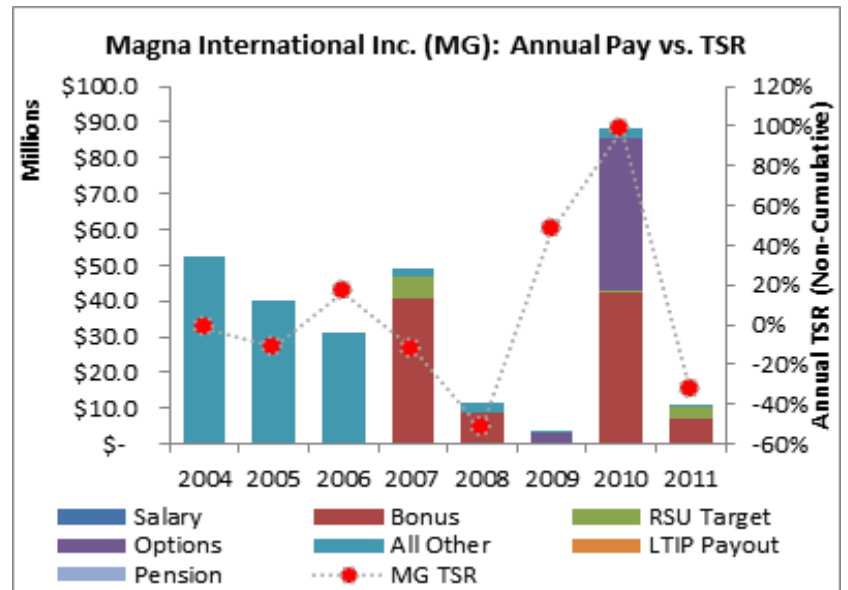
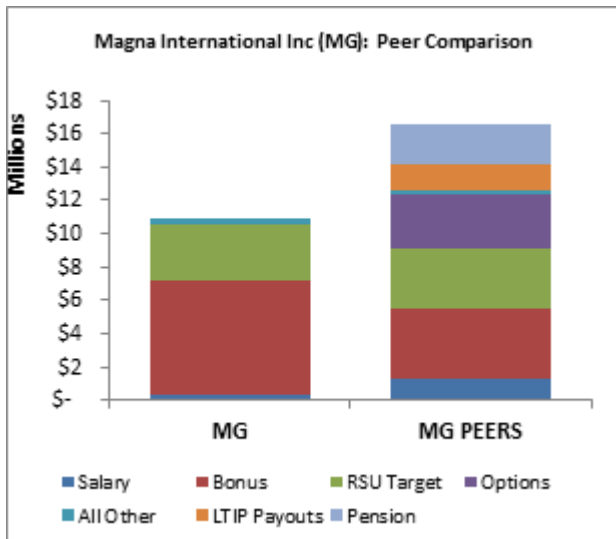


Magna International Inc (MG): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 2	4 YEAR = 0	6 YEAR = 7	8 YEAR = 5	TOTAL: 14/24

For the purposes of this report, we have used Frank Stronach's pay in place of the CEO up until 2011, following the sale of his controlling stake in the company. Mr. Stronach, in most of the years in this sample, was the highest paid executive on the TSX 60. His pay was primarily composed of a consulting fee of 3% of pre-tax profits. In many years, this tracked quite well against TSR. In fact even the payment Mr. Stronach received upon the sale of his stake fell in a year when share performance was very strong. As a result, **despite being a significant outlier in terms of the scale and form of pay granted to the top executive, MG's alignment between CEO pay change and TSR was reasonably good in most of our observation periods, resulting in a Pay for Performance Score of 14/24.**



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
NYSE:JCI	Johnson Controls Inc.
TSE:BBD.B	Bombardier Inc.
NYSE:CAT	Caterpillar
NYSE:NAV	Navistar International Corp.
NYSE:DE	Deere and Company
NYSE:TXT	Textron
NYSE:CMI	Cummins Inc.
TSE:SNC	SNC-Lavalin Group Inc.
NYSE:EMR	Emerson Electric
NDQ:PCAR	PACCAR Inc.

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NYSE:JCI	6.4%	TSE:BBD.B	268.8%	NYSE:NAV	16.1%
2	NYSE:DE	1.3%	NYSE:DE	41.2%	NYSE:CMI	16.1%
3	NYSE:CAT	-1.5%	NYSE:CAT	38.3%	NYSE:EMR	8.3%
4	TSE:SNC	-13.2%	NYSE:CMI	33.6%	TSE:MG	6.7%
5	NYSE:NAV	-14.9%	TSE:SNC	20.1%	NYSE:CAT	6.2%
6	NYSE:CMI	-18.9%	NDQ:PCAR	19.4%	NYSE:DE	6.2%
7	TSE:BBD.B	-20.0%	NYSE:EMR	18.8%	NDQ:PCAR	6.1%
8	NYSE:EMR	-20.9%	TSE:MG	12.0%	TSE:SNC	4.6%
9	NYSE:TXT	-21.5%	NYSE:JCI	10.6%	NYSE:JCI	4.0%
10	NDQ:PCAR	-32.5%	NYSE:TXT	8.8%	TSE:BBD.B	3.5%
11	TSE:MG	-32.9%	NYSE:NAV	-5743.3%	NYSE:TXT	1.8%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:JCI	\$23,688,200	NYSE:CAT	\$1,413,880	NYSE:CMI	\$8,784,418	NYSE:CMI	\$10,124,607	NYSE:JCI	\$9,191,024
2	NYSE:CMI	\$18,439,834	NDQ:PCAR	\$1,401,816	NYSE:JCI	\$7,457,582	NYSE:JCI	\$8,848,213	NYSE:NAV	\$8,780,457
3	NYSE:DE	\$16,573,514	NYSE:JCI	\$1,390,631	TSE:MG	\$6,852,034	NYSE:DE	\$7,216,743	NYSE:EMR	\$7,419,404
4	NDQ:PCAR	\$15,067,716	NYSE:CMI	\$1,340,189	NYSE:DE	\$5,975,462	TSE:MG	\$7,159,140	NYSE:TXT	\$7,242,538
5	NYSE:EMR	\$13,198,950	TSE:BBD.B	\$1,272,833	NYSE:CAT	\$3,211,892	NYSE:CAT	\$4,625,773	NDQ:PCAR	\$7,188,389
6	NYSE:NAV	\$12,815,900	NYSE:DE	\$1,241,282	NDQ:PCAR	\$3,089,852	NDQ:PCAR	\$4,491,668	NYSE:DE	\$6,880,503
7	NYSE:TXT	\$11,170,620	NYSE:NAV	\$1,224,797	NYSE:EMR	\$2,373,766	NYSE:EMR	\$3,585,376	TSE:BBD.B	\$5,159,480
8	TSE:MG	\$10,963,496	NYSE:EMR	\$1,211,610	TSE:BBD.B	\$1,556,993	TSE:BBD.B	\$2,829,826	NYSE:CMI	\$4,992,883
9	TSE:BBD.B	\$8,542,695	NYSE:TXT	\$989,069	NYSE:TXT	\$1,387,466	NYSE:TXT	\$2,376,535	TSE:MG	\$3,426,017
10	NYSE:CAT	\$8,521,634	TSE:SNC	\$950,000	NYSE:NAV	\$0	NYSE:NAV	\$1,224,797	TSE:SNC	\$1,377,777
11	TSE:SNC	\$3,192,598	TSE:MG	\$307,106	TSE:SNC	\$0	TSE:SNC	\$950,000	NYSE:CAT	\$0

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

