

MAGNA INTERNATIONAL INC
Form 11-K
July 13, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C., 20549**

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-13942

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(Full title of the plan)

**MAGNA INTERNATIONAL INC.
337 Magna Drive, Aurora, Ontario, Canada L4G 7K1**

(Name of issuer of the securities held pursuant
to the plan and the address of its principal
executive offices)

Registrant's telephone number, including area code (905) 726-2462

Notices and communications from the
Securities and Exchange Commission
Relative to this report should be
Forwarded to:

Bassem Shakeel
Assistant Secretary
Magna International Inc.
337 Magna Drive
Aurora, Ontario, Canada L4G 7K1

(i)

FINANCIAL STATEMENTS AND EXHIBIT

(a) FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

| | |
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Schedules required under the Employee Retirement Income Security Act of 1974, other than the schedule listed above, are omitted because of the absence of the conditions under which such schedules are required or because such schedules have been previously submitted to the Department of Labor.

(b) EXHIBIT

Exhibit 23 Consent of Independent Registered Public Accounting Firm

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE MAGNA GROUP OF COMPANIES RETIREMENT
SAVINGS PLAN by MAGNA INTERNATIONAL INC.
in its capacity as Plan Administrator

DATE July 12, 2006

/s/ MARC NEEB

By: Marc Neeb
Title: Executive Vice-President,
Global Human Resources

/s/ PATRICK W. D. MCCANN

By: Patrick W. D. McCann
Title: Vice-President and Controller

(ii)

Financial Statements and Supplemental Schedules

The Magna Group of Companies

Retirement Savings Plan

(formerly the Magna International of America 401(k) Plan)

Years Ended December 31, 2005 and 2004

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

Audited Financial Statements and Supplemental Schedules

December 31, 2005, 2004 and 2003 and
Years ended December 31, 2005 and 2004

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**REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

To the Pension Committee of
The Magna Group of Companies Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of The Magna Group of Companies Retirement Savings Plan (formerly the Magna International of America 401(k) Plan) as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as explained in the following paragraph, 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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, investment assets held by Principal Life Insurance Company, the custodian of the Plan and Delaware Charter Guarantee & Trust Company, the Trustee of the Plan, and transactions in those assets were excluded from the scope of our audit of the Plan's 2004 and 2003 financial statements, except for comparing the information provided by the custodian and trustee, which is summarized in Note 3, with the related information included in the financial statements and supplemental schedule.

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Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the Plan's financial statements as of December 31, 2004 and 2003, and for the year ended December 31, 2004. The form and content of the information included in the 2004 and 2003 financial statements and schedule, other than that derived from the information certified by the custodian and trustee have been audited by us and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005, and changes in its net assets available for benefits for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit of the Plan's financial statements as of and for the year ended December 31, 2005, was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of assets (held at end of year) as of December 31, 2005 and reportable transactions for the year then ended, are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements for the year ended December 31, 2005, and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

The information presented in the Schedule of Reportable Transactions does not disclose the historical cost of certain sales transactions and the related gain or loss. Disclosure of this information is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

/s/ Ernst & Young LLP

Chicago, Illinois
July 6, 2006.

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

STATEMENTS OF NET ASSETS
AVAILABLE FOR BENEFITS

As of December 31

| | 2005 \$ | 2004 \$ | 2003 \$ |
|--|--------------------|--------------------|--------------------|
| ASSETS | | | |
| Investments (note 3) | | | |
| Unallocated investment contracts | | | |
| Deposits in general accounts | 73,711,360 | 63,198,178 | 39,606,957 |
| Deposits in separate accounts | 271,289,218 | 216,994,711 | 162,339,294 |
| Deposits in mutual funds | 84,887,459 | 54,578,388 | 13,202,979 |
| Participant notes receivable | 17,803,278 | 14,166,893 | 10,146,885 |
| Common stock | 194,480,814 | 4,297,349 | 71,093 |
| Life insurance policies | 49,195 | 44,248 | 39,398 |
| Total investments | 642,221,324 | 353,279,767 | 225,406,606 |
| Contributions receivable from | | | |
| Employer | 20,961,853 | 203,630 | 125,673 |
| Participants | 1,163,585 | 686,428 | 449,131 |
| | 22,125,438 | 890,058 | 574,804 |
| Total assets | 664,346,762 | 354,169,825 | 225,981,410 |
| LIABILITIES | | | |
| Accrued liabilities | 210,000 | 50,000 | |
| Net assets available for benefits | 664,136,762 | 354,119,825 | 225,981,410 |

