate Voting Shares purchased for Participants?

On each dividend payment date, the Company credits to the Agent all cash dividends (less any applicable withholding taxes) payable on the Subordinate Voting Shares and Class B Shares registered in the names of Participants, as well as all cash dividends (less any applicable withholding taxes) payable on New Subordinate Voting Shares previously registered in the name of the Agent or its nominee for Participants under the Plan. On the same date, the Agent applies all such cash dividends to the purchase of additional

New Subordinate Voting Shares from the Company. The Agent holds such additional New Subordinate Voting Shares for Participants either in the Agent's own name or the name of its nominee.

**6. What is the price of New Subordinate Voting Shares purchased under the Plan?**

The price of New Subordinate Voting Shares purchased under the Plan is the Average Market Price, which (as defined in the Plan) means the average of the last reported per share trading prices for a board lot (100 shares) of Subordinate Voting Shares on the TSE for the most recent five trading days (which need not be consecutive) immediately preceding the dividend payment date on each of which days at least a board lot of Subordinate Voting Shares was traded. Dividends on Subordinate Voting Shares, Class B Shares and the prices of Subordinate Voting Shares on the TSE are expressed in Canadian dollars.

**7. When are certificates issued for New Subordinate Voting Shares purchased under the Plan?**

Certificates for New Subordinate Voting Shares purchased under the Plan are not issued until a Shareholder ceases to be a Participant, unless specifically requested. In this manner, Participants are protected against loss, theft or destruction of share certificates. The number of New Subordinate Voting Shares held for each Participant is shown on the quarterly statement which the Agent sends to each Participant.

A Participant may request a share certificate at any time for any number of whole New Subordinate Voting Shares held by the Agent for such Participant's account by completing and sending to the Agent a "Request for Certificate" (forming part of each quarterly statement) or by writing to the Agent. Generally, certificates will be mailed within three weeks of receipt by the Agent of the request (also see Question 9 below).

**8. How does a Shareholder cease being a Participant?**

A Participant may withdraw from the Plan, and thereby cease being a Participant, at any time by completing and sending to the Agent a "Request to Terminate Participation" or by advising the Agent in writing. When a Participant withdraws from the Plan, or upon any termination of the Plan by the Company, a certificate for all the whole Subordinate Voting Shares held for such Participant under the Plan will be issued and a cash payment will be made for any fraction of a Subordinate Voting Share (based on the last reported per share trading price for a board lot of Subordinate Voting Shares on the TSE prior to the effective date of the withdrawal or termination).

**9. When a Shareholder ceases being a Participant, how much time is required to forward the share certificate and cheque?**

Share certificates and cheques generally will be mailed to a withdrawing Participant within three weeks of receipt by the Agent of written notice of withdrawal from the Plan. However, if such notice is received by the Agent between a dividend record date and a dividend payment date, settlement of the Participant's account under the Plan will not be made until after the dividend payment date, and the share certificate and cheque generally will be mailed within three weeks thereafter.

**10. Can the Plan be changed or terminated?**

The Plan may be amended, suspended or terminated by the Company at any time.

**11. What kind of statements are sent to Participants?**

The Agent mails a quarterly statement to each Participant approximately three weeks after each dividend payment date. Each such statement constitutes a Participant's continuing record of purchases of New Subordinate Voting Shares and should be retained by the Participant for income tax purposes.

**13. What are the income tax consequences of participation in the Plan?**

The investment of dividends does not relieve Participants of any liability for taxes that may be payable on such dividends. A summary explanation of the income tax implications of participation in the Plan can be found commencing on page 11 of this Offering Circular. The income tax summaries provided herein are not exhaustive of all possible income tax considerations and each shareholder is advised to consult his own tax adviser with respect to his particular circumstances.

**Any communication or questions regarding the Plan should be directed to the Agent at the following address:**

Dividend Reinvestment Services  
Montreal Trust Company of Canada  
151 Front Street West, 8th Floor  
Toronto, Ontario, Canada  
M5J 2N1  
Tel. (416) 981-9633

## **The Plan**

### *1 Purpose*

1.1 The Magna International Inc. Shareholder Dividend Reinvestment Plan (the “Plan”) provides a means for registered holders (“Shareholders”) of either Class A Subordinate Voting Shares (“Subordinate Voting Shares”) or Class B Shares (“Class B Shares”) of Magna International Inc. (the “Company”) to invest cash dividends on such shares in additional Subordinate Voting Shares (“New Subordinate Voting Shares”). The Company shall issue such New Subordinate Voting Shares to Montreal Trust Company of Canada (the “Agent”), which shall act as agent for the Shareholders who participate in the Plan (the “Participants”).

