REFINITIV

DELTA REPORT

10-Q

BORGWARNER INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1792
CHANGES	358
DELETIONS	1065
ADDITIONS	369

REFINITIV

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

FORM 10-Q

QUARTERLY REPORT

(Mark One)

☑ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2024 September 30, 2024

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________to __________

Commission file number: 1-12162

BORGWARNER INC.

(Exact name of registrant as specified in its charter)

Delaware	13-3404508
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
3850 Hamlin Road, Auburn Hills, Michigan	48326
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (248) 754-9200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	BWA	New York Stock Exchange
1.00% Senior Notes due 2031	BWA31	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of July 26, 2024 October 25, 2024, the registrant had 227,768,975 218,699,878 shares of voting common stock outstanding.

BORGWARNER INC.
FORM 10-Q
THREE AND SIX NINE MONTHS ENDED JUNE SEPTEMBER 30, 2024

INDEX

CAUTIONARY STATEMENTS FOR FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q (this “Form 10-Q” or “report”) (including Management’s Discussion and Analysis of Financial Condition and Results of Operations) may constitute forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act (the “Act”) that are based on management's current outlook, expectations, estimates and projections. Words such as “anticipates,” “believes,” “continues,” “could,” “designed,” “effect,” “estimates,” “evaluates,” “expects,” “forecasts,” “goal,” “guidance,” “initiative,” “intends,” “may,” “outlook,” “plans,” “potential,” “predicts,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Further, all statements, other than statements of historical fact contained or incorporated by reference in this Form 10-Q, that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described under the heading “Critical Accounting Policies and Estimates” in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023 (“Form 10-K”), are inherently forward-looking. All forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Forward-looking statements are not guarantees of performance, and the Company’s actual results may differ materially from those expressed, projected, or implied in or by the forward-looking statements.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-Q. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include supply disruptions impacting us or our customers, commodity availability and pricing, and an inability to achieve expected levels of recoverability in commercial negotiations with customers concerning these costs; competitive challenges from existing and new competitors, including original equipment manufacturer (“OEM”) customers; the challenges associated with rapidly changing technologies, particularly as they relate to electric vehicles, and our ability to innovate in response; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; potential disruptions in the global economy caused by wars or other geopolitical conflicts; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis; the possibility that our 2023 tax-free spin-off of our former Fuel Systems and Aftermarket segments into a separate publicly traded company will not achieve its intended benefits; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to the acquired businesses; our dependence on automotive and truck production, which is highly cyclical and subject to disruptions; our reliance on major OEM customers; impacts of any future strikes involving any of our OEM customers and any actions such OEM customers take in response; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims, or governmental investigations, including related litigation; future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; impacts from any potential future acquisition or disposition transactions; and the other risks noted in reports that we file with the Securities and Exchange Commission, including Item 1A, “Risk Factors” in our most recently-filed Form 10-K. We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this Form 10-Q to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

This section and the discussions contained in Item 1A, “Risk Factors,” and in Item 7, subheading “Critical Accounting Policies and Estimates,” in our most recently-filed Form 10-K are intended to provide meaningful cautionary statements for purposes of the safe harbor provisions of the Act. This should not be construed as a complete list of all of the economic, competitive, governmental, technological and other factors that could adversely affect our expected consolidated financial position, results of operations or liquidity. Additional risks and uncertainties, including without limitation those not currently known to us or that we currently believe are immaterial, also may impair our business, operations, liquidity, financial condition and prospects.

Use of Non-GAAP Financial Measures

In addition to results presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”), this report includes non-GAAP financial measures. We believe that these non-GAAP financial measures provide additional information that is useful to investors in understanding the underlying performance and trends of the Company. Readers should be aware that non-GAAP financial measures have inherent limitations and should be cautious with respect to the use of such measures. To compensate for these limitations, we use non-GAAP measures as comparative tools, together with GAAP measures, to assist in the evaluation of our operating performance or financial condition. We ensure that these measures are calculated using the appropriate GAAP components in their entirety and that they are computed in a manner intended to facilitate consistent period-to-period comparisons. Our method of calculating these non-GAAP measures may differ from methods used by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for those financial measures prepared in accordance with GAAP. Where non-GAAP financial measures are used, the most directly comparable GAAP or regulatory financial measure, as well as the reconciliation to the most directly comparable GAAP financial measure, can be found in this report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions)	(in millions)	June 30, 2024	December 31, 2023	(in millions)	September 30, 2024	December 31, 2023
ASSETS						
Cash, cash equivalents and restricted cash						
Cash, cash equivalents and restricted cash						
Cash, cash equivalents and restricted cash						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents						
Receivables, net						
Inventories, net						
Prepayments and other current assets						
Total current assets						
Total current assets						
Total current assets						
Property, plant and equipment, net						
Property, plant and equipment, net						
Property, plant and equipment, net						
Investments and long-term receivables						
Goodwill						
Other intangible assets, net						
Other non-current assets						
Total assets						
Total assets						
Total assets						
LIABILITIES AND EQUITY						
LIABILITIES AND EQUITY						
LIABILITIES AND EQUITY						
Short-term debt						
Short-term debt						
Short-term debt						
Accounts payable						
Other current liabilities						

Total current liabilities	
Total current liabilities	
Total current liabilities	
Long-term debt	
Long-term debt	
Long-term debt	
Retirement-related liabilities	
Other non-current liabilities	
Total liabilities	
Total liabilities	
Total liabilities	
Commitments and contingencies	
Commitments and contingencies	
Commitments and contingencies	
Common stock	
Common stock	
Common stock	
Capital in excess of par value	
Retained earnings	
Accumulated other comprehensive loss	
Common stock held in treasury, at cost	
Total BorgWarner Inc. stockholders’ equity	
Noncontrolling interest	
Total equity	
Total liabilities and equity	

See accompanying Notes to Condensed Consolidated Financial Statements.

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30,					Six Months Ended June 30,				
	Three Months Ended September 30,					Nine Months Ended September 30,				
(in millions, except per share amounts)	(in millions, except per share amounts)	2024	2023	2024	2023	(in millions, except per share amounts)	2024	2023	2024	2023
Net sales										
Cost of sales										
Gross profit										
Selling, general and administrative expenses										
Selling, general and administrative expenses										
Selling, general and administrative expenses										
Restructuring expense										
Other operating expense, net										
Other operating expense (income), net										
Operating income										

Equity in affiliates' earnings, net of tax
Equity in affiliates' earnings, net of tax
Equity in affiliates' earnings, net of tax
Unrealized loss on equity and debt securities
Interest expense, net
Unrealized and realized (gain) loss on equity and debt securities
Interest expense (income), net
Other postretirement expense
Earnings from continuing operations before income taxes and noncontrolling interest
(Benefit) provision for income taxes
(Benefit) provision for income taxes
(Benefit) provision for income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net earnings from continuing operations
Net (loss) earnings from discontinued operations
Net loss from discontinued operations
Net earnings
Net earnings from continuing operations attributable to noncontrolling interest
Net earnings attributable to BorgWarner Inc.
Net earnings attributable to BorgWarner Inc.
Net earnings attributable to BorgWarner Inc.
Amounts attributable to BorgWarner Inc.:
Amounts attributable to BorgWarner Inc.:
Amounts attributable to BorgWarner Inc.:
Net earnings from continuing operations
Net earnings from continuing operations
Net earnings from continuing operations
Net (loss) earnings from discontinued operations
Net loss from discontinued operations
Net earnings attributable to BorgWarner Inc.
Earnings per share from continuing operations — basic
Earnings per share from continuing operations — basic
Earnings per share from continuing operations — basic
(Loss) earnings per share from discontinued operations — basic
Loss per share from discontinued operations — basic
Earnings per share attributable to BorgWarner Inc. — basic
Earnings per share from continuing operations — diluted
Earnings per share from continuing operations — diluted
Earnings per share from continuing operations — diluted
(Loss) earnings per share from discontinued operations — diluted
Loss per share from discontinued operations — diluted
Earnings per share attributable to BorgWarner Inc. — diluted

Weighted average shares outstanding:
Weighted average shares outstanding:
Weighted average shares outstanding:

Basic

Diluted

See accompanying Notes to Condensed Consolidated Financial Statements.

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

			Three Months Ended June 30,	Six Months Ended June 30,						
			Three Months Ended September 30,	Nine Months Ended September 30,						
(in millions)	(in millions)	2024	2023	2024	2023	(in millions)	2024	2023	2024	2023
Net earnings attributable to BorgWarner Inc.										
Other comprehensive loss										
Other comprehensive loss										
Other comprehensive loss										
Other comprehensive income (loss)										
Other comprehensive income (loss)										
Other comprehensive income (loss)										
Foreign currency translation adjustments										
Foreign currency translation adjustments										
Foreign currency translation adjustments										
Hedge instruments[1]										
Postretirement defined benefit plans[1]										
Total other comprehensive loss attributable to BorgWarner Inc.										
Total other comprehensive loss attributable to BorgWarner Inc.										
Total other comprehensive loss attributable to BorgWarner Inc.										
Total other comprehensive income (loss) attributable to BorgWarner Inc.										
Total other comprehensive income (loss) attributable to BorgWarner Inc.										
Total other comprehensive income (loss) attributable to BorgWarner Inc.										
Comprehensive income attributable to BorgWarner Inc.[1]										
Comprehensive income attributable to BorgWarner Inc.[1]										
Comprehensive income attributable to BorgWarner Inc.[1]										
Net earnings from continuing operations attributable to noncontrolling interest										
Net earnings from continuing operations attributable to noncontrolling interest										
Net earnings from continuing operations attributable to noncontrolling interest										
Other comprehensive loss attributable to noncontrolling interest[1]										
Other comprehensive income (loss) attributable to noncontrolling interest[1]										
Comprehensive income										

[1] Net of income taxes.

See accompanying Notes to Condensed Consolidated Financial Statements.

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

		Six Months Ended June 30,		Nine Months Ended September 30,
(in millions)	(in millions) 2024	2023	(in millions) 2024	2023
OPERATING ACTIVITIES OF CONTINUING OPERATIONS				
Net cash provided by operating activities of continuing operations (see Note 23)				
Net cash provided by operating activities of continuing operations (see Note 23)				
Net cash provided by operating activities of continuing operations (see Note 23)				
INVESTING ACTIVITIES OF CONTINUING OPERATIONS	**INVESTING ACTIVITIES OF CONTINUING OPERATIONS**		**INVESTING ACTIVITIES OF CONTINUING OPERATIONS**	
Capital expenditures, including tooling outlays				
Payments for businesses acquired, net of cash acquired				
Proceeds from settlement of net investment hedges, net				
(Payments for) proceeds from investments in debt and equity securities, net				
(Payments for) proceeds from investments in equity and debt securities, net				
Proceeds from the sale of business, net				
Proceeds from asset disposals and other, net				
Net cash used in investing activities from continuing operations				
FINANCING ACTIVITIES OF CONTINUING OPERATIONS	**FINANCING ACTIVITIES OF CONTINUING OPERATIONS**		**FINANCING ACTIVITIES OF CONTINUING OPERATIONS**	
Net increase in notes payable				
Additions to debt				
Repayments of debt, including current portion				
Repayments of debt, including current portion				
Payments for debt issuance costs				
Repayments of debt, including current portion				
Payments for purchase of treasury stock				
Payments for stock-based compensation items				
Payments for businesses acquired, net of cash acquired				
Payments for contingent consideration				
Purchase of noncontrolling interest				
Dividends paid to BorgWarner stockholders				
Dividends paid to BorgWarner stockholders				
Net distribution from PHINIA				
Dividends paid to BorgWarner stockholders				
Dividends paid to noncontrolling stockholders				
Net cash used in financing activities from continuing operations				

Net cash provided by (used in) financing activities from continuing operations
CASH FLOWS FROM DISCONTINUED OPERATIONS
Operating activities of discontinued operations
Operating activities of discontinued operations
Operating activities of discontinued operations
Investing activities of discontinued operations
Net cash used in discontinued operations
Net cash used in discontinued operations
Financing activities of discontinued operations
Net cash used in discontinued operations
Effect of exchange rate changes on cash
Net decrease in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash at beginning of year
Cash, cash equivalents and restricted cash at end of period
Less: Cash, cash equivalents and restricted cash of discontinued operations at end of period
Cash, cash equivalents and restricted cash of continuing operations at end of period
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of period
Less: Cash and cash equivalents of discontinued operations at end of period
Cash and cash equivalents of continuing operations at end of period

See accompanying Notes to Condensed Consolidated Financial Statements.

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements of BorgWarner Inc. and Consolidated Subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes necessary for a comprehensive presentation of financial position, results of operations and cash flow activity required by GAAP for complete financial statements. In the opinion of management, all normal recurring adjustments necessary for a fair statement of results have been included. Certain prior period amounts have been reclassified to conform to the current period presentation. Additionally, in the three and six nine months ended June 30, 2024 September 30, 2024, the Company recognized a $3 million and $19 million increase in Net earnings attributable to BorgWarner Inc., respectively, in the Condensed Consolidated Statement of Operations for the correction of misstatements related to certain accruals, of which $12 million related to 2023 (the remainder relates to periods prior to 2023). The Company has evaluated the effect of these out-of-period adjustments for the current reporting periods, period, as well as on the previous interim and annual periods in which they should have been recognized, and concluded that these adjustments are not material to any of the periods affected. Operating results for the three and six nine months ended June 30, 2024 September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The balance sheet as of December 31, 2023 was derived from the audited financial statements as of that date. For further information, refer to the Consolidated Financial Statements and Footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and accompanying notes, as well as the amounts of revenues and expenses reported during the periods covered by those financial statements and accompanying notes. Actual results could differ from these estimates.

Effective July 1, 2024, the Company implemented a new business unit and management structure designed to further enhance the execution of the Company's *Charging Forward* strategy. The Company now reports its results in the following four reportable segments: Turbos & Thermal Technologies, Drivetrain & Morse Systems, PowerDrive Systems and Battery & Charging Systems. This new structure had no impact on the Company's consolidated financial position, results of operations or cash flows. The reportable segment disclosures have been updated accordingly, which included recasting prior period information for the new reporting structure. Refer to Note 11, "Goodwill And Other Intangibles" and Note 22, "Reportable Segments," to the Condensed Consolidated Financial Statements for more information.

On July 3, 2023, BorgWarner completed the previously announced spin-off ("Spin-Off") of its Fuel Systems and Aftermarket segments in a transaction intended to qualify as tax free to the Company's stockholders for U.S. federal income tax purposes, which was accomplished by the distribution of 100% of the outstanding common stock of PHINIA, Inc. ("PHINIA") to holders of record of common stock of the Company on a pro-rata basis. Each holder of record of common stock of the Company received one share of PHINIA common stock for every five shares of common stock of the Company held on June 23, 2023, the record date for the distribution ("Distribution Date"). In lieu of fractional shares of PHINIA, stockholders of the Company received cash. PHINIA is an independent public company trading under the symbol "PHIN" on the New York Stock Exchange.

The historical results of operations of PHINIA for periods prior to the Spin-Off are presented as discontinued operations in these Condensed Consolidated Financial Statements.

In connection with the Spin-Off, the Company entered into several agreements with PHINIA on or prior to the Distribution Date that, among other things, provide a framework for the Company's relationship with PHINIA after the Spin-Off, including a separation and distribution agreement, an employee matters agreement, a tax matters agreement, an intellectual property cross-license agreement and a transition services agreement through which the Company and PHINIA will continue to provide certain services to each other following the Spin-Off. The Company substantially completed the performance under the transition services agreement as of June 30, 2024 during the three months ended September 30, 2024.

NOTE 2 NEW ACCOUNTING PRONOUNCEMENTS

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." It requires incremental disclosures related to an entity's reportable segments, including (i) significant segment expense categories and amounts for each reportable segment that are provided to the chief operating decision maker ("CODM"), (ii) an aggregate amount and description of other segment items included in each reported measure, (iii) all annual disclosures about a reportable segment's profit or loss and assets required by Topic 280 to be disclosed in interim periods, (iv) the title and position of the individual or the name of the group identified as the CODM and (v) an explanation of how the CODM uses the reported measures of segment profit or loss to assess performance and allocate resources to the segment. The standard improves transparency by providing disaggregated expense information about an entity's reportable segments. The standard does not change the definition of a segment, the method for determining segments or the criteria for aggregating operating segments into reportable segments. This guidance is effective for annual reporting periods beginning after December 15, 2023, and interim reporting periods beginning after December 15, 2024. Upon adoption, the Company will provide additional disclosures as required. The Company does not expect this guidance to have a material impact on the identification of its reportable segments or its Consolidated Financial Statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." It requires entities to disaggregate information related to the effective tax rate reconciliation and income taxes paid. The standard improves transparency by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. This guidance is effective for annual reporting periods beginning after December 15, 2024. The Company does not expect this guidance to have a material impact on its Consolidated Financial Statements.

NOTE 3 ACQUISITIONS

In accordance with ASC Topic 805, “Business Combinations,” acquisitions are recorded using the acquisition method of accounting. The Company recognizes and measures the acquisition date fair value of the identifiable assets acquired, liabilities assumed, and any non-controlling interest using a range of methodologies as indicated by generally accepted valuation practices. Various valuation techniques are used to determine the fair value of intangible assets, with the primary techniques being forms of the income approach, specifically the relief-from-royalty and multi-period excess earnings valuation methods. Under these valuation approaches, the Company is required to make estimates and assumptions from a market participant perspective and may include revenue growth rates, estimated earnings, royalty rates, obsolescence factors, contributory asset charges, customer attrition and discount rates.

Due to the insignificant size of the Company’s 2023 and 2022 acquisitions, both individually and in the aggregate, relative to the Company, supplemental pro forma financial information for the current and prior reporting periods is not provided.

Eldor Corporation’s Electric Hybrid Systems Business

On December 1, 2023, the Company completed its acquisition of the electric hybrid systems business segment of Eldor Corporation (“Eldor”), which is headquartered in Italy. The Company expects the acquisition to complement its existing ePropulsion PowerDrive Systems product portfolio by enhancing the Company’s engineering capabilities in power electronics. The Company paid €72 million ($78 million) at closing and is obligated to remit up to €175 million ($191 million) of earn-out payments that could be paid over the two years following closing. The earn-out payments are contingent upon booked business for future periods from new customer awards. The Company’s estimate at closing indicated that the minimum threshold for the earn-out target would not be achieved; thus, no amount of the potential earn-out payments were

was included in the purchase consideration. As of June 30, 2024 September 30, 2024, the Company’s estimate has not changed; thus, no amount is included in the Company’s Condensed Consolidated Balance Sheet.

The purchase price was allocated on a preliminary basis as of December 1, 2023. Assets acquired and liabilities assumed were recorded at estimated fair values based on management’s estimates, available information, and supportable assumptions that management considered reasonable. Certain estimated values for the acquisition, including goodwill, tangible and intangible assets and deferred taxes, are not yet finalized, and the preliminary purchase price allocations are subject to change as the Company completes its analysis of the fair value at the date of acquisition. The final valuation of assets acquired and liabilities assumed may be materially different than the estimated values shown below.

The estimated fair values of assets acquired and liabilities assumed as of December 1, 2023 were assets of $86 million, including goodwill and intangibles of $25 million, and liabilities of $8 million.

Any excess of the purchase price over the estimated fair value of net assets was recognized as goodwill. Goodwill of $14 million was recorded within the Company’s ePropulsion PowerDrive Systems segment. Goodwill consists of the Company’s expected future economic benefits that will be realized from expanding the Company’s electric vehicle portfolio as electric vehicle production continues to increase. Goodwill is not deductible for tax purposes in Italy.

The following table summarizes the other intangible assets acquired:

(in millions)	Estimated Life	Estimated Fair Value
Developed technology	6 years	$ 9
Customer relationships	10 years	2
Total other intangible assets		$ 11

Identifiable intangible assets were valued using the market approach.