See accompanying notes

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

Years ended December 31

| | 2005 \$ | 2004 \$ |
|---|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| ADDITIONS | | |
| Investment income | | |
| Interest and dividends | 4,874,255 | 3,087,276 |
| Net appreciation in fair value of investments | 31,899,529 | 28,768,120 |
| Contributions | | |
| Employer | 32,515,454 | 9,105,675 |
| Participants | 47,814,304 | 34,923,240 |
| Transfers from other plans <i>(note 6)</i> | 254,800,856 | 79,226,118 |
| | <u> </u> | <u> </u> |
| Total additions | 371,904,398 | 155,110,429 |
| | <u> </u> | <u> </u> |
| DEDUCTIONS | | |
| Benefits paid to terminated employees | 48,274,716 | 21,156,747 |
| Benefits paid to participating employees | 13,388,309 | 5,584,054 |
| Loan expenses and other | 224,436 | 231,213 |
| | <u> </u> | <u> </u> |
| Total deductions | 61,887,461 | 26,972,014 |
| | <u> </u> | <u> </u> |
| Net increase in net assets for the year | 310,016,937 | 128,138,415 |
| Net assets available for benefits, beginning of year | 354,119,825 | 225,981,410 |
| | <u> </u> | <u> </u> |
| Net assets available for benefits, end of year | 664,136,762 | 354,119,825 |
| | <u> </u> | <u> </u> |

See accompanying notes

**THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

1. DESCRIPTION OF THE PLAN

The following description of The Magna Group of Companies Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the restated Plan agreement for a more complete description of the Plan's provisions.

General

Certain employees of Magna International of America (the "Primary Employer") and other participating subsidiaries and affiliates of the Primary Employer (collectively the "Employer") are eligible to participate in the Plan.

The Plan was established by the Primary Employer as the Magna International of America 401(k) Plan on August 1, 1992. The Primary Employer restated the Plan's terms, provisions and conditions effective January 1, 2005. Also, during 2004 and 2005, various 401(k) and deferred profit sharing plans of the Employer were merged into the Plan (*note 6*). These financial statements reflect the net assets of the original 401(k) plan for all periods presented and include the net assets of these other plans from their respective dates of merger.

For the 401(k) portion of the Plan, an employee shall first become a plan participant on the earliest monthly date in which the employee has completed six months of eligible service and is 18 years of age or older, referred hereon in as an "Eligible Employee". Effective March 1, 2005, an Eligible Employee may make elective deferral contributions and rollover contributions and effective April 1, 2005, an Eligible Employee may make voluntary contributions in accordance with the non-discriminatory procedures set up by the Plan administrator. For the deferred profit sharing portion of the Plan, an employee is eligible to participate in the Plan if the employee is employed with the Employer on the last day of the Plan year and the employee has completed 1,000 hours of service in the Plan year.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan agreement provides that the Plan may invest in Class A Subordinate Voting Shares of Magna International Inc. ("Magna"), the parent company of the Primary Employer.

The Plan is administered by Magna International Inc. and individuals (Trustees) appointed by the Board of Directors of Magna.

**THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

Contributions

The 401(k) portion of the Plan is funded by contributions from employees who may elect to contribute from 2% to 50% of wages, as defined, subject to the maximum amount permitted under the Internal Revenue Code (the "Code"). The Employer may make a discretionary matching contribution. The Employer contributed 50% of the first 6% of regular earnings contributed by a participant in 2005 and 2004. Employees may also defer 2% to 100% of their bonus for a given year, which is not eligible for a matching contribution by the Employer.

The deferred profit sharing portion of the Plan is a non-contributory, defined contribution plan funded by contributions as determined under the provisions of the Plan, which are generally based on a portion of profits, as defined, as determined by the Employer.

Subsequent to December 31, 2005, the Plan received \$11,849,995 in the form of 163,561 Magna Class A Subordinate Voting Shares and \$9,111,858 in cash in settlement of the contribution receivable.