### *2 Advantages*

2.1 Each Participant shall acquire New Subordinate Voting Shares with all the cash dividends paid on (i) Subordinate Voting Shares and Class B Shares registered in the name of the Participant and (ii) New Subordinate Voting Shares held for his account pursuant to the Plan. The price of all New Subordinate Voting Shares purchased with such cash dividends shall be the Average Market Price (as defined in Section 5.1 below). No commissions, brokerage fees or service charges shall be payable by Participants in connection with the purchase of New Subordinate Voting Shares pursuant to the Plan. In order to permit investment of all the cash dividends paid on each Participant’s Subordinate Voting Shares and Class B Shares, fractional Subordinate Voting Shares, as well as whole Subordinate Voting Shares, will be purchased and held for Participants under the Plan. Dividends paid on all Subordinate Voting Shares and Class B Shares registered in the name of each Participant and all New Subordinate Voting Shares then held for his account pursuant to the Plan, including dividends on fractional New Subordinate Voting Shares, shall be automatically invested in additional New Subordinate Voting Shares.

### *3 Administration*

3.1 The Agent shall act as agent for the Participants pursuant to an agreement with the Company (the “Agency Agreement”) which may be terminated by either the Agent or the Company on 30 days notice to the other. Should the Agent cease to act under the Plan, another agent will be designated by the Company.

3.2 On each dividend payment date with respect to the Subordinate Voting Shares and Class B Shares, the Company shall credit to the Agent all cash dividends (less any applicable withholding taxes) payable on the Subordinate Voting Shares and Class B Shares registered in the names of the Participants, as well as all cash dividends (less any applicable withholding taxes) payable on the New Subordinate Voting Shares registered in the name of the Agent or its nominee and held for the Participants’ accounts pursuant to the Plan. On the same date, the Agent shall apply all such cash dividends to the purchase of additional New Subordinate Voting Shares from the Company. The Agent shall hold such additional New Subordinate Voting Shares either in the Agent’s own name or in the name of its nominee, as agent for the Participants. No interest shall be paid on any funds received by the Agent under the Plan.

### *4 Participation*

4.1 Any Shareholder may become a Participant at any time by completing an Authorization Form and sending it to the Agent. Shareholders should not send share certificates or dividend cheques to the Agent or the Company. A beneficial owner of Subordinate Voting Shares or Class B Shares who is not the registered holder (for example, a person whose Subordinate Voting Shares or Class B Shares are held and registered in a nominee account, such as in the name of a broker) must become the registered holder by having his Subordinate Voting Shares and/or Class B Shares, as the case may be, transferred into his own name or into a specific segregated registered account (for example, a numbered account with a bank or trust company with the bank’s or trust company’s concurrence), in order to participate in the Plan. Once a Shareholder has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan.

4.2 The Agent shall provide an Authorization Form to any Shareholder upon request. The Authorization Form shall direct the Company to forward to the Agent all the Participant's cash dividends on Subordinate Voting Shares and/or Class B Shares, as the case may be, registered in the name of the Participant (less any applicable withholding taxes) and direct the Agent to invest for the Participant such dividends in New Subordinate Voting Shares to be issued by the Company pursuant to the Plan. The Authorization Form shall also authorize the Company to terminate the appointment of the Agent as the Participant's agent under the Plan and to appoint a successor agent on his behalf should the Agent, for whatever reason, cease to act under the Plan.

4.3 A Shareholder shall become a Participant as of the first dividend record date for the Subordinate Voting Shares and Class B Shares following receipt by the Agent of a completed Authorization Form. For greater certainty and for example, if a cash dividend is payable on April 15th, the Authorization Form must be received by the Agent on or before the record date for such dividend (say, March 31st) in order for the April 15th dividend to be invested under the Plan; if the Authorization Form is received after such record date, then the first dividend invested under the Plan will be the next subsequent cash dividend (for example, in July). Generally, the dividend record dates of the Company precede dividend payment dates by approximately two weeks.