Hubei Surpass Sun Electric Charging Business

On March 1, 2023, the Company completed its acquisition of 100% of the electric vehicle solution, smart grid and smart energy businesses ("SSE") of Hubei Surpass Sun Electric, pursuant to an Equity Transfer Agreement. The acquisition complements the Company's existing European and North American charging footprint by adding a presence in China. The total consideration was ¥288 million ($42 million), including ¥268 million ($39 million) of base purchase price and ¥20 million ($3 million) of estimated earn-out payments. The Company paid ¥217 million ($31 million) of base purchase price in the year ended December 31, 2023. The Company paid ¥25 million ($4 million) during the nine months ended September 30, 2024. In accordance with ASC Topic 230, since the payments made in 2024 are not soon after the acquisition close date, they are recorded as a financing activity in the Company's Condensed Consolidated Statement of Cash Flows. Of the remaining ¥51 ¥26 million ($8 4 million) of base purchase price, ¥31 ¥6 million ($5 1 million) is payable by July 31, 2024 December 31, 2024 and is recorded in Other current liabilities in the

Company's Condensed Consolidated Balance Sheet as of June 30, 2024 September 30, 2024. The remaining ¥20 million ($3 million) of base purchase price is payable before September 30, 2025 October 31, 2025 and is recorded in Other non-current liabilities in the Company's Condensed Consolidated Balance Sheet as of June 30, 2024 September 30, 2024.

Pursuant to the agreement, the Company's obligation to remit up to ¥103 million ($15 million) of earn-out payments is contingent upon the achievement of certain revenue and pre-tax profit margin targets in 2023 and 2024 as well as the retention of key employees during the same time period. In the three nine months ended June 30, 2024 September 30, 2024, the company Company paid ¥10 million ($1 million) of earnout related to the 2023 measurement period. The Company's current estimate of the earn-out payments related to the 2024 measurement period was unchanged at is approximately ¥10 million ($2 million), which is recorded in Other non-current current liabilities in the Company's Condensed Consolidated Balance Sheet. Sheet as of September 30, 2024.

The Company finalized its valuation of the assets and liabilities of the SSE acquisition during the third quarter of 2023. Any excess of the purchase price over the estimated fair value of net assets was recognized as goodwill. Goodwill of $2 million was recorded within the Company's Air Management

segment. Goodwill consists of the Company's expected future economic benefits that will be realized from expanding the Company's electric vehicle portfolio as electric vehicle production continues to increase. Goodwill is not deductible for tax purposes in China.

The following table summarizes the other intangible assets acquired:

(in millions)	Estimated Life	Estimated Fair Value
Developed technology	5 years	$ 2
Customer relationships	6 years	1
Total other intangible assets		$ 3

The impact of the SSE acquisition on net sales and net earnings was immaterial for the three and six nine months ended June 30, 2023 September 30, 2023.

Drivetek AG

On December 1, 2022, the Company completed its acquisition of 100% of Drivetek AG ("Drivetek"), an engineering and product development company located in Switzerland. This acquisition strengthens the Company's power electronics capabilities in auxiliary inverters, which the Company expects will help to accelerate the growth of its High Voltage eFan business. The total consideration was ₣37 million ($39 million), including ₣27 million ($29 million) of base purchase price and ₣10 million ($10 million) of estimated earn-out payments. The Company paid ₣27 million ($29 million) of base purchase price at closing. The Company's obligation to remit up to ₣10 million ($10 million) of earn-out payments, over the three years following closing, is contingent upon achievement of estimated future sales targets associated with newly awarded business and future turnover rate targets. During the three months ended September 30, 2024, the Company revised its estimate of expected earn-out payments due to reductions in expected awarded business programs and increased headcount turnover. In accordance with ASC Topic 805, the ₣5 million ($6 million) change in estimate was included in Other operating expense, net in the Company's Condensed Consolidated Statements of Operations. As of June 30, 2024 September 30, 2024, the Company's estimate of the earn-out payments was approximately ₣10 ₣5 million ($11 6 million), which is recorded in Other non-current liabilities in the Company's Condensed Consolidated Balance Sheet.

Rhombus Energy Solutions

On July 29, 2022, the Company completed its acquisition of 100% of Rhombus Energy Solutions ("Rhombus"), a provider of charging solutions in the North American market, pursuant to the terms of an Agreement and Plan of Merger (the "Agreement"). The acquisition complements the Company's existing

European charging footprint to accelerate organic growth and adds North American regional presence to its charging business.

The Company paid $131 million at closing. Pursuant to the Agreement, the Company is obligated to remit up to $30 million of earn-out payments, payable in 2025, contingent upon achievement of certain sales dollars, sales volume, and gross margin targets. The Company's estimate at closing indicated that the minimum thresholds for these earn-out targets would not be achieved; thus, no amount of the potential earn-out payments were was included in the purchase consideration. As of June 30, 2024 September 30, 2024, the Company's estimate has not changed; thus, no amount is included in the Company's Condensed Consolidated Balance Sheet. Additionally, pursuant to the Agreement, the Company is obligated to remit up to $25 million over the three years following closing in key employee retention-related payments, which include certain performance targets. The amounts are being accounted for as post-combination expense.

Santroll Automotive Components

On March 31, 2022, the Company completed its acquisition of 100% of Santroll Automotive Components ("Santroll"), a carve-out of Santroll Electric Auto's eMotor business, pursuant to the terms of an Equity Transfer Agreement ("ETA"). The acquisition is expected to strengthen the Company's vertical integration, scale and portfolio breadth in light vehicle eMotors while allowing for increased speed to market.

The total final consideration was $192 million, including approximately ¥1.0 billion ($152 million) of base purchase price and ¥0.25 billion ($40 million) of originally estimated earn-out payments. The Company paid approximately ¥1.0 billion ($157 million) of base purchase price in the year ended December 31, 2022 and no longer expects to recapture a previously anticipated $5 million of post-closing adjustments, which was recorded in Other operating expense, net during the three months ended March 31, 2023. Pursuant to the ETA, the obligation of the Company to remit up to ¥0.3 billion (approximately $47 million) of earn-out payments was contingent upon achievement of certain sales volume targets and certain estimated future volume targets associated with newly awarded business. During the second quarter of 2023, the Company paid approximately ¥0.2 billion ($24 million) to settle the remaining earn-out liability and related adjustments.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company manufactures and sells products, primarily to OEMs of light vehicles and, to a lesser extent, to other OEMs of commercial vehicles and off-highway vehicles, to certain tier one vehicle systems suppliers and into the aftermarket. The Company's payment terms are based on customary business practices and vary by customer type and products offered. The Company evaluated the terms of its arrangements and determined that they do not contain significant financing components.

Generally, revenue is recognized upon shipment or delivery; however, a limited number of the Company's customer arrangements for its highly customized products with no alternative use provide the Company with the right to payment during the production process. As a result, for these limited arrangements, revenue is recognized as goods are produced and control transfers to the customer using the input cost-to-cost method. The Company recorded a contract asset of $16 million and $18 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, for these arrangements. These amounts are reflected in Prepayments and other current assets in the Company's Condensed Consolidated Balance Sheets.

In limited instances, certain customers have provided payments in advance of receiving related products, typically at the onset of an arrangement prior to the beginning of production. These contract liabilities are reflected as Other current liabilities and Other non-current liabilities in the Condensed Consolidated Balance Sheets and were $15 million at June 30, 2024 and $18 million at September 30, 2024 and $18 million and $10 million at December 31, 2023., , respectively. These amounts are reflected as revenue over the term of the arrangement (typically 3 to 7 years) as the underlying products are shipped and represent the Company's remaining performance obligations as of the end of the period.

The Company continually seeks business development opportunities and, at times, provides customer incentives for new program awards. When the Company determines that the payments are incremental and incurred only if the new business is obtained and expects to recover these amounts from the customer over the term of the new business arrangement, the Company capitalizes these amounts. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company recorded customer incentive payments of $25 million and $27 million, respectively, in Prepayments and other current assets, and $38 million $32 million and $58 million, respectively, in Other non-current assets in the Condensed Consolidated Balance Sheets.

The Company's products can be disaggregated by two types: eProducts and Foundational products. eProducts include all products utilized on or for electric vehicles ("EVs") plus those same products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in or for EVs. Foundational products include all products utilized on internal combustion engines plus those same products and components that are also included in hybrid powertrains. The following table represents a disaggregation of revenue from contracts with customers by Foundational products and eProducts for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023.

			Three Months Ended June 30,		Six Months Ended June 30,						
			Three Months Ended September 30,		Nine Months Ended September 30,						
(in millions)	(in millions)	2024	2023		2024		2023	(in millions)	2024	2023	2024	2023
Foundational products												
eProducts												
Total												

The following tables represent a disaggregation of revenue from contracts with customers by reportable segment and region. The balances for prior periods have been recast for the reportable segment realignment for certain businesses that was completed in the third quarter of 2024. Refer to Note 22, "Reportable Segments," to the Condensed Consolidated Financial Statements for more information.

		Three Months Ended June 30, 2024					Three Months Ended September 30, 2024				
(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Total
North America											
Europe											
Asia											
Other											
Total											

		Three Months Ended June 30, 2023									
		Three Months Ended June 30, 2023									
		Three Months Ended June 30, 2023									
		Three Months Ended September 30, 2023									
		Three Months Ended September 30, 2023									
		Three Months Ended September 30, 2023									
(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Total
North America											
Europe											

Asia
Other
Total

	Six Months Ended June 30, 2024					Nine Months Ended September 30, 2024				
(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Total
North America											
Europe											
Asia											
Other											
Total											

Six Months Ended June 30, 2023

Six Months Ended June 30, 2023

Six Months Ended June 30, 2023

Nine Months Ended September 30, 2023

Nine Months Ended September 30, 2023

Nine Months Ended September 30, 2023

(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Total
North America											
Europe											
Asia											
Other											
Total											

NOTE 5 RESTRUCTURING

The Company undertakes restructuring activities, as necessary, to execute management’s strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve net cost reductions. Restructuring activities include efforts to integrate and rationalize the Company’s business and to relocate operations to best-cost locations.

The Company’s restructuring expenses consist primarily of employee termination benefits (principally severance and/or termination benefits) and other costs, which are primarily professional fees and costs related to facility closures and exits.

The following tables display the Company’s restructuring expense by reportable segment:

	Three Months Ended June 30, 2024						Three Months Ended September 30, 2024						
(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Corporate	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Corporate	Total
Employee termination benefits													
Other													
Total restructuring expense													

Three Months Ended June 30, 2023
Three Months Ended June 30, 2023
Three Months Ended June 30, 2023
Three Months Ended September 30, 2023
Three Months Ended September 30, 2023
Three Months Ended September 30, 2023

(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Corporate	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Corporate	Total
Employee termination benefits													
Other													
Total restructuring expense													

		Six Months Ended June 30, 2024						Nine Months Ended September 30, 2024					
(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Corporate	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Corporate	Total
Employee termination benefits													
Other													
Total restructuring expense													

Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
Nine Months Ended September 30, 2023
Nine Months Ended September 30, 2023
Nine Months Ended September 30, 2023

(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Corporate	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Corporate	Total
Employee termination benefits													
Other													
Total restructuring expense													

The following tables display rollforwards of the restructuring liability recorded within the Company’s Condensed Consolidated Balance Sheets and the related cash flow activity:

(in millions)	(in millions)	Employee Termination Benefits	Other	Total	(in millions)	Employee Termination Benefits	Other	Total
Balance at January 1, 2024								
Restructuring expense, net								
Cash payments								
Foreign currency translation adjustment and other								
Balance at June 30, 2024								
Balance at September 30, 2024								
Less: Non-current restructuring liability								
Current restructuring liability at June 30, 2024								

Current restructuring liability at September 30, 2024						
(in millions)						
(in millions)						
(in millions)	Employee Termination Benefits	Other	Total	Employee Termination Benefits	Other	Total
Balance at January 1, 2023						
Restructuring expense, net						
Cash payments						
Foreign currency translation adjustment and other						
Balance at June 30, 2023						
Balance at September 30, 2023						
Less: Non-current restructuring liability						
Current restructuring liability at June 30, 2023						
Current restructuring liability at September 30, 2023						

2023 Structural Costs Plan In 2023, the Company announced a $130 million to $150 million restructuring plan to address structural costs primarily in its Foundational products businesses. During the three and six nine months ended June 30, 2024 September 30, 2024, the Company recorded $15 $18 million and $34 $52 million, respectively, of restructuring charges related to this plan. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company recorded $9 $56 million and $12 $68 million, respectively, of restructuring costs related to this plan. Cumulatively, the Company has incurred $113 $131 million of restructuring charges related to this plan.

2024 Structural Costs Plan In June 2024, the Company approved an approximately $75 million restructuring plan to address the cost structure in its ePropulsion PowerDrive Systems segment due to increased market volatility. volatility, which could include realignment of the segment's manufacturing footprint. During the three and six nine months ended June 30, 2024 September 30, 2024, the Company recorded $10 $3 million and $13 million, respectively, of restructuring charges related to this plan.

The following provides details of restructuring expense incurred by the Company's reportable segments during the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, related to the plans discussed above:

Air Management Turbos & Thermal Technologies

2023 Structural Costs Plan

- During the three and six nine months ended June 30, 2024 September 30, 2024, the segment recorded $10 million $15 million and $19 million, $30 million, respectively, of restructuring costs under this plan. These costs primarily related to $12 million $16 million of employee termination benefits and $7 million $14 million of

  professional fees and equipment relocation costs for programs facilities in Europe, China and the U.S.

- During the three and six nine months ended June 30, 2023 September 30, 2023, the segment recorded $9 million $54 million and $12 $64 million, respectively, of restructuring costs under this plan. These costs primarily

  related to $9 million $60 million for a voluntary termination program during the six nine months ended June 30, 2023 September 30, 2023.

Drivetrain & Battery Morse Systems

2023 Structural Costs Plan

- During the six months ended June 30, 2024, the segment recorded $7 million of restructuring costs under this plan, primarily related to employee termination benefits for a program in Europe.

ePropulsion

2023 Structural Costs Plan

- During the three and six nine months ended June 30, 2024 September 30, 2024, the segment recorded $4 million $1 million and $7 million $11 million, respectively, of restructuring costs under this plan, respectively, plan. These costs primarily related to contract cancellations $10 million of employee termination benefits for a facility in Europe.

- During the three and nine months ended September 30, 2023, the segment recorded $2 million and $4 million, respectively, of restructuring costs under this plan. These costs primarily related to employee termination benefits and equipment moves.

PowerDrive Systems

2023 Structural Costs Plan

- During the three and nine months ended September 30, 2024, the segment recorded $2 million and $9 million, respectively, of restructuring costs under this plan. These costs primarily related to $8 million of equipment relocation costs.

2024 Structural Costs Plan

- During the six three and nine months ended June 30, 2024 September 30, 2024, the segment recorded $10 million $3 million and $13 million, respectively, of restructuring costs under this plan, plan. These costs primarily related to $9 million of employee termination benefits. benefits and $4 million of professional fees.

The Company estimates restructuring expense based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established accruals.

The Company continues to evaluate different options across its operations to reduce existing structural costs over the next few years. The Company will recognize restructuring expense associated with any future actions at the time they are approved and become probable or are incurred. Any future actions could result in significant restructuring expense.

NOTE 6 RESEARCH AND DEVELOPMENT COSTS

The Company's net Research & Development ("R&D") expenditures are included in Selling, general and administrative expenses on the Condensed Consolidated Statements of Operations. Customer reimbursements are netted against gross R&D expenditures as they are considered a recovery of cost. Customer reimbursements for prototypes are recorded net of prototype costs based on customer contracts, typically either when the prototype is shipped or when it is accepted by the customer. Customer reimbursements for engineering services are recorded when performance obligations are satisfied in accordance with the contract. Financial risks and rewards transfer upon shipment, acceptance of a prototype component by the customer or upon completion of the performance obligation, as stated in the respective customer agreement. The Company has contracts with several customers relating to R&D activities that the Company performs at the Company's various R&D locations.

The following table presents the Company's gross and net expenditures on R&D activities:

		Three Months Ended June 30,		Six Months Ended June 30,						
		Three Months Ended September 30,		Nine Months Ended September 30,						
(in millions)	(in millions)	2024	2023	2024	2023	(in millions)	2024	2023	2024	2023
Gross R&D expenditures										
Customer reimbursements										
Net R&D expenditures										

NOTE 7 OTHER OPERATING EXPENSE (INCOME), NET

Items included in Other operating expense (income), net consist of:

			Three Months Ended June 30,		Six Months Ended June 30,					
			Three Months Ended September 30,		Nine Months Ended September 30,					
(in millions)	(in millions)	2024	2023	2024	2023	(in millions)	2024	2023	2024	2023
Commercial contract settlement										
Adjustments associated with Spin-Off related balances										
Collective bargaining agreement ratification bonus										
Loss (gain) on sale of businesses										
Merger and acquisition expense, net										
Asset impairments and lease modifications										
Adjustments associated with Spin-Off related balances										
Gain on sale of assets										
Adjustments associated with Spin-Off related balances										
Gain on sale of assets										
Adjustments associated with Spin-Off related balances										
Merger and acquisition expense										
Gain on sale of businesses										
Service and lease agreement termination										
Gain on sale of assets										
Other income, net										
Other operating expense, net										
Other operating expense (income), net										

Commercial contract settlement: During the three nine months ended June 30, 2024 September 30, 2024, the Company recorded a loss of approximately $15 million related to the settlement of a commercial contract assumed in its acquisition of the electric hybrid systems business segment of Eldor.

Adjustments associated with Spin-Off related balances: During the three and nine months ended June 30, 2024 September 30, 2024, the Company recorded expense of approximately $11 million $3 million and $14 million, respectively, primarily for adjustments to net amounts owed to the Company related to the tax matters agreement between the Company and PHINIA.

Merger and acquisition expense: Collective bargaining agreement ratification bonus: During the six three and nine months ended June 30, 2024 September 30, 2024, the Company recorded $4 million of expense for bonuses related to the ratification of a collective bargaining agreement at a facility in New York.

Loss (gain) on sale of businesses: During the three and nine months ended September 30, 2024, the Company recorded a net loss on sales of businesses of $6 million and $3 million, respectively. During the three months ended September 30, 2024, the Company recorded a charge of $6 million related to the estimated loss on an immaterial business that met held for sale accounting criteria.

Merger and acquisition expense, net: During the three months ended September 30, 2024, the Company recorded a gain related to merger and acquisition expense activity of $5 $5 million, primarily due to a $6 million revision of its expected earn-out related to the Drivetek acquisition, offset by expense primarily related to professional fees associated with specific acquisition initiatives. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company recorded merger and acquisition expense of $8 $2 million

and $16 $18 million, respectively, primarily related to professional fees associated with specific acquisition initiatives.

Asset impairments and lease modifications: During the three and nine months ended September 30, 2023, the Company recorded charges of $2 million and $11 million, primarily related to a service and lease agreement termination and impairment of certain property, plant and equipment at a facility in North America.

Gain on sale of assets: During the three months ended September 30, 2023, the Company recorded a $7 million gain related to the sale of a European manufacturing facility. During the nine months ended September 30, 2023, the Company recorded a $13 million gain, primarily related to the sale of the European manufacturing facility and other fixed assets.

NOTE 8 INCOME TAXES

The Company’s provision for income taxes is based upon an estimated annual tax rate for the year applied to federal, state and foreign income. On a quarterly basis, the annual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter.

The Company’s effective tax rate for the three months ended June 30, 2024 September 30, 2024 and 2023 was (10)% 5% and 11% 56%, respectively. During the three months ended June 30, 2024 September 30, 2024, the Company recorded a discrete tax benefit of $89 approximately $18 million related to a reduction in certain unrecognized tax benefits and accrued interest for matters where the statute of limitations lapsed. In addition, the Company recorded lapsed, a discrete tax benefit expense of $4 million related to net changes to valuation allowances. allowances, a discrete tax benefit of approximately $36 million related to post Spin-Off restructuring and a discrete tax benefit of approximately $1 million related to various changes in filing positions for prior years. During the three months ended June 30, 2023 September 30, 2023, the Company recorded a discrete tax benefit of approximately $29 $31 million related to various changes in filing positions for prior years, a discrete tax benefit of approximately $12 million in relation to the Spin-Off and a $10 million discrete tax benefit relating expense of approximately $87 million for changes in judgment related to the realization of deferred tax assets, primarily due to the impact of the Spin-Off on the allocation of the Company’s profits across jurisdictions for tax purposes as well as various immaterial tax adjustments. structuring actions and strategies.