Participant accounts

Individual participant accounts are maintained by Principal Life Insurance Company ("Principal") and are credited with employee and Employer contributions in the case of the 401(k) portion of the Plan and allocations of Employer contributions, Plan earnings, and forfeitures of former participants' non-vested amounts in the case of the deferred profit sharing portion of the Plan. Allocations of contributions and forfeitures are based upon compensation and years of service, as defined, while allocations of earnings are recognized by changes in the unit value. Such accounts are valued periodically in accordance with the provisions of the Plan.

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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

Vesting

Vesting for the deferred profit sharing portion of the Plan occurs on the following schedule:

| Number of full years of service | Vested percentage |
|--|--------------------------|
| Less than 1 | 0% |
| 1 | 30% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 and after | 100% |

Notwithstanding the foregoing, all amounts allocated or re-allocated to a participant shall vest irrevocably to that participant not later than five years after the end of the Plan year in which the amounts are allocated or re-allocated unless the participant has ceased before that time to be an employee. Immediate full vesting also occurs upon a participant's death, total and permanent disability, permanent layoff, or attainment of normal retirement age of 60.

For the 401(k) portion of the Plan, participants are 100% vested in Employer and employee contributions and allocated earnings thereon.

Forfeitures

For the deferred profit sharing portion of the Plan, the non-vested portion of a terminated participant's account balance is not allocated to other Plan participants until the former participant has five consecutive one-year service breaks. Unallocated forfeitures in the Plan assets at December 31, 2005 and Plan forfeitures for the period from March 1, 2005 to December 31, 2005 were not material.

**THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

Plan benefits

For the deferred profit sharing portion of the Plan, participants are eligible to receive vested benefits based upon the most recent valuation of their account upon termination of service with the Employer. Under certain provisions of the Plan, benefits may also be distributed at the discretion of the Trustees after 10 continuous years of service. Distributions of Plan benefits are made to eligible participants in one lump-sum payment.

Withdrawals

For the 401(k) portion of the Plan, upon retirement, death, disability or termination of service, benefits will be paid in the form of a lump-sum distribution. Certain other withdrawals are permitted in the event of financial hardship, as defined in the Plan agreement.

Participant notes receivable

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or greater of a) 50% of their vested account balance excluding amounts related to the participant's profit sharing account or b) \$10,000, both reduced by any loan balance on the date the new loan is made. Loan terms range from one to five years or up to 10 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions, not less frequently than quarterly.

Plan termination

Although it has not expressed any intent to do so, the Employer has the right to terminate the Plan in whole or in part at any time subject to the provisions of ERISA. In the event of termination of the Plan, the participant accounts will become 100% vested and non-forfeitable.

**THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES

Investments

The Plan's investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. The shares of mutual funds are valued at quoted market prices which represent the net asset values of shares held by the Plan at year-end. The fair value of the participation units owned in the separate accounts is based on quoted redemption values on the last business day of the Plan year. The participant loans are valued at their outstanding balances, which approximate fair value.

The Plan invests in two types of investment contracts; guaranteed investment contracts (GICs) and the Guaranteed Fixed Income Option Fund. The GICs are non-benefit responsive contracts and are therefore valued at fair value. Fair value is calculated using discounted cash flows using current market rates for similar contracts. The Guaranteed Fixed Income Option Fund is benefit responsive and valued at contract value, which approximates fair value. Contract value represents contributions and reinvested income, less any withdrawals plus accrued interest, because this investment has fully benefit-responsive features. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. However, withdrawals influenced by Company-initiated events, such as in connection with the sale of a business, may result in a distribution at other than contract value. There are no reserves against contract values for credit risk of contract issues or otherwise. The crediting interest rate for these investment contracts is reset annually by the issuer but cannot be less than zero and was approximately 3% at December 31, 2005 and 2004.