## 5 *Price of New Subordinate Voting Shares*

5.1 On each dividend payment date, the Company shall advise the Agent of the subscription price, which shall be referred to as the "Average Market Price", for New Subordinate Voting Shares to be purchased on such date pursuant to the Plan and the Agent shall deliver to the Company the total amount of funds held by it as of such date on behalf of Participants for investment under the Plan (the "Subscription Amount"). The Average Market Price on any particular dividend payment date shall be the average of the last reported per share trading prices for a board lot of Subordinate Voting Shares on The Toronto Stock Exchange (the "TSE") on the most recent five trading days (which need not be consecutive) immediately preceding such date on each of which days at least a board lot of Subordinate Voting Shares was traded.

5.2 On each dividend payment date,

- (i) the Company shall issue to the Agent for the account of the Participants that number of New Subordinate Voting Shares including fractions as equals the Subscription Amount divided by the Average Market Price on such date; and
- (ii) the Agent shall credit each Participant's account with that number of additional New Subordinate Voting Shares purchased for the Participant, including fractions, which is equal to the amount to be invested for such Participant divided by the applicable Average Market Price;

in each case computed to four decimal places.

## 6 *Costs*

6.1 No commissions, brokerage fees or service charges shall be payable by any Participant in connection with the purchase of New Subordinate Voting Shares pursuant to the Plan. All administrative costs of the Plan, including the fees and expenses of the Agent, shall be borne by the Company.

6.2 As described in Section 9 below, upon a Participant's withdrawal from the Plan, he may request the Agent to arrange for the disposition of the New Subordinate Voting Shares held for his account pursuant to the Plan, in which case the Participant shall pay the applicable brokerage commissions and transfer taxes, if any, estimated by the Agent to be payable in respect of the sale.

## 7 *Reports to Participants*

7.1 The Agent shall maintain records of account to evidence the transactions made for, and the interests of, each Participant under the Plan from time to time. The Agent shall mail a statement of account to each Participant as soon as practicable following each dividend payment date, and in any event, at least quarterly.

Each such statement shall constitute the Participant's continuing record of purchases of New Subordinate Voting Shares and should be retained by the Participant for income tax purposes.

## 8 *Certificates for New Subordinate Voting Shares*

8.1 All New Subordinate Voting Shares purchased pursuant to the Plan shall be subject to the Plan and registered at the relevant time in the name of the Agent, or its nominee, for the respective accounts of the Participants. Certificates for such New Subordinate Voting Shares shall not be issued until a Shareholder ceases to be a Participant or the Plan is terminated by the Company, unless specifically requested by the Participant.

8.2 A Participant may request a certificate at any time for any number of whole New Subordinate Voting Shares held by the Agent or its nominee for the Participant's account by completing and sending to the Agent a "Request for Certificate" (which forms part of each statement of account) or by writing to the Agent. Certificates generally will be mailed to the Participant within three weeks of receipt by the Agent of the request. Any remaining whole New Subordinate Voting Shares and fraction of a New Subordinate Voting Share shall continue to be held for the Participant's account under the Plan.

8.3 The Agent shall maintain each Participant's account under the Plan in the name or names in which the Participant's share certificates were registered at the time the Participant enrolled in the Plan. Any certificates for whole New Subordinate Voting Shares which are subsequently issued pursuant to the Plan shall be similarly maintained in the Participant's account.

8.4 **New Subordinate Voting Shares held by the Agent for a Participant under the Plan may not be pledged, sold or otherwise disposed of by the Participant.** A Participant who wishes to effect any such transaction must request that certificates for such New Subordinate Voting Shares be issued in the Participant's name.

## 9 *Withdrawal from the Plan*

9.1 A Participant may withdraw from the Plan, and thereby cease being a Participant, at any time by completing and sending to the Agent a "Request to Terminate Participation" or by advising the Agent in writing. When a Participant withdraws from the Plan, or upon any termination of the Plan by the Company, a certificate for all whole New Subordinate Voting Shares held for such Participant under the Plan shall be issued and a cash payment shall be made for any fraction of a New Subordinate Voting Share (based on the last reported per share trading price for a board lot of Subordinate Voting Shares on the TSE prior to the effective date of the withdrawal).