The Company’s effective tax rate for the six nine months ended June 30, 2024 September 30, 2024 and 2023 was 5% and 19% 30%, respectively. During the six nine months ended June 30, 2024 September 30, 2024, the Company recorded a discrete tax benefit of $89 approximately $107 million related to a reduction reductions in certain unrecognized tax benefits and accrued interest for matters where the statute of limitations lapsed. In addition, the Company recorded lapsed, a discrete tax benefit of approximately $36 million related to post Spin-Off restructuring and a discrete tax benefit of approximately $4 million related to net various changes to valuation allowances. in filing positions for prior years. During the six nine months ended June 30, 2023 September 30, 2023, the Company recorded a discrete tax benefit of approximately $29 $41 million in relation to the Spin-Off, a discrete tax benefit of approximately $39 million related to various changes in filing positions for prior years, a discrete tax benefit of approximately $14 million was recorded related to the resolution of tax audits, a

$10 million discrete tax expense of approximately $9 million for the impact of enacted tax law changes and a discrete tax benefit expense of $9 approximately $85 million for changes in judgment related to the realization of deferred tax assets, primarily due to the impact of the Spin-Off on the allocation of the Company’s profits across jurisdictions for tax purposes as well as various immaterial tax adjustments. structuring actions and strategies.

The Company’s annual effective tax rates differ from the U.S. statutory rate primarily due to foreign rates that vary from those in the U.S., jurisdictions with pretax losses for which no tax benefit could be realized, U.S. taxes on foreign earnings, the realization of certain business tax credits (including foreign tax credits), and permanent differences between book and tax treatment for certain items (including the Foreign-Derived Intangible Income (“FDII”) deduction and the enhanced deduction of research and development expenses in certain jurisdictions).

The Company estimates that it is reasonably possible there could be a decrease of approximately $18 million in unrecognized tax benefits and interest in the next 12 months related to the conclusion of tax audits and the lapse of statutes of limitations subsequent to the reporting period in certain taxing jurisdictions.

NOTE 9 INVENTORIES, NET

A summary of Inventories, net is presented below:

	June 30,	December 31,
	September 30,	December 31,

(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
Raw material and supplies						
Work in progress						
Finished goods						
FIFO inventories						
LIFO reserve						
Inventories, net						

NOTE 10 OTHER ASSETS

Additional detail related to assets is presented below:

		June 30,			December 31,	
		September 30,			December 31,	
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
Prepayments and other current assets:						
Prepaid tooling						
Prepaid tooling						
Prepaid tooling						
Prepaid taxes						
Customer incentive payments (Note 4)						
Contract assets (Note 4)						
Derivative instruments						
Contract assets (Note 4)						
Other						
Total prepayments and other current assets						
Investments and long-term receivables:						
Investments and long-term receivables:						
Investments and long-term receivables:						
Investment in equity affiliates						
Investment in equity affiliates						
Investment in equity affiliates						
Investment in equity securities						
Long-term receivables						
Total investments and long-term receivables						
Other non-current assets:						
Other non-current assets:						
Other non-current assets:						
Deferred income taxes						
Deferred income taxes						
Deferred income taxes						
Operating leases						
Customer incentive payments (Note 4)						
Derivative instruments						
Customer incentive payments (Note 4)						
Other						
Total other non-current assets						

NOTE 11 GOODWILL AND OTHER INTANGIBLES

During the fourth quarter of each year, the Company assesses its goodwill and indefinite-lived intangible assets assigned to each of its reporting units. In addition, the Company may test goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value.

During the first quarter of 2024, the Company reduced the outlook of its ePropulsion PowerDrive Systems business in response to volatility in actual and expected customer production schedules. This was viewed as a triggering event, and as a result the Company performed an interim quantitative analysis of the fair value of the ePropulsion PowerDrive Systems reporting unit. The estimated fair value was determined using a combined income and market approach, consistent with the Company's analysis performed during the fourth quarter of 2023. The most critical assumptions used in the calculation of the fair value of the ePropulsion PowerDrive Systems reporting unit were projected revenue growth rates, projected operating income margin, and discount rates. Additionally, at the time of that assessment, the carrying value of the ePropulsion PowerDrive Systems reporting unit was higher than the carrying value used in the most recent quantitative analysis in 2023 due to capital investments made in the business.

Based on this interim impairment test, the ePropulsion PowerDrive Systems reporting unit had an estimated fair value that exceeded its carrying value, including goodwill, by approximately 5%, resulting in no impairment.

The fair value of the ePropulsion PowerDrive Systems reporting unit's goodwill is sensitive to differences between estimated and actual cash flows, including changes in the projected revenue, projected operating margin and discount rate used to evaluate the fair value of these assets and market multiples assumptions applied by the Company. Future changes in the judgments, assumptions and estimates from those used in valuations and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect the Company's financial statements in any given year.

As further described in Note 22, "Reportable Segments," as a result of the previously disclosed reportable segment realignment, the Company disaggregated certain entities within one of the Company's historical goodwill reporting units across two reporting units: Drivetrain & Morse Systems and Battery & Charging Systems. As a result of this change, the Company allocated goodwill to these two reporting units on a relative fair value basis. The Company estimated the fair values of the businesses to be split from the historical reporting unit based upon the present value of their anticipated future cash flows. The Company's determination of fair value involved judgment and the use of estimates and assumptions. In conjunction with the goodwill allocation, the Company performed a quantitative impairment assessment of the historical reporting units' goodwill immediately before and after the segment realignment. The quantitative analyses did not result in any impairment charges as the fair value of each reporting unit exceeded its respective carrying value. The disclosures below have been updated accordingly, which included recasting prior period information for the new reporting structure.

Other than as described above, the Company noted no events or circumstances related to any of the Company's reporting units in the three and six nine months ended June 30, 2024 September 30, 2024 that required additional assessment or testing.

A summary of the changes in the carrying amount of goodwill are as follows:

(in millions)	(in millions)	Air Management	Drivetrain & Battery Systems	ePropulsion	Total	(in millions)	Turbos & Thermal Technologies	Drivetrain & Morse Systems	PowerDrive Systems	Battery & Charging Systems	Total
Gross goodwill balance, December 31, 2023											
Accumulated impairment losses, December 31, 2023											
Net goodwill balance, December 31, 2023											
Goodwill during the period:											
Other, primarily translation adjustment											
Other, primarily translation adjustment											

Other, primarily translation adjustment
Other, primarily translation adjustment
Ending balance, June 30, 2024
Ending balance, September 30, 2024

The Company’s other intangible assets, primarily from acquisitions, consist of the following:

			June 30, 2024			December 31, 2023										
			September 30, 2024			December 31, 2023										
(in millions)	(in millions)	Estimated useful lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	(in millions)	Estimated useful lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:																
Patented and unpatented technology																
Patented and unpatented technology																
Patented and unpatented technology																
Customer relationships																
Miscellaneous																
Total amortized intangible assets																
Unamortized trade names																
Total other intangible assets																

NOTE 12 PRODUCT WARRANTY

The Company provides warranties on some, but not all, of its products. The warranty terms are typically from one to three years. Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claim settlements, as well as product manufacturing and industry developments and recoveries from third parties. The Company actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. The Company believes that the warranty accrual is appropriate; however, actual claims incurred could differ from the original estimates, requiring adjustments to the accrual. The product warranty accrual is allocated to current and non-current liabilities in the Condensed Consolidated Balance Sheets.

The following table summarizes the activity in the product warranty accrual accounts:

(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
Beginning balance, January 1						
Provisions for current period sales						
Provisions for current period sales						
Provisions for current period sales						
Adjustments of prior estimates						
Payments						
Payments						

Payments
Other, primarily translation adjustment
Ending balance, June 30
Ending balance, September 30

The product warranty liability is classified in the Condensed Consolidated Balance Sheets as follows:

		June 30,		December 31,		
		September 30,		December 31,		
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
Other current liabilities						
Other non-current liabilities						
Total product warranty liability						

NOTE 13 DEBT

As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company had debt outstanding as follows:

		June 30,		December 31,		
		September 30,		December 31,		
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
Short-term borrowings						
Long-term debt						
Long-term debt						
Long-term debt						
3.375% Senior notes due 03/15/25 ($384 million par value)						
3.375% Senior notes due 03/15/25 ($384 million par value)						
3.375% Senior notes due 03/15/25 ($384 million par value)						
5.000% Senior notes due 10/01/25 ($453 million par value)[1]						
3.375% Senior notes due 03/15/25 ($334 million par value)						
3.375% Senior notes due 03/15/25 ($334 million par value)						
3.375% Senior notes due 03/15/25 ($334 million par value)						
5.000% Senior notes due 10/01/25 ($343 million par value)[1]						
2.650% Senior notes due 07/01/27 ($1,100 million par value)						
7.125% Senior notes due 02/15/29 ($121 million par value)						
4.950% Senior notes due 08/15/29 ($500 million par value)						
1.000% Senior notes due 05/19/31 (€1,000 million par value)						
5.400% Senior notes due 08/15/34 ($500 million par value)						
4.375% Senior notes due 03/15/45 ($500 million par value)						
Term loan facilities, finance leases and other						
Total long-term debt						
Less: current portion						
Long-term debt, net of current portion						

[1] These notes include the fair value step up of $18 million $11 million and $24 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, related to the Delphi Technologies acquisition in 2020. The fair value step up was calculated based on observable market data and is amortized as a reduction to interest expense over the remaining life of the instrument using the effective interest method.

On August 16, 2024, the Company issued $500 million of 4.950% senior notes due August 2029 and $500 million of 5.400% senior notes due August 2034, primarily to retire the Company's outstanding senior notes due in 2025. Interest is payable semi-annually in arrears on February 15 and August 15 of each year. These senior notes are not guaranteed by any of the Company's subsidiaries.

On August 7, 2024, the Company announced that it had commenced tender offers to purchase for cash certain of the Company's outstanding debt, specifically the 3.375% senior notes due in March 2025 (the "March 2025 Senior Notes") and the 5.000% senior notes due in October 2025 (the

“October 2025 Senior Notes”). Pursuant to the Company’s tender offers, during the three months ended September 30, 2024, the Company repaid $50 million of the March 2025 Senior Notes and $110 million of the October 2025 Senior Notes, this resulted in a gain on debt extinguishment of $3 million, which is reflected in Interest expense, net in the Condensed Consolidated Statement of Operations. On October 17, 2024, the Company announced that the remaining outstanding balance of the October 2025 Senior Notes will be redeemed in full on November 1, 2024, in accordance with the terms of the agreement. The remaining outstanding balance of the March 2025 Senior Notes will be purchased or settled by maturity.

In September 2023, the Company purchased and extinguished $438 million of senior notes due in 2025, comprised of $115 million and $323 million face value of its March 2025 Senior Notes and October 2025 Senior Notes, respectively. Total cash consideration paid was $430 million. The Company recorded a gain of approximately $28 million during the three months ended September 30, 2023, consisting of an

$8 million gain related to a cash settlement below the face value of the 2025 notes and $20 million related to the write-off of the unamortized premium and discount that was recorded at the time of note issuance. The gain was recorded to Interest expense, net, in the Condensed Consolidated Statement of Operations.

The Company may utilize uncommitted lines of credit for short-term working capital requirements. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company had $57 million $60 million and $70 million, respectively, in borrowings under these facilities, which are classified in Short-term debt in the Condensed Consolidated Balance Sheets. The short-term borrowings primarily relate to a European money market loan with an interest rate of Euribor plus 1.75% that is callable upon immediate notice by either party.

The following table provides details on Interest expense, net included in the Condensed Consolidated Statements of Operations:

		Three Months Ended June 30,	Six Months Ended June 30,					
		Three Months Ended September 30,	Nine Months Ended September 30,					
(in millions)	(in millions) 2024	2023	2024	2023 (in millions)	2024	2023	2024	2023
Interest expense								
Gain on debt extinguishment								
Interest income								
Interest income								
Interest income								
Interest expense, net								
Interest expense (income), net								

The Company has a $2 billion multi-currency revolving credit facility that allows the Company to increase the facility by $1 billion with bank group approval. This facility matures in September 2028. The credit agreement contains customary events of default and one key financial covenant which is a debt-to-EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) ratio. The Company was in compliance with the financial covenant at June 30, 2024 September 30, 2024. At June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no outstanding borrowings under this facility.

The Company’s commercial paper program allows the Company to issue up to $2 billion of short-term, unsecured commercial paper notes under the limits of its multi-currency revolving credit facility. Under this program, the Company may issue notes from time to time and use the proceeds for general corporate purposes. The Company had no outstanding borrowings under this program as of June 30, 2024 September 30, 2024 and December 31, 2023.

The total current combined borrowing capacity under the multi-currency revolving credit facility and commercial paper program cannot exceed $2 billion.

As of June 30, 2024 September 30, 2024 and December 31, 2023, the estimated fair values of the Company’s senior unsecured notes totaled $3,254 million $4,263 million and $3,304 million, respectively. The estimated fair values were $367 million $222 million lower than their carrying value at June 30, 2024 September 30, 2024 and $353 million lower than their carrying value at December 31, 2023. Fair market values of the senior unsecured notes are developed using observable values for similar debt instruments, which are considered Level 2 inputs as defined by ASC Topic 820. The carrying values of the Company's multi-currency revolving credit facility, commercial paper program and other debt facilities approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

The Company had outstanding letters of credit of $29 million $30 million and $37 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The letters of credit typically act as guarantees of payment to certain third parties in accordance with specified terms and conditions.

NOTE 14 OTHER LIABILITIES

Additional detail related to liabilities is presented in the table below:

		June 30,		December 31,		
		September 30,		December 31,		
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
Other current liabilities:						
Payroll and employee related						
Payroll and employee related						
Payroll and employee related						
Customer related						
Indirect taxes						
Product warranties (Note 12)						
Income taxes payable						
Employee termination benefits (Note 5)						
Income taxes payable						
Operating leases						
Interest						
Accrued freight						
Dividends payable to noncontrolling stockholders						
Supplier related						
Insurance						
Interest						
Contract liabilities (Note 4)						
Dividends payable to noncontrolling stockholders						
Other non-income taxes						
Retirement related						
Deferred engineering						
Other						
Total other current liabilities						
Other non-current liabilities:						
Other non-current liabilities:						
Other non-current liabilities:						
Deferred income taxes						
Deferred income taxes						
Deferred income taxes						
Product warranties (Note 12)						
Other income tax liabilities						
Product warranties (Note 12)						
Operating leases						

Deferred income	
Employee termination benefits (Note 5)	
Earn-out liability (Note 3)	
Employee termination benefits (Note 5)	
Other	
Total other non-current liabilities	

NOTE 15 FAIR VALUE MEASUREMENTS

ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in ASC Topic 820:

A. **Market approach:** Prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets or liabilities, such as a business.
B. **Cost approach:** Amount that would be required to replace the service capacity of an asset (replacement cost).
C. **Income approach:** Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables classify assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 September 30, 2024 and December 31, 2023:

(in millions)

(in millions)

(in millions)	Balance at June 30, 2024	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique	Assets measured at NAV[1]	Balance at September 30, 2024	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique	Assets measured at NAV[1]
Assets:												
Investment in equity securities												
Investment in equity securities												
Investment in equity securities												
Foreign currency contracts												

Net investment hedge contracts

Liabilities:

Non-current earn-out liability

Non-current earn-out liability

Non-current earn-out liability

Net investment hedge contracts

Foreign currency contracts

				Basis of fair value measurements								
(in millions)		Balance at December 31, 2023		Quoted prices in active markets for identical items (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)	Valuation technique		Assets measured at NAV[1]
Assets:											
Current earn-out receivable	$	5	$	—	$	—	$	5	C	$	—
Investment in equity securities	$	26	$	—	$	—	$	—	—	$	26
Foreign currency contracts	$	33	$	—	$	33	$	—	A	$	—
Net investment hedge contracts	$	14	$	—	$	14	$	—	A	$	—
Liabilities:											
Current earn-out liability	$	2	$	—	$	—	$	2	C	$	—
Non-current earn-out liability	$	13	$	—	$	—	$	13	C	$	—
Foreign currency contracts	$	3	$	—	$	3	$	—	A	$	—
Net investment hedge contracts	$	2	$	—	$	2	$	—	A	$	—

[1] Certain assets that are measured at fair value using the net asset value (“NAV”) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. These amounts represent investments in commingled and managed funds that have underlying assets in fixed income securities, equity securities, and other assets and the fair values have been estimated using the net asset value of the Company's ownership interest in partners' capital. The Company’s redemption of its investments with the funds is governed by the partnership agreements and subject to approval from the general partners. With the exception of annual distributions in connection with the Company’s deemed tax liability, distributions from each fund will be received as the underlying investments of the funds are liquidated, the timing of which is unknown.

The following table provides a reconciliation of the Company’s Level 3 earn-out assets and liabilities:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
(in millions)	
(in millions)	

(in millions)	Current earn-out receivables	Current earn-out liabilities	Non-current earn-out liabilities	Current earn-out receivables	Current earn-out liabilities	Non-current earn-out liabilities
Balance at January 1, 2023						
Contingent earn-out recognized upon acquisition or disposition						
Change in fair value of contingent consideration						
Balance at December 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						
Change in fair value of contingent consideration						
Change in fair value of contingent consideration						
Change in fair value of contingent consideration						
Earn-out settlements						
Balance at June 30, 2024						
Balance at September 30, 2024						

Refer to Note 3, "Acquisitions," to the Condensed Consolidated Financial Statements for more information regarding earn-outs.

NOTE 16 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, marketable securities and accounts receivable. Due to the short-term nature of these instruments, their book value approximates their fair value. The Company's financial instruments may also include long-term debt, investments in equity securities, interest rate and cross-currency swaps, commodity derivative contracts and foreign currency derivative contracts. All derivative contracts are placed with counterparties that have an S&P, or equivalent, investment grade credit rating at the time of the contracts' placement. An adjustment for non-performance risk is considered in the estimate of fair value in derivative assets based on the counterparty credit default swap ("CDS") rate. When the Company is in a net derivative liability position, the non-performance non-performance risk adjustment is based on its CDS rate. At June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no derivative contracts that contained credit-risk-related contingent features.

Cash Flow Hedges

The Company, at times, uses certain commodity derivative contracts to protect against commodity price changes related to forecasted raw material and component purchases. At June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no material commodity derivative contracts.

The Company manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to optimize its interest costs. The Company, at times, selectively uses interest rate swaps and options to reduce market value risk associated with changes in interest rates. At June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no outstanding interest rate swaps or options.

The Company uses foreign currency forward and option contracts to protect against exchange rate movements for forecasted cash flows, including capital expenditures, purchases, operating expenses or sales transactions designated in currencies other than the functional currency of the operating unit. Foreign currency derivative contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for the operating units' local currency.

Effectiveness for cash flow hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into accumulated other comprehensive income (loss) ("AOCI") and reclassified into income as the underlying operating transactions are recognized. These realized gains or losses offset the hedged transaction and are recorded on the same line in the statement of operations. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method is recognized in AOCI.

