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THE COMPANIES ACTS 1985 AND 1989



PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

MAGNA AUTOMOTIVE HOLDING (U.K.) LIMITED

PRELIMINARY

1. The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended) ("Table A") apply to the Company except to the extent that they are excluded or modified by these articles.

SHARE CAPITAL

- 2.* (A) The authorized share capital of the Company is £100,000,000 divided into 100 ordinary shares of £1.00 each and 99,999,900 redeemable preference shares of £1.00 each ("redeemable shares").
- (B) The rights and restrictions attaching to the redeemable shares are the same in all respects (including, without limitation, rights to dividend and voting rights) as those attaching to the ordinary shares and the provisions of these Articles of Association shall be construed accordingly, subject only to the following:
 - (i) **Capital**
 - (a) On a return of capital on winding up or otherwise (other than on redemption or purchase of redeemable shares) the assets of the Company available for distribution among the members shall be applied in repaying to the holder of each redeemable share, in priority to any payment to the holders of any other class of share, an amount equal to the nominal capital paid up or credited as paid up on the redeemable share.
 - (b) If, on a return of capital in a winding up or otherwise (otherwise than on a purchase or redemption of redeemable shares) the amounts available for payment are insufficient to cover in full the amounts payable on the redeemable shares under Article 2(B)(i)(a), then the holders of the redeemable shares will share rateably in the assets available for distribution (if any) in proportion to the full respective preferential amounts to which they are entitled.

* Article 2 was adopted by a special resolution of the Company passed on 26 July 1996.

- (c) The redeemable shares do not confer any further right to participate in the assets of the Company available for distribution among the members on a return of capital on a winding up or otherwise (other than on redemption or purchase of redeemable shares).

(ii) **Redemption**

- (a) The Company shall have the right (subject to the provisions of these Articles and the Companies Act 1985) to redeem all or some of the redeemable shares outstanding at any time.
- (b) The redemption moneys payable on each redeemable share shall be paid in cash and shall be the total of:
 - (i) the amount of any declared and unpaid dividends in respect of the redeemable share; and
 - (ii) the nominal amount of the redeemable share.
- (c) Redemption shall be effected by giving to the holders of the redeemable shares to be redeemed not less than four weeks' notice (a "redemption notice"). The redemption notice shall specify the redeemable shares to be redeemed, the date fixed for redemption (the "redemption date") and the place at which and the time by which the certificates for the redeemable shares are to be presented for redemption. If some only of the redeemable shares are to be redeemed and there is more than one holder of redeemable shares, the board shall for the purpose of ascertaining the shares to be redeemed cause a drawing to be made at the office (or at such other place as the board decides) in the presence of a representative of the auditors.
- (d) Each holder whose redeemable shares are to be redeemed shall be bound to deliver to the Company by the time stated in the redemption notice and at the place stated in the redemption notice the certificate (or certificates) for those redeemable shares. Subject to the other provisions of this Article 2, the Company shall pay to the holder (or, in the case of joint holders, to the holder whose name stands first in the register in respect of the redeemable shares) the redemption moneys due to him on the redemption date. If a certificate includes redeemable shares not redeemable on that occasion, a new certificate for the balance of the redeemable shares shall be issued to the holder without charge.
- (e) If a holder whose redeemable shares are to be redeemed under this paragraph (ii) fails to deliver the certificate (or certificates) for those shares to the Company by the time specified in the redemption notice for delivery of the same, the Company may retain the amount due on redemption until delivery up to the Company of such certificate(s) in respect thereof or of any indemnity in respect thereof satisfactory to the Company (an "Indemnity") but shall, within ten business days of such subsequent delivery or provision of an Indemnity, pay the amount due on redemption to such holder. Such redemption moneys shall be paid to the holder (by cheque despatched at the holder's risk).

No person shall have a claim against the Company for interest on retained redemption moneys.

