



**Tesma International Inc.**  
1000 Tesma Way  
Concord, Ontario L4K 5R8  
Tel: (905) 417-2100  
Fax: (905) 417-2101

## **PRESS RELEASE**

### **TESMA ANNOUNCES ISSUANCE OF CLASS A SUBORDINATE VOTING SHARES AND EXTENSION OF AFFILIATION AGREEMENT WITH MAGNA INTERNATIONAL INC.**

**June 27, 2002, Concord, Ontario.....Tesma International Inc. (TSX: TSM.A; NASDAQ: TSMA)** ("Tesma") today announced that it has agreed to issue 2,850,000 Class A Subordinate Voting Shares (the "Shares") from treasury on a bought deal basis to a syndicate of underwriters led by Scotia Capital Inc.. The Shares will be offered in Canada only at a price of \$35.15 per Share. In addition, the underwriters have been granted an underwriters' option for up to an additional 285,000 Shares to be issued from treasury. Tesma will use the net proceeds of the offering for general corporate purposes, including investing in strategic opportunities which may include future acquisitions, joint ventures, new technologies and other investments. The offering is scheduled to close on July 18, 2002, or such earlier or later date as may be agreed between Tesma and the underwriters.

Tesma also announced that it has successfully negotiated an extension of its existing affiliation agreement with Magna International Inc. ("Magna") under which Tesma derives various benefits from its relationship and continued affiliation with Magna. The extended agreement, which will be effective as of August 1, 2002, provides for a term of seven years and five months expiring on December 31, 2009, and thereafter is renewable on a year-to-year basis unless terminated by either party upon six months notice prior to the date of renewal. Under the extended agreement, affiliation fees payable to Magna continue to be calculated on the basis of 1% of Tesma's annual reported consolidated net sales. However, the agreement now provides for a limited moratorium on the sales from acquired businesses. In the case of an acquisition by Tesma, the sales from the acquired business will not be subject to the affiliation fee in the fiscal year of the acquisition and will be subject to a 50% fee in the following fiscal year (with the full affiliation fee applicable thereafter). The negotiations with Magna regarding the extension of the affiliation agreement were overseen by a special committee of Tesma's independent directors and, on the recommendation of the special committee, the Tesma Board approved the extended affiliation agreement as being in the best interests of Tesma.

Tesma, a global supplier of highly-engineered engine, transmission and fueling systems and modules for the automotive industry, employs over 4,600 employees in North America, Europe and Asia in 22 manufacturing facilities and two research centres.

For further information regarding this release, please contact Anthony E. Dobranowski, President and Chief Financial Officer of Tesma at (905) 417-2155.

***NOT FOR DISTRIBUTION TO U.S NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES.***