At June 30, 2024 September 30, 2024 and December 31, 2023, the following foreign currency derivative contracts were outstanding and mature through the ending duration noted below:

Foreign currency derivatives (in millions)*

Functional Currency	Functional Currency	Traded Currency	Notional in traded currency June 30,2024		Notional in traded currency December 31, 2023		Ending Duration	Functional Currency	Traded Currency	Notional in traded currency September 30,2024		Notional in traded currency December 31, 2023		Ending Duration
British Pound														
British Pound														
British Pound		Euro	82	83	83	Jun - 26	Jun - 26		Euro	80	83	83	Sep - 26	Sep - 26
Chinese Renminbi														
Chinese Renminbi														
Chinese Renminbi		U.S. Dollar	243	209	209	Jun - 26	Jun - 26		U.S. Dollar	221	209	209	Sep - 26	Sep - 26
Euro														
Euro														
Euro		British Pound	104	15	15	Aug - 24	Aug - 24		British Pound	—	15	15	Aug - 24	Aug - 24
Euro														
Euro														
Euro		Hungarian Forint	9,235	8,233	8,233	Jun - 26	Jun - 26		Hungarian Forint	9,291	8,233	8,233	Sep - 26	Sep - 26
Euro	Euro	Swiss Franc	37	24	24	Jun - 26	Jun - 26	Euro	Swiss Franc	39	24	24	Sep - 26	Sep - 26
Euro	Euro	Polish Zloty	598	573	573	Jun - 26	Jun - 26	Euro	Polish Zloty	620	573	573	Sep - 26	Sep - 26
Euro														
Euro														
Euro		U.S. Dollar	183	152	152	Jun - 26	Jun - 26		U.S. Dollar	172	152	152	Sep - 26	Sep - 26
Thai Baht	Thai Baht	U.S. Dollar	28	30	30	Jun - 25	Jun - 25	Thai Baht	U.S. Dollar	31	30	30	Sep - 25	Sep - 25
U.S. Dollar	U.S. Dollar	Chinese Renminbi	582	582	582	Sep - 24	Sep - 24	U.S. Dollar	Chinese Renminbi	666	582	582	Aug - 25	Aug - 25
U.S. Dollar														
U.S. Dollar														
U.S. Dollar		Korean Won	67,882	34,209	34,209	Nov - 25	Nov - 25		Korean Won	51,548	34,209	34,209	Nov - 25	Nov - 25
U.S. Dollar	U.S. Dollar	Mexican Peso	4,332	3,280	3,280	Jun - 26	Jun - 26	U.S. Dollar	Mexican Peso	4,621	3,280	3,280	Sep - 26	Sep - 26
U.S. Dollar														
U.S. Dollar														
U.S. Dollar		Thai Baht	—	2,100	2,100	Jun - 24	Jun - 24		Thai Baht	—	2,100	2,100	Jun - 24	Jun - 24

*Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of June 30, 2024 and December 31, 2023.

*Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of June 30, 2024 and December 31, 2023.

*Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of June 30, 2024 and December 31, 2023.

*Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of September 30, 2024 and December 31, 2023.

*Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of September 30, 2024 and December 31, 2023.

*Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of September 30, 2024 and December 31, 2023.

Net Investment Hedges

In addition, the Company is also exposed to the risk that adverse changes in foreign currency exchange rates could impact its net investment in non-U.S. subsidiaries.

The Company selectively uses cross-currency swaps to hedge that foreign currency exposure. At June 30, 2024 September 30, 2024 and December 31, 2023, the following cross-currency swap contracts were outstanding:

		Cross-currency swaps								
(in millions)	(in millions)	June 30, 2024	December 31, 2023		Ending duration	(in millions)	September 30, 2024	December 31, 2023		Ending duration
U.S. Dollar to Euro:										
Fixed receiving notional Fixed receiving notional Fixed receiving notional		$ 1,100	$ $ 1,100	Jul - 27	Jul - 27		$ 1,100	$ $ 1,100	Jul - 27	Jul - 27
Fixed paying notional	Fixed paying notional	€ 976	€ € 976	Jul - 27	Jul - 27	Fixed paying notional	€ 976	€ € 976	Jul - 27	Jul - 27
U.S. Dollar to Euro:										
Fixed receiving notional Fixed receiving notional Fixed receiving notional		$ —	$ $ 500	Mar - 25	Mar - 25		$ —	$ $ 500	Mar - 25	Mar - 25
Fixed paying notional	Fixed paying notional	€ —	€ € 450	Mar - 25	Mar - 25	Fixed paying notional	€ —	€ € 450	Mar - 25	Mar - 25
Fixed receiving notional Fixed receiving notional Fixed receiving notional		$ 500	$ $ —	Mar - 29	Mar - 29		$ 500	$ $ —	Mar - 29	Mar - 29
Fixed paying notional	Fixed paying notional	€ 470	€ € —	Mar - 29	Mar - 29	Fixed paying notional	€ 470	€ € —	Mar - 29	Mar - 29

U.S. Dollar to Japanese yen:														
Fixed receiving notional														
Fixed receiving notional														
Fixed receiving notional		$ 100	$	$	100	Feb - 29	Feb - 29	$ 100	$	$	100	Feb - 29	Feb - 29	
Fixed paying notional	Fixed paying notional	¥ 12,724	¥	¥	12,724	Feb - 29	Feb - 29	Fixed paying notional	¥12,724	¥		¥ 12,724	Feb - 29	Feb - 29

In April 2024, the Company terminated its $500 million cross-currency swap contract originally maturing in March 2025, resulting in cash proceeds of $23 million, which is expected to remain in accumulated other comprehensive loss until the net investment is sold, completely liquidated or substantially liquidated. Concurrently, the Company executed a $500 million cross-currency swap contract maturing in March 2029.

In addition, the Company has designated the €1,000 million 1.000% Senior Notes due May 19, 2031, as a net investment hedge of the foreign currency exposure of its investments in certain Euro-denominated subsidiaries. Refer to Note 13, “Debt,” to the Condensed Consolidated Financial Statements for more information.

The Company assesses the effectiveness for net investment hedges at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into foreign currency translation adjustments and only released when the subsidiary being hedged is sold or substantially liquidated. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method is recognized in AOCI.

Fair Value of Derivative Instruments in the Balance Sheet

At June 30, 2024 September 30, 2024 and December 31, 2023, the following amounts were recorded in the Condensed Consolidated Balance Sheets as being payable to or receivable from counterparties for derivative instruments under ASC Topic 815, “Derivatives and Hedging”:

(in millions)	(in millions)	Assets			Liabilities			(in millions)	Assets			Liabilities		
Derivatives designated as hedging instruments Under 815:	Derivatives designated as hedging instruments Under 815:	Location	June 30, 2024	December 31, 2023	Location	June 30, 2024	December 31, 2023	Derivatives designated as hedging instruments Under 815:	Location	September 30, 2024	December 31, 2023	Location	September 30, 2024	December 31, 2023
Foreign currency														
Foreign currency														
Net investment hedges														
Net investment hedges														
Net investment hedges														
Derivatives not designated as hedging instruments:														
Derivatives not designated as hedging instruments:														
Derivatives not designated as hedging instruments:														
Foreign currency														
Foreign currency														
Foreign currency														

Effect of Derivatives on the Statements of Operations and Statements of Comprehensive Income (Loss)

The table below shows deferred gains (losses) reported in AOCI as well as the amount expected to be reclassified to income in one year or less for designated net investment hedges. The amount expected to be reclassified to income in one year or less assumes no change in the current relationship of the hedged item at June 30, 2024 September 30, 2024 market rates.

(in millions)	Deferred gain (loss) in AOCI at		Gain (loss) expected to be reclassified to income in one year or less
Contract Type	June 30, 2024	December 31, 2023	
Net investment hedges:			
Cross-currency swaps	$ 50	$ 12	$ —
Foreign currency-denominated debt	132	100	—
Total	$ 182	$ 112	$ —

(in millions)	Deferred gain (loss) in AOCI at		Gain (loss) expected to be reclassified to income in one year or less
Contract Type	September 30, 2024	December 31, 2023	
Net investment hedges:			
Cross-currency swaps	$ 17	$ 12	$ —
Foreign currency-denominated debt	90	100	—
Total	$ 107	$ 112	$ —

Derivative instruments designated as hedging instruments as defined by ASC Topic 815 held during the period resulted in the gains and losses recorded in income shown in the table below. Certain prior period amounts have been revised and moved to these tables from the table disclosing gains recorded on derivatives not designated as hedging instruments.

	Three Months Ended June 30, 2024					Three Months Ended September 30, 2024				
(in millions)	(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)	(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
Total amounts of earnings and other comprehensive income (loss) line items in which the effects of cash flow hedges are recorded										
Gain (loss) on cash flow hedging relationships:										
Foreign currency:										
Foreign currency:										
Foreign currency:										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										
Gain (loss) reclassified from AOCI to income										

	Six Months Ended June 30, 2024					Nine Months Ended September 30, 2024				
(in millions)	(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)	(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
Total amounts of earnings and other comprehensive income (loss) line items in which the effects of cash flow hedges are recorded										
Gain (loss) on cash flow hedging relationships:										
Foreign currency:										
Foreign currency:										
Foreign currency:										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										

Gain (loss) recognized in other comprehensive income

Gain (loss) reclassified from AOCI to income

(in millions)	(in millions)	Three Months Ended June 30, 2023 Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)	(in millions)	Three Months Ended September 30, 2023 Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
Total amounts of earnings and other comprehensive income (loss) line items in which the effects of cash flow hedges are recorded										
Gain (loss) on cash flow hedging relationships:										
Foreign currency:										
Foreign currency:										
Foreign currency:										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										
Gain (loss) reclassified from AOCI to income										

(in millions)	(in millions)	Six Months Ended June 30, 2023 Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)	(in millions)	Nine Months Ended September 30, 2023 Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
Total amounts of earnings and other comprehensive income (loss) line items in which the effects of cash flow hedges are recorded										
Gain (loss) on cash flow hedging relationships:										
Foreign currency:										
Foreign currency:										
Foreign currency:										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										
Gain (loss) recognized in other comprehensive income										
Gain (loss) reclassified from AOCI to income										

The gains or losses recorded in income related to components excluded from the assessment of effectiveness for derivative instruments designated as cash flow hedges were immaterial for the periods presented.

Gains and losses on derivative instruments designated as net investment hedges were recognized in other comprehensive income (loss) during the periods presented below.

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,	Nine Months Ended September 30,		
Net investment hedges	Net investment hedges	2024	2023	2024	2023	Net investment hedges	2024	2023	2024	2023
Foreign currency										
Cross-currency swaps										
Foreign currency-denominated debt										

Derivatives designated as net investment hedge instruments, as defined by ASC Topic 815, held during the period resulted in the following gains recorded in Interest expense on components excluded from the assessment of effectiveness:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,	Nine Months Ended September 30,		
Net investment hedges	Net investment hedges	2024	2023	2024	2023	Net investment hedges	2024	2023	2024	2023
Cross-currency swaps										

There were no gains or losses recorded in income related to components excluded from the assessment of effectiveness for foreign currency-denominated debt designated as net investment hedges. There were no gains and losses reclassified from AOCI for net investment hedges during the periods presented.

Derivatives Not Designated as Hedges

Derivatives not designated as hedging instruments are used to hedge remeasurement exposures of monetary assets and liabilities denominated in currencies other than the operating units' functional currency. These derivatives resulted in the gains (losses) recorded in income as shown in the table below. Certain prior period amounts have been moved from this table to the table disclosing gains and losses recorded on derivatives designated as hedging instruments

(in millions)	(in millions)			Three Months Ended June 30,	Six Months Ended June 30,		(in millions)		Three Months Ended September 30,		Nine Months Ended September 30,	
Contract Type	Contract Type	Location	2024	2023	2024	2023	Contract Type	Location	2024	2023	2024	2023
Foreign Currency												

NOTE 17 RETIREMENT BENEFIT PLANS

The Company has defined benefit pension plans and other postemployment benefit plans covering eligible salaried and hourly employees and their dependents. The estimated contributions to the Company's defined benefit pension plans for 2024 range from $20 million to $30 million, of which $11 $16 million has been contributed through the six nine months ended June 30, 2024 September 30, 2024. The other postemployment benefit plans, which provide medical and life insurance benefits, are funded on a pay-as-you-go basis.

The components of net periodic benefit expense recorded in the Condensed Consolidated Statements of Operations are as follows:

	Pension benefits				Pension benefits	
(in millions)			Other postemployment benefits			Other postemployment benefits
Three Months Ended June 30,						
Three Months Ended June 30,						
Three Months Ended June 30,	US	Non-US	US	Non-US	2024	2023
Three Months Ended September 30,						
Three Months Ended September 30,						
Three Months Ended September 30,	US	Non-US	US	Non-US	2024	2023
Service cost						
Interest cost						
Expected return on plan assets						
Amortization of unrecognized prior service credit						
Amortization of unrecognized loss						
Net periodic benefit cost						

	Pension benefits		Pension benefits	
(in millions)		Other postemployment benefits		Other postemployment benefits

Six Months Ended June 30,						
Six Months Ended June 30,						
Six Months Ended June 30,	US	Non-US	US	Non-US	2024	2023
Nine Months Ended September 30,						
Nine Months Ended September 30,						
Nine Months Ended September 30,	US	Non-US	US	Non-US	2024	2023
Service cost						
Interest cost						
Expected return on plan assets						
Amortization of unrecognized prior service credit						
Amortization of unrecognized loss						
Net periodic benefit cost						

The components of net periodic benefit expense other than the service cost component are included in Other postretirement expense in the Condensed Consolidated Statements of Operations.

NOTE 18 STOCKHOLDERS' EQUITY

The changes of the Stockholders' Equity items during the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, are as follows:

	BorgWarner Inc. stockholders' equity																
(in millions)	(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total	(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance, March 31, 2024																
Balance, June 30, 2024																
Dividends declared ($0.11 per share*)																
Issuance for executive stock plan, net of tax																
Issuance for executive stock plan, net of tax																
Issuance for executive stock plan, net of tax																
Issuance of restricted stock, net of tax																
Purchase of treasury stock																
Net earnings																
Net earnings																
Net earnings																
Net earnings																

Other comprehensive loss
Other comprehensive income
Spin-Off of PHINIA
Balance, June 30, 2024
Balance, September 30, 2024

	BorgWarner Inc. stockholders' equity												
(in millions)	Issued common stock		Capital in excess of par value		Treasury stock		Retained earnings		Accumulated other comprehensive income (loss)		Noncontrolling interests		Total
Balance, June 30, 2023	$	3	$	2,657	$	(2,007)	$	7,796	$	(898)	$	230	$ 7,781
Dividends declared ($0.11 per share*)		—		—		—		(26)		—		(5)	(31)
Issuance for executive stock plan, net of tax		—		10		—		—		—		—	10
Issuance of restricted stock, net of tax		—		13		(3)		—		—		—	10
Net earnings		—		—		—		50		—		18	68
Other comprehensive loss		—		—		—		—		(1)		(4)	(5)
Spin-Off of PHINIA		—		—		—		(1,810)		(16)		—	(1,826)
Balance, September 30, 2023	$	3	$	2,680	$	(2,010)	$	6,010	$	(915)	$	239	$ 6,007

		BorgWarner Inc. stockholders' equity														
(in millions)	(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total	(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance, March 31, 2023																
Dividends declared ($0.17 per share*)																
Balance, December 31, 2023																
Dividends declared ($0.22 per share*)																
Issuance for executive stock plan, net of tax																
Issuance for executive stock plan, net of tax																
Issuance for executive stock plan, net of tax																

Issuance of restricted stock, net of tax

Purchase of treasury stock

Purchase of noncontrolling interest

Purchase of noncontrolling interest

Purchase of noncontrolling interest

Net earnings

Other comprehensive loss

Balance, June 30, 2023

Balance, June 30, 2023

Balance, June 30, 2023

Net earnings

Net earnings

Other comprehensive income

Spin-Off of PHINIA

Balance, September 30, 2024

	BorgWarner Inc. stockholders' equity						
(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance, December 31, 2023	$ 3	$ 2,689	$ (2,188)	$ 6,152	$ (828)	$ 238	$ 6,066
Dividends declared ($0.22 per share*)	—	—	—	(50)	—	(67)	(117)
Issuance for executive stock plan, net of tax	—	(22)	21	—	—	—	(1)
Issuance of restricted stock, net of tax	—	(22)	30	—	—	—	8
Purchase of treasury stock	—	—	(100)	—	—	—	(100)
Net earnings	—	—	—	509	—	29	538
Other comprehensive loss	—	—	—	—	(110)	(8)	(118)
Spin-Off of PHINIA	—	—	—	9	—	—	9
Balance, June 30, 2024	$ 3	$ 2,645	$ (2,237)	$ 6,620	$ (938)	$ 192	$ 6,285

BorgWarner Inc. stockholders' equity

(in millions)	(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total	(in millions)	Issued common stock	Capital in excess of par value	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Noncontrolling interests	Total
Balance, December 31, 2022																
Dividends declared ($0.34 per share*)																
Dividends declared ($0.45 per share*)																
Issuance for executive stock plan, net of tax																
Issuance for executive stock plan, net of tax																
Issuance for executive stock plan, net of tax																
Issuance of restricted stock, net of tax																
Purchase of noncontrolling interest																
Net earnings																
Net earnings																
Net earnings																
Other comprehensive loss																
Balance, June 30, 2023																
Spin-Off of PHINIA																
Balance, September 30, 2023																

* Per share dividends amount declared relate to BorgWarner common stock.

NOTE 19 ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables summarize the activity within accumulated other comprehensive loss during the three and six nine months ended June 30, 2024 September 30, 2024 and 2023. Certain prior period amounts have been updated to reflect the gains and losses on hedge instruments that were reclassified to the income statement.

(in millions)

(in millions)

(in millions)	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total

Beginning balance, March 31, 2024

Beginning balance, June 30, 2024

Comprehensive (loss) income before reclassifications

Income taxes associated with comprehensive (loss) income before reclassifications

Reclassification from accumulated other comprehensive (loss) income

Income taxes associated with comprehensive income (loss) reclassified into net earnings

Ending balance, June 30, 2024

Ending balance, June 30, 2024

Ending balance, June 30, 2024

Ending balance, September 30, 2024

Ending balance, September 30, 2024

Ending balance, September 30, 2024

(in millions)	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total
Beginning balance, March 31, 2023	$ (711)	$ 18	$ (131)	$ (824)
Comprehensive (loss) income before reclassifications	(102)	35	(2)	(69)
Income taxes associated with comprehensive (loss) income before reclassifications	7	—	(1)	6
Reclassification from accumulated other comprehensive (loss) income	—	(11)	—	(11)
Ending balance, June 30, 2023	$ (806)	$ 42	$ (134)	$ (898)

(in millions)	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total
Beginning balance, December 31, 2023	$ (719)	$ 28	$ (137)	$ (828)
Comprehensive income (loss) before reclassifications	(76)	4	8	(64)
Income taxes associated with comprehensive income (loss) before reclassifications	(21)	—	(1)	(22)
Reclassification from accumulated other comprehensive (loss) income	—	(22)	(3)	(25)
Income taxes associated with comprehensive income (loss) reclassified into net earnings	—	—	1	1
Ending balance, June 30, 2024	$ (816)	$ 10	$ (132)	$ (938)

(in millions)	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total
Beginning balance, June 30, 2023	$ (806)	$ 42	$ (134)	$ (898)
Comprehensive (loss) income before reclassifications	17	1	5	23
Income taxes associated with comprehensive (loss) income before reclassifications	(13)	—	1	(12)
Reclassification from accumulated other comprehensive (loss) income	—	(12)	1	(11)
Income taxes associated with comprehensive income (loss) reclassified into net earnings	—	—	(1)	(1)
Spin-Off of PHINIA	(20)	(1)	5	(16)
Ending balance, September 30, 2023	$ (822)	$ 30	$ (123)	$ (915)

(in millions)

(in millions)

(in millions)	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total

Beginning balance, December 31, 2022
Beginning balance, December 31, 2023
Comprehensive income (loss) before reclassifications
Income taxes associated with comprehensive income (loss) before reclassifications
Reclassification from accumulated other comprehensive (loss) income
Ending balance, June 30, 2023
Income taxes associated with comprehensive income (loss) reclassified into net earnings
Ending balance, September 30, 2024
Ending balance, September 30, 2024
Ending balance, September 30, 2024

(in millions)	Foreign currency translation adjustments	Hedge instruments	Defined benefit retirement plans	Total
Beginning balance, December 31, 2022	$ (750)	$ 4	$ (130)	$ (876)
Comprehensive income (loss) before reclassifications	(51)	49	1	(1)
Income taxes associated with comprehensive income (loss) before reclassifications	(1)	—	—	(1)
Reclassification from accumulated other comprehensive (loss) income	—	(22)	2	(20)
Income taxes associated with comprehensive income (loss) reclassified into net earnings	—	—	(1)	(1)
Spin-Off of PHINIA	(20)	(1)	5	(16)
Ending balance, September 30, 2023	$ (822)	$ 30	$ (123)	$ (915)

NOTE 20 CONTINGENCIES

In the normal course of business, the Company is party to various commercial and legal claims, actions and complaints, including matters involving warranty claims, intellectual property claims, governmental investigations and related proceedings, general liability and other risks. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these commercial and legal matters or if not, what the impact might be. The Company does not believe that adverse outcomes in any of these commercial and legal claims, actions and complaints are reasonably likely to have a material adverse effect on the Company's results of operations, financial position or cash flows. An adverse outcome could, nonetheless, be material to the results of operations or cash flows as the ultimate resolutions of these matters are inherently unpredictable.