Realized gains or losses are determined by the average cost method. The change in the difference between current value and the cost of investments is reflected in the statement of changes in net assets available for benefits in net unrealized appreciation or depreciation in fair value of investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Participant and non-participant directed investments

Effective July 1, 2005, all or some portion of a participant's account may be invested in Magna Class A Subordinate Voting Shares. For the deferred profit sharing portion of the Plan, 4/7th of the annual profit sharing contribution, as defined, is invested in Magna Class A Subordinate Voting Shares, referred to as the non-participant directed portion of the Plan. The remaining portion of the annual profit sharing contribution is directed by the employee and may include investments in Magna Class A Subordinate Voting Shares. Prior to July 1, 2005, the entire annual profit sharing contribution was invested in Magna Class A Subordinate Voting Shares.

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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

Administrative expenses

The Plan is administered by Magna. Certain administrative expenses of the Plan are paid by Magna and Magna also provides certain administrative services which have not been charged to the Plan. The amount of such expenses and cost of such services have not been determined. Certain administrative expenses not paid directly by Magna may be paid from the Plan in accordance with ERISA provisions.

Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Use of estimates

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

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

3. INVESTMENTS

All investment information disclosed in the accompanying financial statements and schedules, including investments held at December 31, 2004 and 2003, and net appreciation (depreciation) in fair value of investments, interest, dividends and investment expenses for the year ended December 31, 2004, were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the custodian and trustee.

During 2005 and 2004, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

| | 2005 | |
|-------------------------|---|----------------------------------|
| | Net appreciation (depreciation) in fair value during the year \$ | Fair value, end of year \$ |
| General accounts | (168,486) | 73,711,360 |
| Separate accounts | 23,519,326 | 271,289,218 |
| Mutual funds | 5,999,673 | 84,887,459 |
| Common stock | 2,544,069 | 194,480,814 |
| Life insurance policies | 4,947 | 49,195 |
| | 31,899,529 | 624,418,046 |
| | 2004 | |
| | Net appreciation (depreciation) in fair value during the year \$ | Fair value, end of year \$ |
| General accounts | (167,398) | 63,198,178 |
| Separate accounts | 24,039,894 | 216,994,711 |
| Mutual funds | 4,664,672 | 54,578,388 |
| Common stock | 226,102 | 4,297,349 |
| Life insurance policies | 4,850 | 44,248 |
| | 28,768,120 | 339,112,874 |

**THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits at December 31 are as follows:

| | 2005 \$ | 2004 \$ | 2003 \$ |
|--|--------------------|------------|------------|
| Magna International Inc. Class A Subordinate Voting Shares | 162,070,735 | 3,603,555 | |
| Large Cap Stock Index Separate Account | 88,097,061 | 43,427,539 | 31,827,490 |
| Guaranteed Fixed Income Option | 55,328,351 | 38,383,398 | |
| Principal Diversified International Stock Separate Account | 46,407,429 | 32,045,890 | 17,364,630 |
| Vanguard Windsor II ADM Fund | 33,817,974 | | |
| Bond and Mortgage Separate Account | 30,168,054 | 25,540,133 | 20,744,168 |
| Real Estate Separate Account | 29,942,421 | 18,366,915 | 13,635,159 |
| General account | 18,383,009 | 24,814,780 | 39,606,957 |
| Large Company Blend Separate Account | | 28,376,100 | 24,180,070 |
| Vanguard Windsor II Fund | | 24,697,507 | 6,682,961 |
| Small Company Blend Separate Account | | 19,898,306 | 15,658,923 |
| Money Market Separate Account | | | 11,892,982 |

4. NON-PARTICIPANT-DIRECTED INVESTMENTS

The Magna International Inc. Class A Subordinate Voting Shares and the Magna International Diversified Stock Fund include both participant and non-participant-directed investments, which are commingled. Substantially all contributions and associated appreciation, income and dividends are non-participant directed until amounts are available for transfer as described in the Plan agreement. Information about the net assets available for benefits and the significant components of the changes in net assets available for benefits for non-participant-directed investments is as follows:

| | 2005 \$ | 2004 \$ |
|--|--------------------|------------|
| Magna International Diversified Stock Fund | 146,514,476 | 4,213,366 |
| Magna International Inc. Class A Subordinate Voting Shares | 47,966,338 | |
| | 194,480,814 | 4,213,366 |

**THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

| | 2005 | 2004 |
|--|--------------------|------------------|
| | \$ | \$ |
| | <hr/> | <hr/> |
| Changes in net assets available for benefits: | | |
| Investment income | 2,983,765 | 213,213 |
| Employer contributions | 4,424 | |
| Participant contributions | 65,441 | |
| Net external transfers | 213,667,230 | 4,761,439 |
| Net inter-fund transfers | (3,701,827) | (312,584) |
| Distributions to terminated employees | (15,257,674) | (327,156) |
| Distributions to participating employees | (7,493,911) | (121,546) |
| | <hr/> | <hr/> |
| Increase in net assets available for benefits | 190,267,448 | 4,213,366 |
| | <hr/> | <hr/> |

Subsequent to December 31, 2005, the Plan received \$11,849,995 in the form of 163,561 Magna Class A Subordinate Voting Shares in settlement of the contributions receivable.

5. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated October 15, 2002 stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended subsequent to the determination letter. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan, as amended and restated, is qualified and the related trust is tax exempt.

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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

6. PLAN TRANSFERS

2005

On January 1, 2005, the Davis Employees' 401(k) Plan was merged into the Plan, resulting in a transfer of \$7,236,007 in net assets to the Plan. On February 1, 2005, the Davis Industries Inc. defined compensation profit sharing thrift plan was merged into the Plan, resulting in a transfer of \$1,272,795 in net assets to the Plan.

On January 3, 2005, the New Process Gear 401(k) Plan was merged into the Plan, resulting in a transfer of \$31,231,212 in net assets to the Plan.

On March 1, 2005, the Magna International U.S. Employees' Deferred Profit Sharing Plan was merged into the Plan, resulting in a transfer of \$161,100,555 in net assets to the Plan.

On March 1, 2005, the Intier Automotive U.S. Employees' Deferred Profit Sharing Plan was merged into the Plan, resulting in a transfer of \$31,372,931 in net assets to the Plan.

On March 1, 2005, the Decoma International of America U.S. Employees' Deferred Profit Sharing Plan was merged into the Plan, resulting in a transfer of \$17,963,486 in net assets to the Plan.

On March 1, 2005, the Tesma International of America, Inc. U.S. Employees' Deferred Profit Sharing Plan was merged into the Plan, resulting in a transfer of \$3,230,258 in net assets to the Plan.

During 2005, participant loans totaling \$1,393,612 were transferred into the Plan.

2004

On January 5, 2004, the Holly Retirement Plan was merged into the Plan, resulting in a transfer of \$2,325,235 in net assets to the Plan.

On January 7, 2004, the Optera-Longmont Retirement Plan was merged into the Plan, resulting in a transfer of \$704,794 in net assets to the Plan.

On April 1, 2004, the Donnelly Retirement Plan was merged into the Plan, resulting in a transfer of \$73,824,980 in net assets to the Plan.

During 2004, participant loans totaling \$2,371,109 were transferred into the Plan.

Schedules

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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)
E.I.N. 98-0095901, Plan #002

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2005

| Identity of issuer | Description of investment | Current value \$ |
|-----------------------------------|--|---------------------------------|
| Principal Life Insurance Company* | Funds on deposit with insurance company in general account | 18,383,009 |
| Principal Life Insurance Company* | Funds on deposit with insurance company in general account Guaranteed Fixed Income Option | 55,328,351 |
| Principal Life Insurance Company* | Deposits in insurance company Real Estate Separate Account | 29,942,421 |
| Principal Life Insurance Company* | Deposits in insurance company Bond and Mortgage Separate Account | 30,168,054 |
| Principal Life Insurance Company* | Deposits in insurance company Large Cap Stock Index Separate Account | 88,097,061 |
| Principal Life Insurance Company* | Deposits in insurance company Small Cap Value II Separate Account | 4,752,312 |
| Principal Life Insurance Company* | Deposits in insurance company Principal Financial Group, Inc. Stock Separate Account | 7,183,971 |
| Principal Life Insurance Company* | Deposits in insurance company Small-Cap Stock Index Separate Account | 30,289,672 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime Strategic Income Separate Account | 3,296,506 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2010 Separate Account | 3,214,685 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2020 Separate Account | 12,526,198 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2030 Separate Account | 5,674,051 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2040 Separate Account | 2,394,696 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2050 Separate Account | 1,018,166 |
| Principal Life Insurance Company* | Deposits in insurance company Mid-Cap Stock Index Separate Account | 4,719,305 |
| Principal Life Insurance Company* | Deposits in insurance company Diversified International Separate Account | 46,407,429 |
| Fidelity Management & Research | Deposits in fund company International Separate Account | 1,604,691 |

*Indicates party in interest to the Plan.