9.2 Upon withdrawal from the Plan, a Participant may request the Agent to arrange for the sale of all the New Subordinate Voting Shares held for the Participant's account under the Plan. A Participant may receive the proceeds from the sale of the New Subordinate Voting Shares held for the Participant's account under the Plan in Canadian dollars or United States dollars. Unless a Participant elects otherwise in the "Request to Terminate Participation", a Participant having a Canadian mailing address as shown on the records of the Agent will receive payment in Canadian dollars and a Participant having a non-Canadian mailing address as shown on the records of the Agent will receive payment in United States dollars.

9.3 If requested to arrange for the sale of all the New Subordinate Voting Shares held for a withdrawing Participant's account under the Plan, the Agent may sell the New Subordinate Voting Shares in any manner to any party (as determined by the Agent in its discretion), by themselves or commingled with other New Subordinate Voting Shares requested to be sold by Participants pursuant to this paragraph, subject to any applicable terms and conditions of the Agency Agreement with the Company. In any event, and regardless of the actual price at which such New Subordinate Voting Shares are sold by the Agent, the Participant shall be paid the average of the high and low reported per share trading prices, on the day the Agent receives such request, for a board lot of Subordinate Voting Shares traded either on the TSE, if the Participant is to receive Canadian currency, or on the New York Stock Exchange, if the Participant is to receive United States



currency, less the applicable brokerage commissions or transfer taxes, if any (or such Participant's pro rata share thereof), estimated by the Agent to be payable in respect of the sale.

9.4 If the Agent receives a Participant's notice of withdrawal from the Plan between a dividend record date and a dividend payment date, such Participant's account shall not be closed until after that dividend payment date and such dividend shall be invested in New Subordinate Voting Shares under the Plan.

9.5 Share certificates and cheques generally will be mailed to a withdrawing Participant within three weeks of receipt by the Agent of written notice of withdrawal from the Plan. However, if such notice is received by the Agent between a dividend record date and a dividend payment date, settlement of the Participant's account under the Plan will not be made until after the dividend payment date and the share certificate and cheque generally will be mailed within three weeks thereafter.

9.6 A Participant shall be deemed to have withdrawn from the Plan when he ceases to be a holder of record of any Subordinate Voting Shares or Class B Shares or the Agent receives written notice, satisfactory to the Agent, of the death of the Participant.

#### *10 Rights Offering*

10.1 If the Company makes available to Shareholders rights to subscribe for additional Subordinate Voting Shares or other securities, rights certificates shall be issued to each Participant in respect of the whole New Subordinate Voting Shares held for the Participant's account under the Plan on the record date for such rights issue. Rights based on fractional New Subordinate Voting Shares held for a Participant's account, together with rights based on fractional New Subordinate Voting Shares held for other Participants shall be sold on a commingled basis by the Agent in any manner to any party (as determined by the Agent in its discretion) and the net proceeds from such sale shall be remitted to each Participant on a pro rata basis, after deducting the applicable brokerage commissions, withholding taxes and transfer taxes, if any, in respect of such sale.

#### *11 Stock Splits and Stock Dividends*

11.1 If Subordinate Voting Shares are distributed pursuant to a stock split or stock dividend on Subordinate Voting Shares, such Subordinate Voting Shares received by the Agent or its nominee for Participants under the Plan shall be retained by the Agent or its nominee and credited on a pro rata basis to the account of each Participant.

#### *12 Shareholder Voting*

12.1 Whole New Subordinate Voting Shares held for each Participant's account under the Plan on the record date for a vote of Shareholders shall be voted in the same manner as such Participant's Subordinate Voting Shares and/or Class B Shares, as the case may be, are voted either by proxy or by the Participant in person. If a Participant is no longer a holder of record of Subordinate Voting Shares and/or Class B Shares, as the case may be, the whole New Subordinate Voting Shares held for such Participant's account will be voted in accordance with the instructions of the Participant. New Subordinate Voting Shares for which instructions are not received will not be voted.

#### *13 Use of Proceeds*

13.1 The Company intends to add the net proceeds received upon the issuance and sale of New Subordinate Voting Shares pursuant to the Plan, the amount of which cannot currently be determined, to the general funds of the Company.