On September 19, 2024, the Company commenced a lawsuit against PHINIA, seeking to recover from PHINIA approximately $120 million of value added tax ("VAT") refunds that PHINIA has received or expects to receive from governmental agencies as well as damages and interest, which PHINIA has refused to pay to the Company. These refunds consist of VAT paid by the Company in periods prior to or directly related to the Spin-Off through which the Company established PHINIA as an independent company. Prior to the initiation of the lawsuit, PHINIA had paid certain VAT refund amounts to the Company. The Company asserts PHINIA's obligation to pay the Company these VAT refunds and related amounts is plainly set forth in a binding tax matters agreement between the Company and PHINIA, which the parties agreed to prior to the Spin-Off. As of September 30, 2024, the Company had an asset related to these VAT refunds of approximately $120 million, which is included in Receivables, net in the Condensed Consolidated Balance Sheet.

Environmental

The Company and certain of its current and former direct and indirect corporate predecessors, subsidiaries and divisions have been identified by the United States Environmental Protection Agency and certain state local environmental agencies and private parties as potentially responsible parties ("PRPs") at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and equivalent state laws and, as such, may be presently liable for the cost of clean-up and other remedial activities at 17 such sites as of both June 30, 2024 September 30, 2024 and December 31, 2023. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

The Company believes that none of these matters, individually or in the aggregate, will have a material adverse effect on its results of operations, financial position or cash flows. Generally, this is because either the estimates of the maximum potential liability at a site are not material or the liability will be shared with other PRPs, although no assurance can be given with respect to the ultimate outcome of any such matter.

The Company had an accrual for environmental liabilities of $5 million and $6 million as of both June 30, 2024 September 30, 2024 and December 31, 2023, respectively, included in Other current and Other non-current liabilities in the Condensed Consolidated Balance Sheets. As of June 30, 2024 September 30, 2024, this accrual, which relates to five four of the sites, is based on information available to the Company (which, in most cases, includes an estimate of allocation of liability among PRPs; the probability that other PRPs, many of which are large, solvent public companies, will fully pay the cost apportioned to them; currently available information from PRPs and/or federal or state local environmental agencies concerning the scope of contamination and estimated remediation and consulting costs; and remediation alternatives). Clean-up and other remedial activities are complete or nearing completion at the other 12 13 sites, for which there was no accrual as of June 30, 2024 September 30, 2024.

NOTE 21 EARNINGS PER SHARE

The Company presents both basic and diluted earnings per share of common stock ("EPS") amounts. Basic EPS is calculated by dividing net earnings attributable to BorgWarner Inc. by the weighted average shares of common stock outstanding during the reporting period. Diluted EPS is calculated by dividing net earnings attributable to BorgWarner Inc. by the weighted average shares of common stock and common stock equivalents outstanding during the reporting period.

The dilutive impact of stock-based compensation is calculated using the treasury stock method. The treasury stock method assumes that the Company uses the assumed proceeds from the exercise of awards to repurchase common stock at the average market price during the period. The assumed proceeds under the treasury stock method include the purchase price that the grantee will pay in the future and compensation cost for future service that the Company has not yet recognized. The dilutive effects of performance-based stock awards are included in the computation of diluted earnings per share at the level the related performance criteria are met through the respective balance sheet date. There were 1.1 million 1.0 million and 0.9 million 0.8 million performance share units excluded from the computation of the diluted earnings for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively. There were 1.2 million 0.9 million and 0.7 million performance share units excluded from the computation of the diluted earnings for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. These units were excluded because the related performance criteria had not been met as of the balance sheet dates.

The following table reconciles the numerators and denominators used to calculate basic and diluted earnings per share of common stock:

		Three Months Ended June 30,		Six Months Ended June 30,						
		Three Months Ended September 30,		Nine Months Ended September 30,						
(in millions, except per share amounts)	(in millions, except per share amounts)	2024	2023	2024	2023	(in millions, except per share amounts)	2024	2023	2024	2023
Basic earnings per share:										
Net earnings from continuing operations										
Net earnings from continuing operations										
Net earnings from continuing operations										
Weighted average shares of common stock outstanding										
Basic earnings per share of common stock										
Diluted earnings per share:										
Diluted earnings per share:										
Diluted earnings per share:										
Net earnings from continuing operations										
Net earnings from continuing operations										

Net earnings from continuing operations	
Weighted average shares of common stock outstanding	
Effect of stock-based compensation	
Weighted average shares of common stock outstanding including dilutive shares	
Diluted earnings per share of common stock	

NOTE 22 REPORTABLE SEGMENTS

The Company's business is aggregated into three Company discloses segment information under four reportable segments: Air Management, Drivetrain & Battery Systems, and ePropulsion. segments, consistent with the way operating results are evaluated by management. The segments are further described below. These segments are strategic business groups that are managed separately as each represents a specific grouping of related automotive components and systems. In prior quarters, the Company presented its results under three reportable segments: Air Management, Drivetrain & Battery Systems and ePropulsion.

In the second quarter of 2024, Effective July 1, 2024, the Company announced implemented a new business unit and management structure designed to further enhance the execution of the Company's *Charging Forward* strategy effective July 1, 2024. As of June 30, 2024, management continued to assess strategy. The Company now reports its results in the performance of reportable segments using the structure that was in place at December 31, 2023. Beginning with the third quarter of 2024, the Company will assess performance using the new structure and expects to report its financial results in following four reportable segments: Turbos & Thermal Technologies, Drivetrain & Morse Systems, PowerDrive Systems and Battery & Charging Systems.

The reportable segment disclosures have been updated accordingly, which included recasting prior period information for the new reporting structure.

- ***Turbos & Thermal Technologies.*** This segment's products include turbochargers, eBoosters, eTurbos, emissions systems, thermal systems, gasoline ignition technology, smart remote actuators, powertrain sensors, cabin heaters and battery heaters.
- ***Drivetrain & Morse Systems.*** This segment's products include control modules, friction and mechanical clutch products for automatic transmissions, torque-management products and rear-wheel drive ("RWD") and all-wheel drive ("AWD") transfer case systems and coupling systems. Additionally, the Drivetrain & Morse Systems products include chain systems and variable camshaft phasing products.
- ***PowerDrive Systems (formerly ePropulsion).*** This segment's products include power electronics such as inverters, onboard chargers, DC/DC converters and combination boxes, rotating electric machines, fully integrated drive modules (consisting of inverter, eMotor and gear reducer), and electronic controls.
- ***Battery & Charging Systems.*** This segment's products include high-performance lithium-ion battery systems for electrified bus-, truck- and off-highway applications and DC (direct current) fast chargers suitable for all types of electric vehicles.

Segment Adjusted Operating Income (Loss) is the measure of segment income or loss used by the Company. Segment Adjusted Operating Income (Loss) is comprised of operating income for the Company's reportable segments adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment Adjusted Operating Income (Loss) is most reflective of the operational profitability or loss of our reportable segments.

The following tables show segment information and Segment Adjusted Operating Income (Loss) for the Company's reportable segments:

Net Sales by Reportable Segment

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
(in millions)	Customers	Inter-segment	Net	Customers	Inter-segment	Net

Air Management	$ 1,952	$ 22	$ 1,974	$ 3,960	$ 44	$ 4,004
Drivetrain & Battery Systems	1,196	—	1,196	2,353	2	2,355
ePropulsion	455	9	464	885	15	900
Inter-segment eliminations	—	(31)	(31)	—	(61)	(61)
Net sales	$ 3,603	$ —	$ 3,603	$ 7,198	$ —	$ 7,198

	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
(in millions)	Customers	Inter-segment	Net	Customers	Inter-segment	Net
Turbos & Thermal Technologies	$ 1,385	$ 1	$ 1,386	$ 4,472	$ 3	$ 4,475
Drivetrain & Morse Systems	1,362	3	1,365	4,218	8	4,226
PowerDrive Systems	505	7	512	1,390	22	1,412
Battery & Charging Systems	197	—	197	567	—	567
Inter-segment eliminations	—	(11)	(11)	—	(33)	(33)
Net sales	$ 3,449	$ —	$ 3,449	$ 10,647	$ —	$ 10,647

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
(in millions)	Customers	Inter-segment	Net	Customers	Inter-segment	Net
Air Management	$ 2,006	$ 21	$ 2,027	$ 3,966	$ 40	$ 4,006
Drivetrain & Battery Systems	1,117	—	1,117	2,072	1	2,073
ePropulsion	548	18	566	1,016	37	1,053
Inter-segment eliminations	—	(39)	(39)	—	(78)	(78)
Net sales	$ 3,671	$ —	$ 3,671	$ 7,054	$ —	$ 7,054

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
(in millions)	Customers	Inter-segment	Net	Customers	Inter-segment	Net
Turbos & Thermal Technologies	$ 1,473	$ 1	$ 1,474	$ 4,567	$ 3	$ 4,570
Drivetrain & Morse Systems	1,447	2	1,449	4,142	4	4,146
PowerDrive Systems	556	15	571	1,572	52	1,624
Battery & Charging Systems	146	—	146	395	—	395
Inter-segment eliminations	—	(18)	(18)	—	(59)	(59)
Net sales	$ 3,622	$ —	$ 3,622	$ 10,676	$ —	$ 10,676

Total Assets by Reportable Segment

(in millions)	September 30, 2024	December 31, 2023
Turbos & Thermal Technologies	$ 4,007	$ 3,938
Drivetrain & Morse Systems	4,128	4,262
PowerDrive Systems	3,326	3,185
Battery & Charging Systems	1,380	1,335
Total	12,841	12,720
Corporate	2,296	1,733
Consolidated	$ 15,137	$ 14,453

Segment Adjusted Operating Income (Loss)

			Three Months Ended June 30,		Six Months Ended June 30,					
			Three Months Ended September 30,		Nine Months Ended September 30,					
(in millions)	(in millions)	2024	2023		2024	2023	(in millions)	2024	2023	2024	2023
Air Management										
Drivetrain & Battery Systems										
ePropulsion										
Turbos & Thermal Technologies										
Drivetrain & Morse Systems										
PowerDrive Systems										
Battery & Charging Systems										
Segment Adjusted Operating Income										
Corporate, including stock-based compensation										
Restructuring expense (Note 5)										
Intangible asset amortization expense										
Accelerated depreciation										
Commercial contract settlement										
Adjustments associated with Spin-Off related balances										
Accelerated depreciation										
Accelerated depreciation										
Accelerated depreciation										
Merger and acquisition expense										
Gain on sale of businesses										
Service and lease agreement termination										
Collective bargaining agreement ratification bonus										
Loss (gain) on sale of businesses										
Asset impairment and lease modification										
Merger and acquisition expense, net										
Gain on sale of assets										
Other non-comparable items										
Equity in affiliates’ earnings, net of tax										
Unrealized loss on equity and debt securities										
Interest expense, net										
Unrealized and realized (gain) loss on equity and debt securities										
Interest expense (income), net										
Other postretirement expense										
Earnings from continuing operations before income taxes and noncontrolling interest										

NOTE 23 OPERATING CASH FLOWS AND OTHER SUPPLEMENTAL FINANCIAL INFORMATION

		Six Months Ended June 30,				Nine Months Ended September 30,
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
OPERATING ACTIVITIES OF CONTINUING OPERATIONS						
Net earnings						
Net earnings						
Net earnings						
Net (loss) earnings from discontinued operations						
Net loss from discontinued operations						
Net earnings from continuing operations						
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities from continuing operations:	Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities from continuing operations:				Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities from continuing operations:	
Depreciation and tooling amortization						
Intangible asset amortization						
Restructuring expense, net of cash paid						
Stock-based compensation expense						
Gain on sale of businesses						
Gain on sale of businesses						
Gain on sale of businesses						
Deferred income tax benefit						
Unrealized loss on equity and debt securities						
Gain on debt extinguishment						
Loss (gain) on sale of businesses						
Deferred income tax (benefit) expense						
Unrealized and realized loss on equity and debt securities						
Other non-cash adjustments						
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities from continuing operations						
Retirement plan contributions						
Changes in assets and liabilities, excluding effects of acquisitions, divestitures and foreign currency translation adjustments:	Changes in assets and liabilities, excluding effects of acquisitions, divestitures and foreign currency translation adjustments:				Changes in assets and liabilities, excluding effects of acquisitions, divestitures and foreign currency translation adjustments:	
Receivables						
Inventories						
Prepayments and other current assets						
Accounts payable and accrued expenses						
Prepaid taxes and income taxes payable						
Other assets and liabilities						

Net cash provided by operating activities from continuing operations

SUPPLEMENTAL CASH FLOW INFORMATION

SUPPLEMENTAL CASH FLOW INFORMATION

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the period for:

Cash paid during the period for:

Cash paid during the period for:

Interest

Interest

Interest

Income taxes, net of refunds

		Balance as of: Balance as of: Balance as of: June 30, 2024	December 31, 2023	Non-cash investing transactions:	September 30, 2024	December 31, 2023
Non-cash investing transactions:	Non-cash investing transactions:					
Period end accounts payable related to property, plant and equipment purchases						

NOTE 24 DISCONTINUED OPERATIONS

The following table summarizes the financial results from discontinued operations of PHINIA.

(in millions)	(in millions)	Three Months Ended June 30,	Six Months Ended June 30,	(in millions)	Three Months Ended September 30,	Nine Months Ended September 30,			
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Net sales									
Cost of sales									
Gross profit									
Selling, general and administrative expenses									
Selling, general and administrative expenses									
Selling, general and administrative expenses									
Restructuring expense									
Other operating expense, net									
Operating (loss) income									
Equity in affiliates' earnings, net of tax									
Equity in affiliates' earnings, net of tax									
Equity in affiliates' earnings, net of tax									
(Loss) earnings from discontinued operations before income taxes									
(Loss) earnings from discontinued operations before income taxes									

(Loss) earnings from discontinued operations before income taxes
(Benefit) provision for income taxes
(Benefit) provision for income taxes
(Benefit) provision for income taxes
Provision (benefit) for income taxes
Provision (benefit) for income taxes
Provision (benefit) for income taxes
Net (loss) earnings from discontinued operations attributable to PHINIA
Net (loss) earnings from discontinued operations attributable to PHINIA
Net (loss) earnings from discontinued operations attributable to PHINIA
Net loss from discontinued operations attributable to PHINIA
Net loss from discontinued operations attributable to PHINIA
Net loss from discontinued operations attributable to PHINIA

In connection with the Spin-Off, the Company entered into a transition services agreement through which the Company and PHINIA provided certain services to each other following the Spin-Off. These services were related to information technology, human resources, finance, facilities, procurement, sales, intellectual property and engineering. The Company substantially completed the performance under the transition services agreement as of June 30, 2024 during the three months ended September 30, 2024. The combined impact of these services is reported in results of continuing operations in the Condensed Consolidated Financial Statements. During the three and six nine months ended June 30, 2024 September 30, 2024, the Company provided services at a cost of $3 million and $7 million to PHINIA respectively, and PHINIA provided services at a cost of $1 million and $2 million to the Company, respectively. Company.

The Company incurred $14 $4 million and $24 million $28 million of costs relating to the Spin-Off during the three and six nine months ended June 30, 2024 September 30, 2024, respectively. The Company incurred $48 $52 million and $67 $117 million of costs relating to the Spin-Off during the three and six nine months ended June 30, 2023 September 30, 2023, respectively. These costs are reflected within Net (loss) earnings loss from discontinued operations in the Company's Condensed Consolidated Statements of Operations. Spin-Off costs are primarily comprised of professional fees and costs to separate certain operational activities, including costs to separate information technology systems which the Company expects to decrease and ultimately conclude over by the second half end of 2024.

NOTE 25OTHER MATTERS

On September 26, 2024, a hurricane made landfall in North Carolina disrupting operations at the Company's facility in Arden, North Carolina (the "Arden Plant"). The Arden Plant was largely untouched, but the Company believes there is some loss or damage to the Company's assets. While the Company is still assessing the full impact of the damage, the Company expects the loss of assets to be less than $10 million. The Company's insurance policies (less applicable deductibles) are expected to cover the repair or replacement of the Company's assets that incurred loss or damage. In addition, the Company's insurance policies are expected to provide coverage for interruption to its business, including lost profits, and reimbursement for other expenses and costs that have been incurred relating to the damages and losses sustained. The Arden plant resumed limited production in early October 2024; however, has not yet resumed full operations. The Company has not yet determined the full impact to its financial position, results of operations or cash flows, including the timing of those impacts.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

BorgWarner Inc. and Consolidated Subsidiaries (the "Company" or "BorgWarner") is a global product leader in clean and efficient technology solutions for combustion, hybrid and electric vehicles. BorgWarner's products help improve vehicle performance, propulsion efficiency, stability and air quality. The Company manufactures and sells these products worldwide, primarily to original equipment manufacturers ("OEMs") of light vehicles (passenger cars, sport-utility vehicles ("SUVs"), vans and light trucks). The Company's products are also sold to other OEMs of commercial vehicles (medium-duty trucks, heavy-duty trucks and buses) and off-highway vehicles (agricultural and construction machinery and marine applications). The Company also manufactures and sells its products to certain tier one vehicle systems suppliers and into the aftermarket for light, commercial and off-highway vehicles. The Company operates manufacturing facilities serving customers in Europe, the Americas and Asia and is an original equipment supplier to nearly every major automotive OEM in the world.

During the three and six nine months ended June 30, 2024 September 30, 2024, the Company recognized a $3 million and $19 million increase in Net earnings attributable to BorgWarner Inc., respectively, in the Condensed Consolidated Statement of Operations for the correction of misstatements related to certain accruals, of which $12 million related to 2023 (the remainder relates to periods prior to 2023). The Company has evaluated the effect of these out-of-period adjustments for the current reporting period, as well as on the previous interim and annual periods in which they should have been recognized, and concluded that these adjustments are not material to any of the periods affected.

Charging Forward - Electrification Portfolio Strategy

In 2021, the Company announced its strategy to aggressively grow its eProducts over time through organic investments and technology-focused acquisitions. eProducts include all products utilized on or for electric vehicles ("EVs") plus those same products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in or for EVs. The Company believes it is well positioned for the industry's anticipated migration to EVs.

In June 2023, the Company announced the next phase of its *Charging Forward* strategy, which focuses on profitably growing eProducts while maximizing the value of the Company's Foundational products portfolio. Foundational products include all products utilized on internal combustion engines plus those same products and components that are also included in hybrid powertrains. During the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company's eProducts revenue was approximately $1,082 million $1,721 million and $922 million $1,494 million, respectively, or 15% 16% and 13% 14% of its total revenue, respectively.

On July 3, 2023, BorgWarner completed the previously announced spin-off ("Spin-Off") of its Fuel Systems and Aftermarket segments in a transaction intended to qualify as tax free to the Company's stockholders for U.S. federal income tax purposes, which was accomplished by the distribution of 100% of the outstanding common stock of PHINIA, Inc. ("PHINIA") to holders of record of common stock of the Company on a pro-rata basis. Each holder of record of common stock of the Company received one share of PHINIA common stock for every five shares of common stock of the Company held on June 23, 2023, the record date for the distribution. In lieu of fractional shares of PHINIA, stockholders of the Company received cash. PHINIA is an independent public company trading under the symbol "PHIN" on the New York Stock Exchange.

The historical results of operations of PHINIA for periods prior to the Spin-Off are presented as discontinued operations in the accompanying Condensed Consolidated Financial Statements.