- (f) As from and including the redemption date, all dividends shall cease to accrue in respect of redeemable shares to be redeemed on such date except in respect of any such redeemable shares in respect of which, upon due presentation of the certificate (or certificates) for the shares to be redeemed or Indemnity, payment of the redemption moneys shall be refused by the Company in which case any dividend rights on such shares shall continue to accrue from and including the date of presentation of the share certificate or Indemnity until the said amount due on redemption is paid by the Company in full.
 - (g) The board may consolidate and sub-divide the authorized but unissued share capital available for issue as a consequence of a redemption of redeemable shares pursuant to this paragraph (ii) into ordinary shares of any other class of share into which the authorized share capital of the Company is at the time divided, each of a like nominal amount as the shares of that class then in issue, or into unclassified shares of the same nominal amount as the redeemable shares. The board may issue shares in anticipation of redemption to the extent permitted by the Companies Act 1985 and these Articles.
 - (h) The receipt by the registered holder for the time being of any redeemable share, or in the case of joint registered holders, the receipt by any of them, of the moneys payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.
 - (i) Subject to the provisions of the Companies Act 1985, the purchase by the Company of any of its ordinary shares prior to the redemption of all or any of the redeemable shares shall not constitute a variation of the rights of such redeemable shares.
3. (A) Subject to the provisions of the Act, the directors have general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) to such persons, at such times and on such terms and conditions as the directors may decide but no share may be issued at a discount.
- (B) The directors have general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities for a period expiring on the fifth anniversary of the date of incorporation of the Company unless previously renewed, varied or revoked by the Company in general meeting.
- (C) The maximum amount of relevant securities which may be allotted pursuant to the authority conferred by paragraph (B) is the amount of the authorised but as yet unissued share capital of the Company at the date of incorporation of the Company.
- (D) By the authority conferred by paragraph (B), the directors may before the authority expires make an offer or agreement which would or might

require relevant securities of the Company to be allotted after it expires and may allot relevant securities in pursuance of that offer or agreement.

4. The pre-emption provisions of section 89(1) of the Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act do not apply to any allotment of the Company's equity securities.

TRANSFERS

5. The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share to any person, whether or not it is a fully-paid share or a share on which the Company has a lien.

GENERAL MEETINGS

6. Regulation 37 of Table A is modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days".

NOTICE OF GENERAL MEETINGS

7. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution must be called by at least 21 clear days' notice. All other extraordinary general meetings must be called by at least 14 clear days' notice but a general meeting, other than a meeting called for the passing of an elective resolution, may be called by shorter notice if it is so agreed:

- (A) in the case of an annual general meeting, by all the members entitled to attend and vote at that meeting; and
- (B) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the Act, or (ii) if no such elective resolution is in force, a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The notice must specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, must specify that the meeting is an annual general meeting.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice must be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

PROCEEDINGS AT GENERAL MEETINGS

8. A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A is modified accordingly.
9. Regulation 53 of Table A is modified by the addition at the end of the following sentence: "If a resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly."

VOTES OF MEMBERS

10. Regulation 57 of Table A is modified by the inclusion after the word "shall" of the phrase ", unless the directors otherwise determine,".
11. Regulation 59 of Table A is modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy does not preclude a member from attending and voting at the meeting or at any adjournment of it.".
12. An instrument appointing a proxy must be in writing in any usual form or in any other form which the directors may approve and must be executed by or on behalf of the appointor.
13. Regulation 62 of Table A is modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "at any time" in place of "not less than 48 hours" and by the substitution in paragraph (b) of the words "at any time" in place of "not less than 24 hours".

NUMBER OF DIRECTORS

14. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) is not subject to any maximum and the minimum number is one.

ALTERNATE DIRECTORS

15. A director may appoint any person willing to act, whether or not he is a director of the Company, to be an alternate director. That person need not be approved by resolution of the directors, and regulation 65 is modified accordingly.
16. An alternate director who is absent from the United Kingdom is entitled to receive notice of all meetings of directors and meetings of committees of directors and regulation 66 of Table A is modified accordingly.
17. Regulation 68 of Table A is modified by the addition at the end of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the office or another place designated for the purpose by the directors.".

DELEGATION OF DIRECTORS' POWERS

18. Regulation 72 is modified by the addition at the end of the regulation of the following sentence: "Where a provision of the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision must be construed as permitting the exercise of the power, authority or discretion by the committee.".