#### *14 Responsibilities of the Company and the Agent*

14.1 Neither the Company nor the Agent shall be liable for any act, or for any omission to act, including, without limitation, any claims for liability:

- (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing satisfactory to the Agent of such death; or
- (b) with respect to the prices at which New Subordinate Voting Shares are purchased or sold for the Participant's account or the times such purchases or sales are made.

14.2 Each Participant should recognize that neither the Company nor the Agent can assure a profit or protect against a loss on the New Subordinate Voting Shares purchased under the Plan.

*15 Amendment, Suspension or Termination of the Plan*

15.1 The Company reserves the right to amend, suspend or terminate the Plan at any time, but such action shall not have any retroactive effect that would materially prejudice the interests of the Participants. All Participants shall be sent written notice of any material amendment or any suspension or termination of the Plan.

15.2 If the Plan is terminated by the Company, then the Company shall implement the procedure described in Section 9.1 above for the issuance of certificates for whole New Subordinate Voting Shares and the payment of cash for fractional New Subordinate Voting Shares held for each Participant's account. If the Company suspends the Plan, then all cash dividends on Subordinate Voting Shares and Class B Shares subject to the Plan shall be paid to Participants in cash rather than invested in New Subordinate Voting Shares during the period of suspension.

*16 Notices*

16.1 Any notice or other communication permitted or required to be given to Participants under the Plan shall be in writing and mailed to Participants at their respective addresses shown on the records of the Agent. Any notice or other communication permitted or required to be given to the Agent under the Plan shall be in writing and mailed to the following address:

Dividend Reinvestment Services  
Montreal Trust Company of Canada  
151 Front Street West, 8th Floor  
Toronto, Ontario, Canada  
M5J 2N1

*17 Effective Date of the Plan*

The Plan was adopted with an effective date of February 23, 1994.

## Taxes

### *Canadian Federal Income Tax Considerations*

#### General

The following is a general summary of the principal Canadian federal income tax considerations generally applicable to Participants who invest cash dividends in New Subordinate Voting Shares under the Plan.

This summary is based on the current provisions of the Income Tax Act (Canada) (the “Canadian Tax Act”), the regulations thereunder and the current administrative practices published in writing by Revenue Canada, Taxation. This summary does not take into account provincial or foreign tax legislation or considerations.

**This summary is not exhaustive of all possible income tax considerations and each Shareholder is advised to consult his own tax adviser with respect to his particular circumstances.**

#### *Canadian Taxes for Residents of Canada*

This portion of the summary is applicable only to Participants who, for purposes of the Canadian Tax Act, are resident in Canada, hold their Subordinate Voting Shares and/or Class B Shares as capital property and deal at arm’s length with the Company.

A Participant will be subject to tax under the Canadian Tax Act on all dividends paid on Subordinate Voting Shares or Class B Shares, as the case may be (whether such shares are held of record by the Participant or by the Agent for the account of the Participant pursuant to the Plan), which are invested in New Subordinate Voting Shares under the Plan in the same manner as the Participant would have been if the dividends had been received directly by the Participant.

The cost to a Participant of New Subordinate Voting Shares purchased on the investment of dividends will be the price paid by the Agent for the New Subordinate Voting Shares, being the Average Market Price per share. The cost of such New Subordinate Voting Shares will be averaged with the adjusted cost base of all other Subordinate Voting Shares held by the Participant as capital property for purposes of subsequently computing the adjusted cost base of each Subordinate Voting Share of the Participant.

A disposition of Subordinate Voting Shares, whether by the Participant directly or by the Agent on behalf of the Participant, may give rise to a capital gain or loss. The payment of cash in settlement of a fraction of a New Subordinate Voting Share on termination of participation in the Plan will constitute a disposition of such fraction of a New Subordinate Voting Share for proceeds equal to the cash payment.

#### *Canadian Taxes for Non-Residents of Canada*

This portion of the summary is applicable only to Participants who, for purposes of the Canadian Tax Act, are not resident or deemed resident in Canada, who deal at arm’s length with the Company and who do not use or hold and are not deemed to use or hold their Subordinate Voting Shares or Class B Shares, as the case may be, in carrying on business in Canada.