Lawsuit Against PHINIA

On September 19, 2024, the Company commenced a lawsuit against PHINIA, seeking to recover from PHINIA approximately $120 million of value added tax ("VAT") refunds that PHINIA has received or expects to receive from governmental agencies as well as damages and interest, which PHINIA has refused to pay to the Company. These refunds consist of VAT paid by the Company in periods prior to or directly related to the Spin-Off through which the Company established PHINIA as an independent company. Prior to the initiation of the lawsuit, PHINIA had paid certain VAT refund amounts to the Company. The Company asserts PHINIA's obligation to pay the Company these VAT refunds and related amounts is plainly set forth in a binding tax matters agreement between the Company and PHINIA, which the parties agreed to prior to the Spin-Off. As of September 30, 2024, the Company had an asset related to these VAT refunds of approximately $120 million, which is included in Receivables, net in the Condensed Consolidated Balance Sheet. Because the Company was unable to predict the timing of collection of these VAT refunds from the applicable governmental agencies, the Company has not included these amounts in its 2024 free cash flow guidance.

North Carolina Facility Hurricane

On September 26, 2024, a hurricane made landfall in North Carolina disrupting operations at the Company's facility in Arden, North Carolina (the "Arden Plant"). The Arden Plant was largely untouched, but the Company believes there is some loss or damage to the Company's assets. While the Company is still assessing the full impact of the damage, the Company expects the loss of assets to be less than $10 million. The Company's insurance policies (less applicable deductibles) are expected to cover the repair or replacement of the Company's assets that incurred loss or damage. In addition, the Company's insurance policies are expected to provide coverage for interruption to its business, including lost profits, and reimbursement for other expenses and costs that have been incurred relating to the damages and losses sustained. The Arden plant resumed limited production in early October 2024; however, has not yet resumed full operations. The Company has not yet determined the full impact to its financial position, results of operations, or cash flows, including the timing of those impacts.

Acquisitions

Eldor Corporation's Electric Hybrid Systems Business

On December 1, 2023, the Company completed its acquisition of the electric hybrid systems business segment of Eldor Corporation ("Eldor"), which is headquartered in Italy. The Company expects the acquisition to complement its existing ePropulsion PowerDrive Systems product portfolio by enhancing the Company's engineering capabilities in power electronics. The Company paid €72 million ($78 million) at closing and

is obligated to remit up to €175 million ($191 million) of earn-out payments that could be paid over the two years following closing.

Hubei Surpass Sun Electric Charging Business

On March 1, 2023, the Company completed its acquisition of the electric vehicle solution, smart grid and smart energy businesses of Hubei Surpass Sun Electric, pursuant to an Equity Transfer Agreement. The acquisition is expected to complement the Company's existing European and North American charging footprint by adding a presence in China. The total consideration was ¥288 million ($42 million), including ¥268 million ($39 million) of base purchase price and ¥20 million ($3 million) of estimated earn-out payments. The Company paid ¥217 million ($31 million) of the base purchase price in the year ended December 31, 2023. The remaining ¥51 Company paid ¥25 million ($84 million) during the nine months ended September 30, 2024. The remaining ¥26 million ($4 million) of base purchase price is payable in two installments with the last payment due before September 30, 2025 October 31, 2025. In addition, pursuant to the agreement, the Company could be obligated to remit up to ¥103 million ($15 million), in the form of contingent payments over approximately two years following the closing.

Drivetek AG

On December 1, 2022, the Company acquired Drivetek AG, an engineering and product development company located in Switzerland. This acquisition is expected to strengthen the Company's power electronics capabilities in auxiliary inverters to accelerate the growth of the High Voltage eFan business. The Company paid ₣27 million ($29 million) of base purchase price at closing, and up to ₣10 million ($10 million) could be paid in the form of contingent earn-out payments over three years following the closing.

Rhombus Energy Solutions

On July 29, 2022, the Company acquired Rhombus Energy Solutions, a provider of charging solutions in the North American market. The acquisition is expected to complement the Company's existing European charging footprint to accelerate organic growth and adds North American regional presence to its charging business. The Company paid $131 million at closing, and up to $30 million could be paid in the form of contingent earn-out payments over three years following the closing. The Company's current estimates indicate that the minimum thresholds for these earn-out targets will not be achieved; thus, no amount for the earn-out payments has been included in the purchase consideration.

Santroll Automotive Components

On March 31, 2022, the Company acquired Santroll Automotive Components, a carve-out of Santroll Electric Auto's eMotor business. The acquisition is expected to strengthen the Company's vertical integration, scale and portfolio breadth in light vehicle eMotors while allowing for increased speed to market. The total final consideration was $192 million, including approximately ¥1.0 billion ($152 million) of base purchase price and ¥0.25 billion ($40 million) of originally estimated earn-out payments. The Company paid approximately ¥1.0 billion ($157 million) of base purchase price in the year ended December 31, 2022 and no longer expects to recapture a previously anticipated $5 million of post-closing adjustments, which was recorded in Other operating expense, net during the three months ended March 31, 2023. Pursuant to the Equity Transfer Agreement for the acquisition, the obligation of the Company to remit up to ¥0.3 billion (approximately $47 million) of earn-out payments was contingent upon achievement of certain sales volume targets and certain estimated future volume targets associated with newly awarded business. During the second quarter of 2023, the Company paid approximately ¥0.2 billion ($24 million) to settle the remaining earn-out liability and related adjustments.

Refer to Note 3, "Acquisitions," to the Condensed Consolidated Financial Statements in Item 1 of this report for more information.

Key Trends and Economic Factors

Economic Conditions. The Company's financial performance depends on conditions in the global automotive industry. Automotive and truck production and sales are cyclical and sensitive to general economic conditions and other factors, including interest rates, consumer credit, and consumer spending and preferences. Economic declines that result in significant reduction in automotive or truck production would have an adverse effect on our sales. The weighted average market production, as estimated by the Company for the nine months ended September 30, 2024, was down approximately 2% from the nine months ended September 30, 2023. Weighted average market production reflects light and commercial vehicle production as reported by S&P Global, weighted for the Company's geographic exposure, as estimated by the Company.

Commodities and Other Inflationary Impacts. Prices for commodities have started showing a lower level of volatility in comparison to what the Company had experienced from the beginning of 2021. At the same time, many economies, including the United States, are still experiencing elevated levels of inflation, which continues to put pressure on other input costs (e.g. labor, energy, other materials). As These pressures have softened in 2024, and as a result, the Company expects a trend of slight increasing decreasing or flat costs.

Outlook

The Company expects global market production to decrease modestly year-over-year in 2024. However, the Company expects net new business-related sales growth, due to the increased penetration of BorgWarner products, including eProducts, to drive a modest allow the Company's year-over-year change in net sales increase despite to outperform the decreased market production. production decline. As a result, the Company expects increased revenue net sales to be flat to modestly decline in 2024, excluding the impact of foreign currencies. The Company expects the its full year earnings benefit of this revenue growth to be partially offset improve year over year driven by the increased investments made in Research BorgWarner's technology-focused portfolio and Development ("R&D"). strong cost controls.

The Company maintains a positive long-term outlook for its global business and is committed to new product development and strategic investments to enhance its product leadership strategy. There are several trends that are driving the Company's long-term growth that management expects to continue, including adoption of product offerings for electrified vehicles and increasingly stringent global emissions standards that the Company believes support demand for the Company's products that drive vehicle efficiency.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2024 September 30, 2024 vs. Three Months Ended June 30, 2023 September 30, 2023

The following table presents a summary of our operating results:

(in millions, except per share data)	(in millions, except per share data)	Three Months Ended June 30, 2024	% of net sales	2023	% of net sales	(in millions, except per share data)	Three Months Ended September 30, 2024	% of net sales	2023	% of net sales
Net sales	Net sales					Net sales				
Air Management		$1,974	54.8 %	$2,027	55.2 %					
Drivetrain & Battery Systems										
ePropulsion										
Turbos & Thermal Technologies		$1,386	40.2 %	$1,474	40.7 %					
Drivetrain & Morse Systems										
PowerDrive Systems										
Battery & Charging Systems										
Inter-segment eliminations										
Total net sales										
Cost of sales										
Gross profit										
Selling, general and administrative expenses - R&D, net										
Selling, general and administrative expenses - Other										
Restructuring expense										
Other operating expense, net										
Other operating expense (income), net										
Operating income										
Equity in affiliates' earnings, net of tax										
Unrealized loss on equity and debt securities										
Interest expense, net										
Unrealized (gain) loss on equity and debt securities										
Interest expense (income), net										
Other postretirement expense										
Earnings from continuing operations before income taxes and noncontrolling interest										
(Benefit) provision for income taxes										
Provision for income taxes										
Net earnings from continuing operations										
Net loss from discontinued operations										
Net earnings										
Net earnings from continuing operations attributable to noncontrolling interest										
Net earnings attributable to BorgWarner Inc.										
Net earnings attributable to BorgWarner Inc.										
Net earnings attributable to BorgWarner Inc.		$ 303	8.4 8.4 %	$ 204	5.6 5.6 %		$ 234	6.8 6.8 %	$ 50	1.4 1.4 %
Earnings per share from continuing operations — diluted										

Net sales

Net sales for the three months ended June 30, 2024 September 30, 2024 totaled $3,603 million $3,449 million, a decrease of $68 million $173 million, or 2% 5%, compared to the three months ended June 30, 2023 September 30, 2023. The change in net sales for the three months ended June 30, 2024 September 30, 2024 was primarily driven by the following:

- Fluctuations in foreign currencies resulted in a year-over-year decrease in sales of approximately $62 million primarily due to the weakening of the Chinese Renminbi, Euro and Korean Won, in each case relative to the U.S. Dollar.
- Lower volume, mix and net new business decreased sales approximately $12 million $147 million. This decrease was primarily driven by a decline in market production. The weighted average market production as estimated by the Company was down approximately 2% 6% from the three months ended June 30, 2023 September 30, 2023. Weighted average market production reflects light and commercial vehicle production as reported by IHS S&P Global, weighted for the Company's geographic exposure, as estimated by the Company.
- A reduction of $39 million related to the Company's normal contractual customer commodity pass-through arrangements.

- Acquisitions contributed $6 million $9 million in additional sales during the three months ended June 30, 2024 September 30, 2024.
- Fluctuations in foreign currencies resulted in a year-over-year increase in sales of approximately $4 million primarily due to the strengthening of the Euro, Chinese Renminbi, and weakening of the Korean Won and Brazilian Real, in each case relative to the U.S. Dollar.

Cost of sales and gross profit

Cost of sales and cost of sales as a percentage of net sales were $2,918 million $2,813 million and 81.0% 81.6%, respectively, during the three months ended June 30, 2024 September 30, 2024, compared to $2,991 million $2,970 million and 81.5% 82.0%, respectively, during the three months ended June 30, 2023 September 30, 2023. The change in cost of sales for the three months ended June 30, 2024 September 30, 2024 was primarily driven by the following:

- Fluctuations in foreign currencies resulted in a year-over-year decrease in cost of sales of approximately $48 million primarily due to the weakening of the Chinese Renminbi, Korean Won, and Euro, in each case relative to the U.S. Dollar.
- Lower sales volume, mix and net new business and purchasing savings decreased cost of sales by approximately $8 million $135 million.
- Fluctuations in foreign currencies resulted in a year-over-year increase in cost of sales of approximately $4 million primarily due to the strengthening of the Euro, Chinese Renminbi, and weakening of the Korean Won and Brazilian Real, in each case relative to the U.S. Dollar.

Gross profit and gross margin were $685 million $636 million and 19.0% 18.4%, respectively, during the three months ended June 30, 2024 September 30, 2024, compared to $680 million $652 million and 18.5% 18.0%, respectively, during the three months ended June 30, 2023 September 30, 2023. The increase in gross margin was primarily due to the factors discussed above.

Selling, general and administrative expenses ("SG&A")

SG&A for the three months ended June 30, 2024 September 30, 2024 was $341 million $340 million as compared to $334 million $330 million for the three months ended June 30, 2023 September 30, 2023. SG&A as a percentage of net sales was 9.5% 9.9% and 9.1% for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively.

The change in SG&A was primarily attributable to:

- Increased employee-related and other administrative costs of $11 million, primarily related to incentive compensation.
- Research and Development ("R&D") costs that increased decreased by $6 million $2 million. R&D costs, net of customer reimbursements, were 5.2% 5.5% of net sales for the three months ended June 30, 2024 September 30, 2024, compared to 5.0% 5.3% of net sales for the three months ended June 30, 2023 September 30, 2023. The increase in R&D costs, net of customer reimbursements, was primarily due to increasing net investment related to the Company's eProduct portfolio.

Restructuring expense was $25 million $21 million and $9 million $56 million for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, primarily related to employee termination benefits. Refer to Note 5, "Restructuring," to the Condensed Consolidated Financial Statements in Item 1 of this report for more information.

In 2023, the Company announced a $130 million to $150 million restructuring plan to address structural costs primarily in its Foundational products businesses. During the three and six months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded $15 $18 million and $9 $56 million, respectively, of restructuring costs related to this plan. The resulting gross savings related to this plan are expected to be in the range of at least $80 million to $90 million annually by 2027 and are being utilized to sustain overall operating margin profile and cost competitiveness. Nearly all of the restructuring charges are expected to be cash expenditures, funded by cash on hand.

In June 2024, the Company announced a $75 million restructuring plan to address the cost structure in its ePropulsion PowerDrive Systems segment due to increased market volatility. volatility, which could include realignment of the segment's manufacturing footprint. During the three months ended June 30, 2024 September 30, 2024, the Company recorded $10 $3 million of restructuring charges related to this plan. The resulting annual cost savings related to this plan is are expected to be approximately $100 million by 2026.

Nearly all of the restructuring charges are expected to be cash expenditures, funded by cash on hand.

Other operating expense (income), net was $22 million expense of $5 million and $4 million income of $6 million for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively. The change in Other operating expense (income), net was primarily due to:

- A loss During the three months ended September 30, 2024, the Company recorded a charge of approximately $15 million $6 million related to the settlement estimated loss on an immaterial business that met held for sale accounting criteria.
- During the three months ended September 30, 2024, the Company recorded $4 million of expense for bonuses related to the ratification of a commercial contract assumed collective bargaining agreement at a facility in its New York.
- A gain related to merger and acquisition activity of the electric hybrid systems business segment of Eldor $5 million, during the three months ended June 30, 2024 September 30, 2024, primarily due to a $6 million revision of the Company's expected earn-out related to the Drivetek acquisition..

- Expense A gain of approximately $11 million primarily for adjustments to net amounts owed to the Company related to the tax matters agreement between the Company and PHINIA $7 million, during the three months ended June 30, 2024.
- Merger and acquisition expense of $8 million primarily September 30, 2023, related to professional fees associated with specific acquisition initiatives during the three months ended June 30, 2023. sale of a European manufacturing facility.

Other operating expense (income), net is primarily comprised of items included within the subtitle "Non-comparable items impacting the Company's earnings per diluted share and net earnings" below.

Equity in affiliates' earnings, net of tax was $12 million $6 million and $10 million for both the three months ended June 30, 2024 September 30, 2024 and 2023, respectively. This line item is driven by the results of the Company's unconsolidated joint ventures.

Unrealized (gain) loss on equity and debt securities was $54 million a gain of $2 million and a loss of $60 million for the three months ended June 30, 2023. September 30, 2024 and 2023, respectively. This line item reflects the net unrealized gains or losses recognized due to valuing the Company's investments at fair value. For the three months ended June 30, 2023, this primarily related to losses recognized to adjust the Company's investment in Wolfspeed Inc. ("Wolfspeed") convertible debt securities to fair value. The Company sold its Wolfspeed convertible debt securities during the third and fourth quarters of 2023.

Interest expense (income), net was $8 million an expense of $4 million and $12 million income of $19 million for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively. This decrease Included in net interest expense for the three months ended September 30, 2024 and 2023 was a gain on extinguishment of $3 million and $28 million, respectively. The gains on debt extinguishment are primarily due to the reduction in interest following a debt partial extinguishment completed in September 2023 of the Company's 3.375% and higher interest rates on cash 5.000% senior notes during the three months ended September 30, 2024 and cash equivalents balances. 2023.

(Benefit) provision Provision for income taxes was a benefit of $31 million $13 million for the three months ended June 30, 2024 September 30, 2024, resulting in an effective rate of (10)% 5%. This compared to a provision of $30 million $133 million, or an effective rate of 11% 56%, for the three months ended June 30, 2023 September 30, 2023. During the three months ended June 30, 2024 September 30, 2024, the Company recorded a discrete tax benefit of $89 approximately $18 million related to a reduction in certain unrecognized tax benefits and accrued interest for matters where the statute of limitations lapsed. In addition, the Company recorded lapsed, a discrete tax benefit expense of $4 million related to net changes to valuation allowances. allowances, a discrete tax benefit of approximately $36 million related to post Spin-Off restructuring and a discrete tax benefit of approximately $1 million related to various changes in filing positions for prior years. During the three months ended June 30, 2023 September 30, 2023, the Company recorded a discrete tax benefit of approximately $29 $31 million related to various changes in filing positions for prior years, a discrete tax benefit of approximately $12 million in relation to the Spin-Off and a $10 million discrete tax benefit relating expense of approximately $87 million for changes in judgment related to the realization of deferred tax assets, primarily due to the impact of the Spin-Off on the allocation of the Company's profits across jurisdictions for tax purposes as well as various immaterial tax adjustments. structuring actions and strategies.

Six Nine Months Ended June 30, 2024 September 30, 2024 vs. Six Nine Months Ended June 30, 2023 September 30, 2023

The following table presents a summary of our operating results:

		Six Months Ended June 30,					Nine Months Ended September 30,				
(in millions, except per share data)	(in millions, except per share data)	2024		2023		(in millions, except per share data)	2024			2023	
Net sales	Net sales		% of net sales					% of net sales	Net sales		% of net sales	% of net sales
Air Management		$4,004	55.6 %	$4,006	56.8 %						
Drivetrain & Battery Systems											
ePropulsion											
Turbos & Thermal Technologies		$4,475	42.0 %	$4,570	42.8 %						
Drivetrain & Morse Systems											
PowerDrive Systems											
Battery & Charging Systems											
Inter-segment eliminations											
Total net sales											
Cost of sales											
Gross profit											
Selling, general and administrative expenses - R&D, net											
Selling, general and administrative expenses - Other											
Restructuring expense											

Other operating expense, net																				
Other operating expense (income), net																				
Operating income																				
Equity in affiliates' earnings, net of tax																				
Unrealized loss on equity and debt securities																				
Unrealized and realized loss on equity and debt securities																				
Interest expense, net																				
Other postretirement expense																				
Earnings from continuing operations before income taxes and noncontrolling interest																				
Provision for income taxes																				
Net earnings from continuing operations																				
Net (loss) earnings from discontinued operations																				
Net loss from discontinued operations																				
Net earnings																				
Net earnings from continuing operations attributable to noncontrolling interest																				
Net earnings attributable to BorgWarner Inc.	Net earnings attributable to BorgWarner Inc.	$	509	7.1	7.1	%	$	421	6.0	6.0	%	Net earnings attributable to BorgWarner Inc.	$	743	7.0	7.0	%	$	471	4.4	4.4 %
Earnings per share from continuing operations — diluted																				

Net sales

Net sales for the six nine months ended June 30, 2024 September 30, 2024 totaled $7,198 million $10,647 million, an increase a decrease of $144 million, or 2% $29 million, compared to the six nine months ended June 30, 2023 September 30, 2023. The change in net sales for the six nine months ended June 30, 2024 September 30, 2024 was primarily driven by the following:

- Favorable volume, mix and net new business increased sales approximately $221 million, or 3% $134 million. This increase was primarily driven by growth despite flat market production, which the Company believes reflects higher demand for its products. The weighted average market production as estimated by the Company, was flat down approximately 2%from the six nine months ended June 30, 2023 September 30, 2023. Weighted average market production reflects light and commercial vehicle production as reported by IHS S&P Global, weighted for the Company's geographic exposure, as estimated by the Company.

REFINITIV

- Acquisitions contributed $26 million in additional sales during the nine months ended September 30, 2024.
- A reduction of $99 million related to the Company's normal contractual customer commodity pass-through arrangements.
- Fluctuations in foreign currencies resulted in a year-over-year decrease in sales of approximately $94 million $90 million primarily due to the weakening of the Chinese Renminbi and Korean Won, in each case relative to the U.S. Dollar.

- Acquisitions contributed $17 million in additional sales during the six months ended June 30, 2024.