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)
E.I.N. 98-0095901, Plan #002

SCHEDULE OF ASSETS (HELD AT END OF YEAR) cont'd

December 31, 2005

| Identity of issuer | Description of investment | Cost \$ | Current value \$ |
|---|--|--------------------|---------------------------------|
| T. Rowe Price Capital Appreciation Fund | Deposit in mutual funds | | 4,673,497 |
| T. Rowe Price New Era Fund | Deposit in mutual funds | | 634,326 |
| T. Rowe Price Science & Technology Fund | Deposit in mutual funds | | 3,408,847 |
| Vanguard Windsor II ADM Fund | Deposit in mutual funds | | 33,817,974 |
| Vanguard Prime Cap Admiral Fund | Deposit in mutual funds | | 7,559,025 |
| Vanguard Explorer ADM Fund | Deposit in mutual funds | | 6,970,519 |
| Calamos Growth A Fund | Deposit in mutual funds | | 11,003,564 |
| American Funds Growth Fund of America R4 Fund | Deposit in mutual funds | | 16,819,707 |
| Magna International Diversified Stock Fund: | | | |
| Magna Entertainment Corp.* | Class A Subordinate Voting Shares | 1,384,773 | 1,474,817 |
| MI Development Inc.* | Class A Subordinate Voting Shares | 10,191,127 | 30,935,262 |
| Magna International Inc.* | Class A Subordinate Voting Shares | 74,431,733 | 114,104,397 |
| Magna International Inc. * | Class A Subordinate Voting Shares | 31,200,584 | 47,966,338 |
| Principal Life Insurance Company* | Cash value life insurance policy | | 49,195 |
| Participant notes receivable* | Maturing at various dates at interest rates ranging from 6.00% to 11.50% | | 17,803,278 |
| | | | <hr/> |
| | | | 642,221,324 |
| | | | <hr/> |

* Indicates party in interest to the Plan.

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)
E.I.N. 98-0095901, Plan #002

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2004

| Identity of issuer | Description of investment | Current value \$ |
|-----------------------------------|--|------------------------|
| Principal Life Insurance Company* | Funds on deposit with insurance company in general account | 24,814,780 |
| Principal Life Insurance Company* | Funds on deposit with insurance company in general account Guaranteed Fixed Income Option | 38,383,398 |
| Principal Life Insurance Company* | Deposits in insurance company Real Estate Separate Account | 18,366,915 |
| Principal Life Insurance Company* | Deposits in insurance company Bond and Mortgage Separate Account | 25,540,133 |
| Principal Life Insurance Company* | Deposits in insurance company Large Cap Stock Index Separate Account | 43,427,539 |
| Principal Life Insurance Company* | Deposits in insurance company Principal Financial Group, Inc. Stock Separate Account | 7,019,908 |
| Principal Life Insurance Company* | Deposits in insurance company Mid-Cap Growth Separate Account | 7,572,912 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime Strategic Income Separate Account | 1,426,114 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2010 Separate Account | 1,008,566 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2020 Separate Account | 10,083,965 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2030 Separate Account | 843,028 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2040 Separate Account | 313,903 |
| Principal Life Insurance Company* | Deposits in insurance company LifeTime 2050 Separate Account | 292,057 |
| Principal Life Insurance Company* | Deposits in insurance company Mid-Cap Stock Index Separate Account | 2,294,310 |
| Principal Life Insurance Company* | Deposits in insurance company Large Company Blend Separate Account | 28,376,100 |
| Principal Life Insurance Company* | Deposits in insurance company Small Cap Value Separate Account | 2,192,836 |

*Indicates party in interest to the Plan.