Dividends paid or credited on Subordinate Voting Shares or Class B Shares to a non-resident of Canada (whether such shares are held of record by the non-resident or by the Agent for the account of the non-resident pursuant to the Plan) are generally subject to Canadian withholding tax whether or not such dividends are invested under the terms of the Plan. Under the Canadian Tax Act, the rate of withholding tax is 25% of the gross amount of such dividends, which rate is subject to reduction under the provisions of any applicable tax treaty. Under the terms of the Canada-United States Income Tax Convention (the “Convention”), the rate of non-resident withholding tax will not exceed 15% in the case of dividends paid or credited to a resident of the United States, within the meaning of the Convention, who is the beneficial owner of such dividends.

Gains realized on the disposition of Subordinate Voting Shares by a non-resident of Canada will not generally be subject to tax under the Canadian Tax Act unless such Subordinate Voting Shares are or are

deemed to be taxable Canadian property within the meaning of the Canadian Tax Act and the non-resident is not entitled to relief under a tax treaty between Canada and the non-resident's country of residence. Subordinate Voting Shares will generally not be taxable Canadian property of the holder unless, at any time during the five year period immediately preceding a disposition, (i) the holder, (ii) persons with whom the holder did not deal at arm's length or (iii) the holder and persons with whom the holder did not deal at arm's length, owned 25% or more of the issued shares of any class or series of shares of the Company.

#### ***United States Federal Income Tax Considerations***

The following summary of certain United States federal income tax consequences of participation in the Plan by a "U.S. Participant" (as defined below) is based upon the U.S. Internal Revenue Code of 1986, as amended, and regulations, rulings and decisions, all as currently in effect. As used herein, the term "U.S. Participant" means a person or entity whose functional currency (as defined in Section 985 of the Code) is the United States dollar and which for United States federal income tax purposes is either (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source. **The following summary is for general guidance only and does not purport to be a complete analysis of all relevant issues. Accordingly, a U.S. Participant should consult his own tax adviser with respect to the United States federal and other income tax consequences of participating in the Plan.**

A U.S. Participant will be treated as receiving on a dividend payment date a taxable dividend equal to the sum of the United States dollar equivalent of (i) the fair market value of the New Subordinate Voting Shares on the dividend payment date and (ii) any Canadian taxes withheld by the Company with respect to the cash dividend paid on the dividend payment date. For this purpose, the fair market value on the dividend payment date of the New Subordinate Voting Shares acquired on such date generally will equal the average of the high and low sales prices of the Company's New Subordinate Voting Shares reported on the New York Stock Exchange on the dividend payment date. Such amount may be higher or lower than the Average Market Price used to determine the number of the New Subordinate Voting Shares a U.S. Participant will acquire under the Plan. This dividend will not be eligible for the dividends received deduction available in certain cases to corporations.

Subject to certain limitations, a U.S. Participant may generally elect either to credit the amount of Canadian tax withheld on dividends against his United States federal income tax liability or to deduct the amount of such taxes from his gross income.

A U.S. Participant's United States federal income tax basis for each New Subordinate Voting Share or fraction thereof acquired under the Plan will be the fair market value thereof on the dividend payment date determined as provided above. The holding period for each New Subordinate Voting Share or fraction thereof will begin on the day following the dividend payment date.

A U.S. Participant generally will recognize a taxable gain or loss when his New Subordinate Voting Shares are sold or exchanged and when he receives cash payments for fractional shares credited to his account upon withdrawal from or termination of the Plan or otherwise. The amount of such gain or loss will be the difference between the amount a U.S. Participant receives for his New Subordinate Voting Shares or fraction thereof and the adjusted tax basis therefor. The gain or loss will be a capital gain or loss if the shares constitute capital assets in the hands of the U.S. Participant and will be a long-term capital gain or loss if the holding period for such New Subordinate Voting Shares exceeds one year.

## INVESTMENT CONSIDERATIONS

### **Automotive Industry**

The North American automotive industry is cyclical, with car and light truck production from the latter part of fiscal 1989 through fiscal 1991 having been materially lower than production levels in the mid to late 1980s. Production in fiscal 1992 and 1993 increased to 11.4 million units and 12.5 million units, respectively. There can be no assurance that such levels will be maintained or increase in the foreseeable future and, as substantially all the Company's business involves sales to North American OEMs, a deterioration in the industry could have a material adverse effect generally on the Company's business, financial results and share price.