Cost of sales and gross profit
Cost of sales and cost of sales as a percentage of net sales were $5,869 million $8,682 million and 81.5%, respectively, during the six nine months ended June 30, 2024 September 30, 2024, compared to $5,797 million $8,767 million and 82.2% 82.1%, respectively, during the six nine months ended June 30, 2023 September 30, 2023. The change in cost of sales for the six nine months ended June 30, 2024 September 30, 2024 was primarily driven by the following:

- Higher sales volume, mix and net new business and purchasing savings increased cost of sales by approximately $123 million.
- Fluctuations in foreign currencies resulted in a year-over-year decrease in cost of sales of approximately $71 million $67 million primarily due to the weakening of the Chinese Renminbi and Korean Won, in each case relative to the U.S. Dollar.
- Lower sales volume, mix and net new business and purchasing savings decreased cost of sales by approximately $12 million.

Gross profit and gross margin were $1,329 million $1,965 million and 18.5%, respectively, during the six nine months ended June 30, 2024 September 30, 2024, compared to $1,257 million $1,909 million and 17.8% 17.9%, respectively, during the six nine months ended June 30, 2023 September 30, 2023. The increase in gross margin was primarily due to the factors discussed above.

Selling, general and administrative expenses ("SG&A")
SG&A for the six nine months ended June 30, 2024 September 30, 2024 was $670 million $1,010 million as compared to $633 million $963 million for the six nine months ended June 30, 2023 September 30, 2023. SG&A as a percentage of net sales was 9.3% 9.5% and 9.0% for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

The change in SG&A was primarily attributable to:

- Research and Development ("R&D") costs that increased by $27 million $25 million. R&D costs, net of customer reimbursements, were 5.2% 5.3% of net sales for the six nine months ended June 30, 2024 September 30, 2024, compared to 4.9% 5.1% of net sales for the six nine months ended June 30, 2023 September 30, 2023. The increase in R&D costs, net of customer reimbursements, was primarily due to increasing net investment related to the Company's eProduct portfolio.
- Increased employee-related costs of $23 million, primarily related to incentive compensation.

Restructuring expense was $44 million $65 million and $12 million $68 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively, primarily related to employee termination benefits. Refer to Note 5, "Restructuring," to the Condensed Consolidated Financial Statements in Item 1 of this report for more information.

In 2023, the Company announced a $130 million to $150 million restructuring plan to address structural costs primarily in its Foundational products businesses. During the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded $34 $52 million and $12 $68 million, respectively, of restructuring costs related to this plan.

In June 2024, the Company announced a $75 million restructuring plan to address the cost structure in its ePropulsion segment due to increased market volatility. PowerDrive Systems segment. During the six nine months ended June 30, 2024 September 30, 2024, the Company recorded $10 $13 million of restructuring charges related to this plan.

Other operating expense (income), net was $23 million an expense of $28 million and $5 million income of $1 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. The change in Other operating expense (income), net was primarily due to:

- A loss of approximately $15 million related to the settlement of a commercial contract assumed in its acquisition of the electric hybrid systems business segment of Eldor during the six nine months ended June 30, 2024 September 30, 2024.
- Expense of approximately $11 million $14 million primarily for Spin-Off adjustments to net amounts owed to the Company related to the tax matters agreement related to the Spin-Off during the six nine months ended June 30, 2024 September 30, 2024.

- Merger and acquisition expense, of $5 million and $16 million, net was less than $1 million during the nine months ended September 30, 2024, primarily related to professional fees associated with specific acquisition initiatives offset by a gain of $6 million related to the revision of its expected earn-out related to the Drivetek acquisition. Merger acquisition expense, net was $18 million during the six nine months ended June 30, 2024 and 2023, respectively. September 30, 2023, primarily related to professional fees associated with specific acquisition initiatives.
- Gains During the three months ended September 30, 2024, the Company recorded $4 million of expense for bonuses related to the ratification of a collective bargaining agreement at a facility in New York.
- During the nine months ended September 30, 2024, the Company recorded a charge of $3 million, primarily related to the recognition of a $6 million estimated loss on an immaterial business that met held for sale accounting criteria.
- During the nine months ended September 30, 2023, the Company recorded a gain on the sale of business businesses of $3 million and $5 million were recorded during the six months ended June 30, 2024 and 2023, respectively, that related to the recognition of earn-outs on prior dispositions.
- A gain of $6 million $13 million related to the sale of certain fixed assets during the six nine months ended June 30, 2023 September 30, 2023.

Other operating expense (income), net is primarily comprised of items included within the subtitle "Non-comparable items impacting the Company's earnings per diluted share and net earnings" below.

Equity in affiliates' earnings, net of tax was $17 million and $13 million $23 million for both the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. 2023. This line item is driven by the results of the Company's unconsolidated joint ventures.

Unrealized and realized loss on equity and debt securities was $2 million and $69 million $129 million for the six nine months ended June 30, 2024 and 2023, respectively. September 30, 2023. This line item reflects the net unrealized gains or losses recognized due to valuing the Company's investments at fair value. For the six nine months ended June 30, 2023 September 30, 2023, this primarily related to losses recognized to adjust the Company's investment in Wolfspeed convertible debt securities to fair value. The Company sold its Wolfspeed convertible debt securities during the third and fourth quarters of 2023.

Interest expense, net was $13 million $17 million and $22 million $3 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. This decrease increase in net interest expense was primarily due to the reduction in interest following a $28 million gain on debt extinguishment completed recognized in September 2023 and 2023. Excluding the gain on debt extinguishment, net interest expense has decreased year-over-year primarily due to higher interest rates on cash and cash equivalents balances and interest received on those balances.

Provision for income taxes was $31 million $44 million for the six nine months ended June 30, 2024 September 30, 2024, resulting in an effective rate of 5%. This compared to $97 $230 million, or an effective rate of 19% 30%, for the six nine months ended June 30, 2023 September 30, 2023. During the six nine months ended June 30, 2024 September 30, 2024, the Company recorded a discrete tax benefit of $89 approximately $107 million related to a reduction reductions in certain unrecognized tax benefits and accrued interest for matters where the statute of limitations lapsed. In addition, the Company recorded lapsed, a discrete tax benefit of approximately $36 million related to post Spin-Off restructuring and a discrete tax benefit of

approximately $4 million related to net various changes to valuation allowances. in filing positions for prior years. During the six nine months ended June 30, 2023 September 30, 2023, a the Company recorded a discrete tax benefit of approximately $29 $41 million in relation to the Spin-Off, a discrete tax benefit of approximately $39 million related to various changes in filing positions for prior years, a discrete tax benefit of approximately

$14 million was recorded related to the resolution of tax audits, a $10 million discrete tax expense of approximately $9 million for the impact of enacted tax law changes and a discrete tax benefit expense of $9 approximately $85 million for changes in judgment related to the realization of deferred tax assets, primarily due to the impact of the Spin-Off on the allocation of the Company's profits across jurisdictions for tax purposes as well as various immaterial tax adjustments.

structuring actions and strategies.

Non-comparable items impacting the Company's earnings per diluted share

The Company's earnings per diluted share were $1.39 $1.08 and $0.97 $0.37 for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively and $2.32 $3.40 and $1.69 $2.06 for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. The non-comparable items presented below are calculated after tax using the corresponding effective tax rate discrete to each item and the weighted average number of diluted shares for each of the periods then ended. The Company believes the following table is useful in highlighting non-comparable items that impacted its earnings per diluted share:

		Three Months Ended June 30,		Six Months Ended June 30,						
		Three Months Ended September 30,		Nine Months Ended September 30,						
Non-comparable items:	**Non-comparable items:**	2024	2023	2024	2023	**Non-comparable items:**	2024	2023	2024	2023
Restructuring expense										
Accelerated depreciation										
Commercial contract settlement										
Adjustments associated with Spin-Off related balances										
Accelerated depreciation										
Merger and acquisition expense										
Gain on sale of businesses										
Service and lease agreement termination										
(Loss) gain on sale of businesses										
Collective bargaining agreement ratification bonus										
Merger and acquisition expense, net										
Gain on debt extinguishment										
Asset impairment and lease modification										
Gain on sale of assets										
Unrealized loss on equity and debt securities										
Unrealized and realized gain (loss) on equity and debt securities										
Tax adjustments										
Other non-comparable items										
Total impact of non-comparable items per share - diluted										

Results by Reportable Segment

The Company's business is aggregated into three Company discloses segment information under four reportable segments: Air Management, Drivetrain & Battery Systems, and ePropulsion. segments, consistent with the way operating results are evaluated by management. These segments are strategic business groups that are managed separately as each represents a specific grouping of related automotive components and systems. In prior quarters, the Company presented its results under three reportable segments: Air Management, Drivetrain & Battery Systems and ePropulsion.

In the second quarter of 2024, Effective July 1, 2024, the Company announced implemented a new business unit and management structure designed to further enhance the execution of the Company's *Charging Forward* strategy effective July 1, 2024. As of June 30, 2024, management continued to assess strategy. The Company now reports its results in the performance of reportable segments using the structure that was in place at December 31, 2023. Beginning with the third quarter of 2024, the Company will assess performance using the new structure and expects to report its financial results in following four reportable segments: Turbos & Thermal Technologies, Drivetrain & Morse Systems, PowerDrive Systems and Battery & Charging Systems.

The reportable segment disclosures have been updated accordingly, which included recasting prior period information for the new reporting structure.

Segment Adjusted Operating Income (Loss) is the measure of segment income or loss used by the Company. Segment Adjusted Operating Income (Loss) is comprised of operating income for the Company's reportable segments adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment Adjusted Operating Income (Loss) is most reflective of the operational profitability or loss of our reportable segments.

The following tables present net sales and Segment Adjusted Operating Income (Loss) for the Company's reportable segments:

Three Months Ended June 30, 2024 September 30, 2024 vs. Three Months Ended June 30, 2023 September 30, 2023

	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
(in millions)	Net sales	Segment Adjusted Operating Income (Loss)	% margin	Net sales	Segment Adjusted Operating Income (Loss)	% margin
Air Management	$ 1,974	$ 304	15.4 %	$ 2,027	$ 305	15.0 %
Drivetrain & Battery Systems	1,196	176	14.7 %	1,117	142	12.7 %
ePropulsion	464	(49)	(10.6)%	566	(19)	(3.4)%
Inter-segment eliminations	(31)	—		(39)	—	
Totals	$ 3,603	$ 431		$ 3,671	$ 428	

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
(in millions)	Net sales	Segment Adjusted Operating Income (Loss)	% margin	Net sales	Segment Adjusted Operating Income (Loss)	% margin
Turbos & Thermal Technologies	$ 1,386	$ 202	14.6 %	$ 1,474	$ 214	14.5 %
Drivetrain & Morse Systems	1,365	251	18.4 %	1,449	253	17.5 %
PowerDrive Systems	512	(19)	(3.7)%	571	(20)	(3.5)%
Battery & Charging Systems	197	(8)	(4.1)%	146	(26)	(17.8)%
Inter-segment eliminations	(11)	—		(18)	—	
Totals for reportable segments	$ 3,449	$ 426		$ 3,622	$ 421	

The **Air Management Turbos & Thermal Technologies** segment's net sales decreased $53 million $88 million, or 3% 6%, and Segment Adjusted Operating Income decreased $12 million from the three months ended September 30, 2023. The decrease in net sales was primarily due to approximately $77 million of a reduction in volume, mix, and net new business driven by a decline in market production. Additionally, normal contractual customer commodity pass-through arrangements decreased net sales by $10 million. Segment Adjusted Operating Margin was 14.6% for the three months ended September 30, 2024, compared to 14.5% during the three months ended September 30, 2023. The Segment Adjusted Operating Income decreased primarily due to lower sales, partially offset by purchasing savings and manufacturing efficiencies.

The **Drivetrain & Morse Systems** segment’s net sales decreased $84 million, or 6%, and Segment Adjusted Operating Income decreased $2 million from the three months ended September 30, 2023. Foreign currencies resulted in a year-over-year increase in net sales of approximately $2 million primarily due to the strengthening of the Chinese Renminbi and Euro and weakening of the Korean Won, in each case relative to the U.S. Dollar. The decrease excluding the impact of foreign currencies was primarily due to approximately $80 million of volume, mix and net new business driven by a decline in market production. Additionally, normal contractual customer commodity pass-through arrangements decreased net sales by $6 million. Segment Adjusted Operating Margin was 18.4% for the three months ended September 30, 2024, compared to 17.5% during the three months ended September 30, 2023. The Segment Adjusted Operating Income was flat primarily due to lower sales partially offset by purchasing savings, manufacturing efficiencies and restructuring.

The **PowerDrive Systems** segment’s net sales decreased $59 million, or 10%, and Segment Adjusted Operating Loss decreased $1 million from the three months ended June 30, 2023 September 30, 2023. Foreign currencies resulted in a year-over-year increase in net sales of approximately $2 million primarily due to the strengthening of the Chinese Renminbi and Euro and weakening of the Korean Won, in each case relative to the U.S. Dollar. Acquisitions contributed $9 million in additional sales during the three months ended September 30, 2024. The decrease excluding these items was primarily due to approximately $94 million of a reduction in volume, mix and net new business driven by decreased demand for the Company’s light vehicle Foundational products, which was partially offset by $24 millionof customer

recoveries related to the volume decrease. Segment Adjusted Operating Margin was (3.7)% for the three months ended September 30, 2024, compared to (3.5)% during the three months ended September 30, 2023. The Segment Adjusted Operating Loss was flat primarily due to lower sales offset by purchasing savings, customer volume related recoveries and restructuring.

The **Battery & Charging Systems** segment’s net sales increased $51 million, or 35%, and Segment Adjusted Operating Loss decreased $18 million from the three months ended September 30, 2023. The increase in net sales was primarily due to approximately $59 million of volume, mix and net new business driven by increased European demand. Additionally, normal contractual customer commodity pass-through arrangements decreased net sales by $23 million, which was partially offset by other pricing increases of $14 million. Segment Adjusted Operating Margin was (4.1)% for the three months ended September 30, 2024, compared to (17.8)% during the three months ended September 30, 2023. The Segment Adjusted Operating Loss decreased primarily due to conversion on higher sales.

Nine Months Ended September 30, 2024 vs. Nine Months Ended September 30, 2023

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
(in millions)	Net sales	Segment Adjusted Operating Income (Loss)	% margin	Net sales	Segment Adjusted Operating Income (Loss)	% margin
Turbos & Thermal Technologies	$ 4,475	$ 654	14.6 %	$ 4,570	$ 660	14.4 %
Drivetrain & Morse Systems	4,226	770	18.2 %	4,146	700	16.9 %
PowerDrive Systems	1,412	(130)	(9.2)%	1,624	(74)	(4.6)%
Battery & Charging Systems	567	(33)	(5.8)%	395	(76)	(19.2)%
Inter-segment eliminations	(33)	—		(59)	—	
Totals for reportable segments	$ 10,647	$ 1,261		$ 10,676	$ 1,210	

The **Turbos & Thermal Technologies** segment’s net sales decreased $95 million, or 2% and Segment Adjusted Operating Income decreased $6 million from the nine months ended September 30, 2023. Foreign currencies resulted in a year-over-year decrease in net sales of approximately $33 million $21 million primarily due to the weakening of the Euro, Chinese Renminbi and Korean Won, in each case relative to the U.S. Dollar. The decrease excluding the impact of foreign currencies was primarily due to approximately $20 million $40 million of a reduction in volume, mix and net new business driven by lower non-contractual commercial negotiations and a decline in market production. Additionally, normal contractual customer commodity pass-through arrangements with the Company’s customers. decreased net sales by $34 million. Segment Adjusted Operating Margin was 15.4% 14.6% for the three nine months ended June 30, 2024 September 30, 2024, compared to 15.0% 14.4% during the three nine months ended June 30, 2023 September 30, 2023. The Segment Adjusted Operating Income remained flat decreased primarily due to lower customer recoveries, sales, partially offset by savings related to purchasing and restructuring.

The **Drivetrain & Battery Morse Systems** segment's net sales increased $79 million $80 million, or 7% 2%, and Segment Adjusted Operating Income increased $34 million $70 million from the three nine months ended June 30, 2023 September 30, 2023. Foreign currencies resulted in a year-over-year decrease in net sales of approximately $20 million primarily due to the weakening of the Chinese Renminbi, Korean Won and Euro, in each case relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately $99 million of volume, mix and net new business driven by increased demand for battery system products in Europe and North America and drivetrain system products in Asia. Segment Adjusted Operating Margin was 14.7% for the three months ended June 30, 2024, compared to 12.7% during the three months ended June 30, 2023. The Segment Adjusted Operating Income increase was primarily due to conversion on higher sales and purchasing savings.

The **ePropulsion** segment's net sales decreased $102 million, or 18%, and Segment Adjusted Operating Loss increased $30 million from the three months ended June 30, 2023. Foreign currencies resulted in a year-over-year decrease in sales of approximately $9 million primarily due to the weakening of the Chinese Renminbi relative to the U.S. Dollar. Acquisitions contributed $6 million in additional sales during the three months ended June 30, 2024. The decrease excluding these items was primarily due to approximately $99 million of a reduction in volume, mix and net new business driven by decreased demand for the Company's light vehicle eProducts in North America and China. Segment Adjusted Operating Margin was (10.6)% for the three months ended June 30, 2024, compared to (3.4)% during the three months ended June 30, 2023. The Segment Adjusted Operating Loss was primarily due to investments in R&D for eProducts. The Segment Adjusted Operating Loss increased due to lower sales, higher R&D investments and impacts related to the Eldor acquisition.

Six Months Ended June 30, 2024 vs. Six Months Ended June 30, 2023

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
(in millions)	Net sales	Segment Adjusted Operating Income (Loss)	% margin	Net sales	Segment Adjusted Operating Income (Loss)	% margin
Air Management	$ 4,004	$ 612	15.3 %	$ 4,006	$ 590	14.7 %
Drivetrain & Battery Systems	2,355	334	14.2 %	2,073	253	12.2 %
ePropulsion	900	(111)	(12.3)%	1,053	(54)	(5.1)%
Inter-segment eliminations	(61)	—		(78)	—	
Totals	$ 7,198	$ 835		$ 7,054	$ 789	

The **Air Management** segment's net sales decreased $2 million and Segment Adjusted Operating Income increased $22 million from the six months ended June 30, 2023. Foreign currencies resulted in a year-over-year decrease in sales of approximately $42 million primarily due to the weakening of the Chinese Renminbi and Korean Won, in each case relative to the U.S. Dollar. Acquisitions contributed $5 million in additional sales during the six months ended June 30, 2024. The increase excluding these items was primarily due to approximately $35 million of volume, mix and net new business driven by increased demand for the Company's products. Segment Adjusted Operating Margin was 15.3% for the six months ended June 30, 2024, compared to 14.7% during the six months ended June 30, 2023. The Segment Adjusted Operating Income increase was primarily due to purchasing savings and lower input costs.

The **Drivetrain & Battery Systems** segment's net sales increased $282 million, or 14%, and Segment Adjusted Operating Income increased $81 million from the six months ended June 30, 2023. Foreign currencies resulted in a year-over-year decrease in sales of approximately $33 million $52 million primarily due to the weakening of the Chinese Renminbi and Korean Won, in each case relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately $315 million $145 million of volume, mix and net new business driven by increased demand for drivetrain products in Asia. Additionally, normal contractual customer commodity pass-through arrangements decreased net sales by $13 million. Segment Adjusted Operating Margin was 18.2% for the nine months ended September 30, 2024, compared to 16.9% during the nine months ended September 30, 2023. The Segment Adjusted Operating Income increase was primarily due to conversion on higher sales and savings related to purchasing and restructuring.

The **PowerDrive Systems** segment's net sales decreased $212 million, or 13%, and Segment Adjusted

Operating Loss increased $56 million from the nine months ended September 30, 2023. Foreign currencies resulted in a year-over-year decrease in net sales of approximately $17 million primarily due to the weakening of the Chinese Renminbi relative to the U.S. Dollar. Acquisitions contributed $21 million in additional sales during the nine months ended September 30, 2024. The decrease excluding these items was primarily due to approximately $243 million of a reduction in volume, mix and net new business driven by decreased demand for the Company's light vehicle Foundational products, which was partially offset by $27 million of customer recoveries related to the volume decrease. Segment Adjusted Operating Margin was (9.2)% for the nine months ended September 30, 2024, compared to (4.6)% during the nine months ended September 30, 2023. The Segment Adjusted Operating Loss increased due to lower sales, higher R&D investments and impacts related to the Eldor acquisition, partially offset by restructuring savings and customer volume related recoveries.