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)
E.I.N. 98-0095901, Plan #002

SCHEDULE OF ASSETS (HELD AT END OF YEAR) cont'd

December 31, 2004

| Identity of issuer | Description of investment | Cost \$ | Current value \$ |
|---|---|--------------------|---------------------------------|
| Principal Life Insurance Company* | Deposits in insurance company International Stock Separate Account | | 32,045,890 |
| Principal Life Insurance Company* | Deposits in insurance company Bond Emphasis Balanced Separate Account | | 1,058,102 |
| Principal Life Insurance Company* | Deposits in insurance company Stock Emphasis Balanced Separate Account | | 1,864,979 |
| Principal Life Insurance Company* | Deposits in insurance company Small Company Blend Separate Account | | 19,898,306 |
| Principal Life Insurance Company* | Deposits in insurance company International Small Company Separate Account | | 220,277 |
| Principal Life Insurance Company* | Deposits in insurance company Small-Cap Stock Index Separate Account | | 7,329,215 |
| Principal Life Insurance Company* | Deposits in insurance company Small Company Growth Separate Account | | 5,819,656 |
| Fidelity Advisor Equity Growth Instl Fund | Deposit in mutual funds | | 9,424,707 |
| Vanguard PrimeCap Fund | Deposit in mutual funds | | 8,081,156 |
| Vanguard Growth Fund | Deposit in mutual funds | | 12,244,321 |
| Vanguard Windsor II Fund | Deposit in mutual funds | | 24,697,507 |
| Janus Aspen Mid Cap Growth I Fund | Deposit in mutual funds | | 130,697 |
| Lexamar Corporation* | Common stock | | 83,983 |
| Magna International Diversified Stock Fund: | | | |
| MI Development Inc.* | Class A Subordinate Voting Shares | 458,426 | 494,094 |
| Magna International Inc.* | Class A Subordinate Voting Shares | 3,457,224 | 3,603,555 |
| Principal Life Insurance Company * | Funds on deposit with insurance company | 115,717 | 115,717 |
| Principal Life Insurance Company* | Life insurance policy | | 44,248 |
| Participant notes receivable* | Maturing at various dates at interest rates ranging from 6.00% to 11.50% | | 14,166,893 |

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| Identity of issuer | Description of investment | Cost \$ | Current value \$ |
|--------------------|---------------------------|------------|------------------------|
| | | | 353,279,767 |

* Indicates party in interest to the Plan.

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN
(formerly the Magna International of America 401(k) Plan)
E.I.N. 98-0095901, Plan #002

SCHEDULE OF REPORTABLE TRANSACTIONS

Year ended December 31, 2005

| Identity of Party Involved | Description of Asset (Including Interest Rate and Maturity in Case of a Loan) | Purchase Price* | Selling Price* | Lease Rental | Expense Incurred With Transaction** | Cost of Asset | Current Value of Asset on Transaction Date | Net Gain (Loss) |
|---|---|-----------------|----------------|--------------|-------------------------------------|---------------|--|-----------------|
| Category (iii) Series of transactions involving securities of the same issue which, when aggregated, involve an amount in excess of 5% of the current value of plan assets. | | | | | | | | |
| Magna International Inc. | Class A Subordinate Voting Shares | | | | | | | |
| | 220 purchases | \$ 53,850,683 | | | | \$ 53,850,683 | \$ 53,850,683 | |
| | 377 sales | | \$ 6,089,138 | | | *** | 6,089,138 | *** |
| Magna Diversified Stock Fund | | | | | | | | |
| | 113 purchases | 159,616,555 | | | | 159,616,555 | 159,616,555 | |
| | 750 sales | | 22,367,933 | | | *** | 22,367,933 | *** |

* Purchase and sale transactions include share exchanges and unitization through the Magna Diversified Stock Fund.

** The commissions and fees related to purchases and sales of investments are included in the cost of investments or proceed from the sales and are not separately identified by the Trustee.

*** Historical cost information not available.

There were no category (i), (ii), or (iv) reportable transactions.

QuickLinks

SIGNATURE

THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN (formerly the Magna International of America 401(k) Plan)
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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN (formerly the Magna International of America 401(k) Plan) E.I.N.
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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN (formerly the Magna International of America 401(k) Plan) E.I.N.
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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN (formerly the Magna International of America 401(k) Plan) E.I.N.
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THE MAGNA GROUP OF COMPANIES RETIREMENT SAVINGS PLAN (formerly the Magna International of America 401(k) Plan) E.I.N.
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