APPOINTMENT AND REMOVAL OF DIRECTORS

19. The directors are not subject to retirement by rotation. Regulations 73, 74 and 75 of Table A do not apply, and reference in any other regulation to retirement by rotation must be disregarded.
20. The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

21. A person appointed by the directors to fill a vacancy or as an additional director is not required to retire from office at the annual general meeting next following his appointment and the last two sentences of regulation 79 of Table A are deleted.
22. The holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may remove a director from office and appoint a person to be a director, but only if the appointment does not cause the number of directors to exceed a number fixed by or in accordance with the articles as the maximum number of directors. The removal or appointment is effected by notice to the Company signed by or on behalf of the holder or holders. The notice may consist of several documents in similar form each signed by or on behalf of one or more holders and shall be left at or sent by post or facsimile transmission to the office or such other place designated by the directors for the purpose. The removal or appointment takes effect immediately on deposit of the notice in accordance with the articles or on such later date (if any) specified in the notice.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

23. The office of a director is vacated if:
 - (A) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (B) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (C) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or
 - (D) he resigns his office by notice to the Company; or
 - (E) he is for more than six consecutive months absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) has not during that period attended any such meetings instead of him, and the directors resolve that his office be vacated; or
 - (F) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or
 - (G) he is removed from office by notice given by a member or members under article 22.

REMUNERATION OF DIRECTORS

24. A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the directors may decide.

PROCEEDINGS OF DIRECTORS

25. Regulation 88 of Table A is modified by the exclusion of the third sentence and the substitution for it of the following sentences: "Every director must receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting, either prospectively or retrospectively."

26. A director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
27. If and for so long as there is a sole director, he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him, and regulations 88, 89, 91 and 93 of Table A and article 26 do not apply.
28. Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in respect of which he has, directly or indirectly, an interest or duty. The director must be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote must be counted.

DIVIDENDS

29. The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due from him to the Company on account of a call or otherwise in relation to a share.

CAPITALISATION OF PROFITS

30. The directors may, with the authority of an ordinary resolution of the Company, resolve that any shares allotted under regulation 110 of Table A to any member in respect of a holding by him of any partly-paid shares rank for dividend, so long as those shares remain partly paid, only to the extent that those partly-paid shares rank for dividend and regulation 110 of Table A is modified accordingly.

NOTICES

31. Regulation 112 of Table A is modified by the deletion of the last sentence and the substitution for it of the following: "A member whose registered address is not within the United Kingdom is entitled to have notices given to him at that address."
32. A notice sent to a member (or another person entitled to receive notices under the articles) by post to an address within the United Kingdom is deemed to be given:
- (A) 24 hours after posting, if pre-paid as first class, or
 - (B) 48 hours after posting, if pre-paid as second class.

A notice sent to a member (or other person entitled to receive notices under the articles) by post to an address outside the United Kingdom is deemed to be given 72 hours after posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given. A notice not sent by post but left at a member's registered address is deemed to have been given on the day it was left.

33. Regulation 116 of Table A is modified by the deletion of the words "within the United Kingdom".

INDEMNITY

34. Subject to the provisions of the Act, but without prejudice to an indemnity to which he may otherwise be entitled, every director, alternate director or secretary of the Company must be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the execution of his duties or the exercise of his powers, authorities and discretions including, without limitation, a liability incurred:
- (A) defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or
 - (B) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
35. The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary undertaking of the Company or in which the Company has an interest (whether direct or indirect), or who is or was trustee of a retirement benefits scheme or another trust in which an officer or employee or former officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or another liability which may lawfully be insured against by the Company.

SOLE MEMBER

36. If and for so long as the Company has only one member:
- (A) in relation to a general meeting, the sole member or a proxy for that member or (if the member is a corporation) a duly authorised representative of that member is a quorum and regulation 40 of Table A is modified accordingly;
 - (B) a proxy for the sole member may vote on a show of hands and regulation 54 of Table A is modified accordingly;
 - (C) the sole member may agree that any general meeting, other than a meeting called for the passing of an elective resolution, be called by shorter notice than that provided for by the articles; and
 - (D) all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise).

NAMES AND ADDRESSES OF SUBSCRIBERS

MAGNA INTERNATIONAL INC.
36 Apple Creek Boulevard
Markham
Ontario
Canada L3R 4Y4

DATED this 27th day of February 1996

WITNESS to the above signatures:

MARCUS WALLMAN
Royal Exchange
London
EC3V 3LE
Legal Assistant

March 20, 2000