The Company supplies parts for a wide variety of vehicles produced in North America and Europe, but does not supply parts for all such vehicles nor is the number or value of parts evenly distributed among all vehicles. In particular, in fiscal 1993, approximately 45% of the Company's sales were in respect of products supplied for inclusion in five vehicle body types. Products supplied for the Chrysler minivans constituted approximately 23% of the Company's sales for such year. Shifts in market share between vehicles could have a material effect on the Company's business. Significant decreases in production volumes for the five vehicle body types referred to above, particularly the Chrysler minivans, would likely have a material adverse effect.

The Company has in the past entered, and continues to enter, into long-term supply arrangements with OEMs which provide for price concessions over the supply term. These concessions have, to date, been largely offset by cost reductions arising principally from process and product improvements. The competitive environment has caused these pricing pressures to increase. While the Company believes that it is, and will remain, competitive, there can be no assurance that the Company will continue to be successful in offsetting price concessions agreed to from time to time with OEMs. To the extent that concessions are not offset through cost reductions, the Company's profitability will be adversely affected.

The Company's profitability and future prospects are also to some degree dependent upon additional economic and political factors which are substantially beyond its ability to control. These factors include, among others, general recessionary conditions in Europe, fluctuating rates of currency exchange between the countries of Europe and North America, an uncertain interest rate environment, and the potential for new impediments to international trade in cars, light trucks, automotive parts and the inputs for their production. Although the Company cannot predict to what extent and over what time period any or all of these factors may or will adversely affect the Company's business and financial condition, there is a risk that any one or more of these factors will have a significant adverse impact upon the Company's profitability and future prospects.

### **Control of the Company**

Holders of Subordinate Voting Shares and Class B Shares generally vote together as a single class, with the holders of Subordinate Voting Shares entitled to one vote per share and the holders of Class B Shares entitled to 500 votes per share. Based on the number of shares outstanding as of the date of this Offering Circular, Class B Shares carry in the aggregate approximately 90% of the total votes attaching to the Subordinate Voting Shares and Class B Shares and, accordingly, holders of Class B Shares currently control the Company. Mr. Frank Stronach, the Company's Chairman, controls the Company through his right to direct the votes attached to Class B Shares carrying a majority of the votes attaching to the outstanding voting shares of the Company.

Under present law and the attributes of the Class B Shares and the Subordinate Voting Shares, neither a tender offer to holders of Class B Shares nor a private contract to purchase Class B Shares (regardless of the price paid therefor) would necessarily result in an offer to purchase Subordinate Voting Shares.

### **Company Commitments to Issue Subordinate Voting Shares**

As at February 18, 1994, the Company had outstanding commitments to issue Subordinate Voting Shares in connection with: (i) the conversion of its outstanding 10% Convertible Subordinated Debentures due 2001

(the "10% Debentures") having a conversion price of U.S. \$8.525 per share, subject to customary anti-dilution adjustments; (ii) the exercise of some or all of the options (the "Stock Options") granted under the Company's 1987 Incentive Stock Option Plan, at exercise prices ranging from Cdn. \$3.65 to Cdn. \$32.25 per share, subject to customary anti-dilution adjustments; and (iii) the exchange with Mitsubishi Canada Limited and Mitsubishi Corporation (collectively, "Mitsubishi") of 1,000,000 Subordinate Voting Shares to be issued from treasury for 3.5 million class A subordinate voting shares of Atoma International Inc., a subsidiary of the Company, held by Mitsubishi (for which no definitive agreement has been executed, but an agreement in principle has been reached). The aggregate number of Subordinate Voting Shares which would be issued by the Company if all such securities were converted, exercised or issued would be approximately 6,909,985 (approximately 12.6% of the number of Subordinate Voting Shares currently outstanding), consisting of 3,824,985 shares in the case of the 10% Debentures, 2,085,000 shares in the case of the Stock Options and 1,000,000 shares in the case of the purchase from Mitsubishi. The Company currently intends to call the 10% Debentures for redemption in the near future, with a targeted redemption date of May 2, 1994.

The Company has registered under the United States Securities Act of 1933 the 10% Debentures and the Subordinate Voting Shares issuable upon conversion of the 10% Debentures. The Company has also qualified by shelf prospectus in Ontario the distribution of such Subordinate Voting Shares.