The **Battery & Charging Systems** segment's net sales increased $172 million, or 44%, and Segment Adjusted Operating Loss decreased $43 million from the nine months ended September 30, 2023. The increase in net sales was primarily due to approximately $177 million of volume, mix and net new business driven by increased demand for battery system products in Europe and North America and drivetrain system products America. Additionally, normal contractual customer commodity pass-through arrangements decreased net sales by $52 million, which was partially offset by other pricing increases of $42 million. Acquisitions contributed $5 million in Asia. additional sales during the nine months ended September 30, 2024. Segment Adjusted Operating Margin was 14.2% (5.8)% for the six nine months ended June 30, 2024 September 30, 2024, compared to 12.2% (19.2)% during the six nine months ended June 30, 2023 September 30, 2023. The Segment Adjusted Operating Income increase Loss decrease was primarily due to conversion on higher sales and lower input costs, partially offset by higher investments in R&D for battery systems.

The **ePropulsion** segment's net sales decreased $153 million, or 15%, and Segment Adjusted Operating Loss increased $57 million from the six months ended June 30, 2023. Foreign currencies resulted in a year-over-year decrease in sales of approximately $19 million primarily due to the weakening of the Chinese Renminbi relative to the U.S. Dollar. Acquisitions contributed $12 million in additional sales during the six months ended June 30, 2024. The decrease excluding these items was primarily due to approximately $146 million of a reduction in volume, mix and net new business driven by decreased demand for the Company's light vehicle eProducts in North America and China. Segment Adjusted Operating Margin was (12.3)% for the six months ended June 30, 2024, compared to (5.1)% during the six months ended June 30, 2023. The Segment Adjusted Operating Loss was primarily due to investments in R&D for eProducts. The Segment Adjusted Operating Loss increased due to lower sales, higher R&D investments and impacts related to the Eldor acquisition.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The Company maintains various liquidity sources, including cash and cash equivalents and the unused portion of its multi-currency revolving credit agreement. As of June 30, 2024 September 30, 2024, the Company had liquidity of $3,288 $4,000 million, comprised of cash and cash equivalent and restricted cash balances of $1,288 million $2,000 million and an undrawn revolving credit facility of $2,000 million. On October 17, 2024, the Company announced that the remaining outstanding balance of $343 million on the 5.000% senior notes due in October 2025 will be redeemed in full on November 1, 2024 using cash on hand, in accordance with the terms of the agreement.

The Company was in full compliance with its covenants under the revolving credit facility and had full access to its undrawn revolving credit facility. Given the Company's strong liquidity position, management believes that it will have sufficient liquidity and will maintain compliance with all covenants through at least the next 12 months.

As of June 30, 2024 September 30, 2024, cash and cash equivalent balances of $744 million $728 million were held by the Company's subsidiaries outside the United States. Cash and cash equivalents held by these subsidiaries are used to fund foreign operational activities and future investments, including acquisitions. The majority of cash held outside the United States is available for repatriation. The Company uses its U.S. liquidity primarily for various corporate purposes, including but not limited to debt service, share repurchases, dividend distributions, acquisitions and other corporate expenses.

The Company has a $2.0 billion multi-currency revolving credit facility that includes a feature allowing the Company the ability to increase the facility by $1.0 billion with bank group approval. This facility matures in September 2028. The credit facility agreement contains customary events of default and one key financial covenant, which is a debt-to-EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) ratio. The Company was in compliance with the financial covenant at June 30, 2024 September 30, 2024. At June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no outstanding borrowings under this facility.

The Company’s commercial paper program allows the Company to issue up to $2.0 billion of short-term, unsecured commercial paper notes under the limits of its multi-currency revolving credit facility. Under this program, the Company may issue notes from time to time and use the proceeds for general corporate purposes. The Company had no outstanding borrowings under this program as of June 30, 2024 September 30, 2024 and December 31, 2023.

The total current combined borrowing capacity under the multi-currency revolving credit facility and commercial paper program cannot exceed $2.0 billion.

In addition to the revolving credit facility, the Company’s universal shelf registration statement filed with the U.S. Securities and Exchange Commission provides the Company with the ability to issue various debt and equity securities subject to market conditions.

On February 7, 2024, April 24, 2024 and July 23, 2024, the Company’s Board of Directors declared quarterly cash dividends of $0.11 per share of common stock, respectively. The dividends declared in the first quarter and second quarter were paid on March 15, 2024, June 17, 2024 and June 17, 2024 September 16, 2024, respectively. The dividend declared in the third quarter will be paid on September 16, 2024.

From a credit quality perspective, the Company has a credit rating of BBB from Standard & Poor’s, Baa1 from Moody’s and BBB+ from Fitch Ratings. The current outlook from each of Fitch, Standard & Poor’s, Moody’s and Moody’s Fitch is stable. None of the Company's debt agreements requires accelerated repayment in the event of a downgrade in credit ratings.

Cash Flows

Operating Activities

			Six Months Ended June 30,			Nine Months Ended September 30,
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
OPERATING ACTIVITIES OF CONTINUING OPERATIONS						
Net earnings from continuing operations						
Net earnings from continuing operations						
Net earnings from continuing operations						
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities from continuing operations:						
Depreciation and tooling amortization						
Depreciation and tooling amortization						
Depreciation and tooling amortization						
Intangible asset amortization						
Restructuring expense, net of cash paid						
Stock-based compensation expense						
Gain on debt extinguishment						
Loss (gain) on sale of businesses						
Gain on sale of businesses						
Gain on sale of businesses						
Gain on sale of businesses						
Deferred income tax benefit						
Deferred income tax benefit						
Deferred income tax benefit						
Unrealized loss on equity and debt securities						
Deferred income tax (benefit) expense						
Deferred income tax (benefit) expense						

Deferred income tax (benefit) expense				
Unrealized and realized loss on equity and debt securities				
Other non-cash adjustments				
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities from continuing operations				
Retirement plan contributions				
Changes in assets and liabilities, excluding effects of acquisitions, divestitures and foreign currency translation adjustments:				
Receivables				
Receivables				
Receivables				
Inventories				
Accounts payable and accrued expenses				
Other assets and liabilities				
Net cash provided by operating activities from continuing operations				

Net cash provided by operating activities was $344 million $700 million for the six nine months ended June 30, 2024 September 30, 2024 compared to $289 million $510 million for the six nine months ended June 30, 2023 September 30, 2023. The increase for the six nine months ended June 30, 2024 September 30, 2024 compared with the six nine months ended June 30, 2023 September 30, 2023 was primarily due to higher net earnings adjusted for non-cash charges and changes in working capital.

Investing Activities

		Six Months Ended June 30,			Nine Months Ended September 30,	
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
INVESTING ACTIVITIES OF CONTINUING OPERATIONS						
Capital expenditures, including tooling outlays						
Capital expenditures, including tooling outlays						
Capital expenditures, including tooling outlays						
Payments for businesses acquired, net of cash acquired						
Proceeds from settlement of net investment hedges, net						
(Payments for) proceeds from investments in debt and equity securities, net						
(Payments for) proceeds from investments in equity and debt securities, net						
Proceeds from the sale of business, net						
Proceeds from asset disposals and other, net						
Net cash used in investing activities from continuing operations						

Net cash used in investing activities was $313 million $460 million during the first six nine months of 2024 compared to $436 million $538 million during the first six nine months of 2023. In 2023, the Company acquired the electric vehicle solution, smart grid and smart energy businesses of Hubei Surpass Sun Electric. As a percentage of sales, capital expenditures were 4.9% 4.8% and 6.2% 5.8% for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. The year-over-year reduction in capital expenditures was primarily due to lower eProduct investments. In 2023, the Company recorded net proceeds from investments in equity and debt securities of $63 million, that was primarily related to the Company's sale of Wolfspeed convertible debt securities. Additionally, in 2023, the Company paid $31 million related to the acquisition of the electric vehicle solution, smart grid and smart energy businesses of Hubei Surpass Sun Electric.

Financing Activities

		Six Months Ended June 30,			Nine Months Ended September 30,	
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023
FINANCING ACTIVITIES OF CONTINUING OPERATIONS						
Net increase in notes payable						
Net increase in notes payable						

Net increase in notes payable
Additions to debt
Repayments of debt, including current portion
Repayments of debt, including current portion
Payments for debt issuance costs
Repayments of debt, including current portion
Payments for purchase of treasury stock
Payments for stock-based compensation items
Payments for businesses acquired, net of cash acquired
Payments for contingent consideration
Purchase of noncontrolling interest
Dividends paid to BorgWarner stockholders
Dividends paid to BorgWarner stockholders
Net distribution from PHINIA
Dividends paid to BorgWarner stockholders
Dividends paid to noncontrolling stockholders
Net cash used in financing activities from continuing operations
Net cash provided by (used in) financing activities from continuing operations

Net cash provided by financing activities was $250 million during the first nine months of 2024 compared to net cash used in financing activities was $242 million of $278 million during the first six months of 2024 compared to $208 million during the first six nine months of 2023. Net cash used in provided by financing activities during the six nine months ended June 30, 2024 September 30, 2024 was primarily related to the $100 million Company's issuance of $500 million of 4.950% senior notes due August 2029 and $500 million of 5.400% senior notes due August 2034, offset by $401 million of BorgWarner share repurchases, $50 million $175 million of debt repayments, $74 million in dividends paid to the Company's stockholders and $55 million $63 million in dividends paid to noncontrolling stockholders of the Company's consolidated joint ventures. In 2023, the Company executed the Spin-Off and received a net distribution, part of which was utilized to purchase and extinguish a portion of senior notes due in 2025.

CONTINGENCIES

In the normal course of business, the Company is party to various commercial and legal claims, actions and complaints, including matters involving warranty claims, intellectual property claims, governmental investigations and related proceedings, general liability and other risks. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these commercial and legal matters or if not, what the impact might be. The Company does not believe that adverse outcomes in any of these commercial and legal claims, actions and complaints are reasonably likely to have a material adverse effect on the Company's results of operations, financial position or cash flows. An adverse outcome could, nonetheless, be material to the results of operations or cash flows.

Lawsuit Against PHINIA

On September 19, 2024, the Company commenced a lawsuit against PHINIA, seeking to recover from PHINIA approximately $120 million of value added tax ("VAT") refunds that PHINIA has received or expects to receive from governmental agencies as well as damages and interest, which PHINIA has refused to pay to the Company. These refunds consist of VAT paid by the Company in periods prior to or directly related to the Spin-Off through which the Company established PHINIA as an independent company. Prior to the initiation of the lawsuit, PHINIA had paid certain VAT refund amounts to the Company. The Company asserts PHINIA's obligation to pay the Company these VAT refunds and related amounts is plainly set forth in a binding tax matters agreement between the Company and PHINIA, which the parties agreed to prior to the Spin-Off. As of September 30, 2024, the Company had an asset related to these VAT refunds of approximately $120 million, which is included in Receivables, net in the Condensed Consolidated Balance Sheet.

Environmental

The Company and certain of its current and former direct and indirect corporate predecessors, subsidiaries and divisions have been identified by the United States Environmental Protection Agency and certain state local environmental agencies and private parties as potentially responsible parties (“PRPs”) at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act (“Superfund”) and equivalent state laws and, as such, may be presently liable for the cost of clean-up and other remedial activities at 17 such sites as of both June 30, 2024 September 30, 2024 and December 31, 2023. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

The Company believes that none of these matters, individually or in the aggregate, will have a material adverse effect on its results of operations, financial position or cash flows. Generally, this is because either the estimates of the maximum potential liability at a site are not material or the liability will be shared with other PRPs, although no assurance can be given with respect to the ultimate outcome of any such matter.

Refer to Note 20, “Contingencies,” to the Condensed Consolidated Financial Statements in Item 1 of this report for further details and information with respect to the Company’s environmental liability.

New Accounting Pronouncements

Refer to Note 2, “New Accounting Pronouncements,” to the Condensed Consolidated Financial Statements in Item 1 of this report for a detailed description of new applicable accounting pronouncements.

Item 3.Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the information concerning the Company’s exposures to interest rate risk or commodity price risk as stated in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

Foreign currency exchange rate risk is the risk that the Company will incur economic losses due to adverse changes in foreign currency exchange rates. Currently, the Company’s most significant currency exposures relate to the Brazilian Real, British Pound, Chinese Renminbi, Euro, Hungarian Forint, Japanese Yen, Korean Won, Mexican Peso, Polish Zloty, Singaporean Dollar Swiss Franc and Thai Baht. The Company mitigates its foreign currency exchange rate risk by establishing local production facilities and related supply chain participants in the markets it serves, by invoicing customers in the same currency as the source of the products and by funding some of its investments in foreign markets through local currency loans. The Company also monitors its foreign currency exposure in each country and implements strategies to respond to changing economic and political environments. In addition, the Company regularly enters into forward currency contracts, cross-currency swaps and foreign currency-denominated debt designated as net investment hedges to reduce exposure to translation exchange rate risk. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company recorded a deferred gain of $182 million $107 million and $112 million, respectively, both before taxes, for designated net investment hedges within accumulated other comprehensive income (loss).

The significant foreign currency translation adjustments during the three and six nine months ended June 30, 2024 September 30, 2024 and 2023 are shown in the following tables, which provide the percentage change in U.S. Dollar against the respective currencies and the approximate impacts of these changes recorded within other comprehensive income (loss) for the respective periods.

(in millions, except for percentages)	(in millions, except for percentages)	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	(in millions, except for percentages)	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Japanese Yen						
Chinese Renminbi						
British Pound						
Euro						
Chinese Renminbi						
Korean Won						

(in millions, except for percentages)	(in millions, except for percentages)	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023	(in millions, except for percentages)	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Brazilian Real						
Chinese Renminbi						
Euro						
British Pound						
Korean Won						
Chinese Renminbi						

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1.Legal Proceedings

The Company is subject to a number of claims and judicial and administrative proceedings (some of which involve substantial amounts) arising out of the Company's business or relating to matters for which the Company may have a contractual indemnity obligation. Refer to Note 20, "Contingencies," to the Condensed Consolidated Financial Statements in Part 1, Item 1 of this report for a discussion of environmental and other litigation which is incorporated herein by reference.

Item 1A. Risk Factors

During the six three months ended June 30, 2024 September 30, 2024, there have been no material changes from the risk factors disclosed in the Company's Annual Report on the Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

In November 2023, the Company's Board of Directors authorized the purchase of up to $544 million of the Company's common stock, which replaced the previous repurchase authorization. By its terms, this share repurchase authorization had an expiration date of December 31, 2027. As of June 30, 2024, the Company had repurchased $277 million of common stock under this repurchase program. In April 2024, the Company's Board of Directors authorized the purchase of up to $767 million of the Company's common stock, which replaces the previous authorization. By its terms, this share repurchase authorization expires on December 31, 2027. As of September 30, 2024, the Company had repurchased $404 million of common stock under this repurchase program. Shares purchased under this authorization may be repurchased in the open market at prevailing prices and at times and in amounts to be determined by management as market conditions and the Company's capital position warrant. The Company may use Rule

10b5-1 and 10b-18 plans to facilitate share repurchases. Repurchased shares will be deemed common stock held in treasury and may subsequently be reissued.

Employee transactions include restricted stock withheld to offset statutory minimum tax withholding that occurs upon vesting of restricted stock. The BorgWarner Inc. 2023 Stock Incentive Plan provides that the withholding obligations be settled by the Company retaining stock that is part of the award. Withheld shares will be deemed common stock held in treasury and may subsequently be reissued for general corporate purposes.

The following table provides information about the Company’s purchases of its equity securities that are registered pursuant to Section 12 of the Exchange Act during the quarter ended June 30, 2024 September 30, 2024:

Issuer Purchases of Equity Securities

Period	Period	Total number of shares purchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under plans or programs (in millions)	Period	Total number of shares purchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under plans or programs (in millions)
April 1, 2024 - April 30, 2024										
July 1, 2024 - July 31, 2024										
Common Stock Repurchase Program										
Common Stock Repurchase Program										
Common Stock Repurchase Program										
Employee transactions										
May 1, 2024 - May 31, 2024										
May 1, 2024 - May 31, 2024										
May 1, 2024 - May 31, 2024										
August 1, 2024 - August 31, 2024										
August 1, 2024 - August 31, 2024										
August 1, 2024 - August 31, 2024										
Common Stock Repurchase Program										
Common Stock Repurchase Program										
Common Stock Repurchase Program										

Employee transactions

June 1, 2024 - June 30, 2024

June 1, 2024 - June 30, 2024

June 1, 2024 - June 30, 2024

September 1, 2024 - September 30, 2024

September 1, 2024 - September 30, 2024

September 1, 2024 - September 30, 2024

Common Stock Repurchase Program

Common Stock Repurchase Program

Common Stock Repurchase Program

Employee transactions

Item 5. Other Information

During the three months ended March 31, 2024 September 30, 2024, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit 10.1† 4.1	Ninth Supplemental Indenture dated as of August 16, 2024 between BorgWarner Inc. Executive Severance Plan.*
and Deutsche Bank Trust Company Americas, as the indenture trustee (incorporated by reference to Exhibit 10.2†	Restricted Stock Award Agreement – Retention Award, dated July 1, 2024 between No. 4.2 to the Company and Tonit Calaway.*
Exhibit 10.3†	Company's Current Report on Form of 2024 BorgWarner Inc. 2023 Stock Incentive Plan Restricted Stock Agreement for Non-Employee Directors.* 8-K filed on August 16, 2024).
Exhibit 31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer.*
Exhibit 31.2	Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer.*
Exhibit 32.1	Section 1350 Certifications.*
Exhibit 101.INS	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.*
Exhibit 101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
Exhibit 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
Exhibit 101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
Exhibit 101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
Exhibit 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
Exhibit 104.1	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

*Filed herewith.
† Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, and the undersigned also has signed this report in her capacity as the Registrant's Vice President and Chief Accounting Officer (Principal Accounting Officer).

BorgWarner Inc.

(Registrant)

By /s/ Amy B. Kulikowski

(Signature)

Amy B. Kulikowski

Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: July 31, 2024 October 31, 2024

Exhibit 10.1

BorgWarner Inc.
Executive Severance Plan

Effective as of May 28, 2024

Exhibit 10.1

TABLE OF CONTENTS

Exhibit 10.1

ARTICLE I

ARTICLE I
BACKGROUND, PURPOSE AND TERM OF PLAN

Section I.1 **Purpose of the Plan**. The purpose of the Plan is to provide Eligible Employees with certain compensation and benefits in the event the Eligible Employee's employment is terminated by the Company or an Affiliated Company without Cause or by the Eligible Employee for Good Reason. The Plan is not intended to be an "employee pension benefit plan" or "pension plan" within the meaning of Section 3(2) of ERISA. Rather, the Plan is intended to be a "welfare benefit plan" within the meaning of Section 3(1) of ERISA and to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of 29 C.F.R. s. 2510.3-2(b). Accordingly, the benefits paid by the Plan are not deferred compensation and no employee shall have a vested right to such benefits.

Section I.2 **Term of the Plan**. The Plan shall be effective as of the Effective Date, *provided that* it shall only become effective for an Affiliated Company as of the date such Affiliated Company first has an Employee who is a Participant in the Plan. The Plan shall continue until terminated pursuant to Article VII of the Plan.

Section I.3 **Status under Code Section 409A**. It is intended that the benefits payable hereunder shall, to the maximum extent possible, be exempt from Code Section 409A pursuant to the "short-term deferral" exception and the "separation pay" exception thereunder, and that any amounts that do not qualify for such exemptions be compliant with Code Section 409A, including any applicable irrevocable deferral elections. The Plan shall be interpreted, to the maximum extent possible, consistent with such intent.

ARTICLE II
DEFINITIONS

Section II.1 **"Affiliated Company"** is (a) any corporation or business located in and organized under the laws of one of the United States which is a member of a controlled group of corporations or businesses (within the meaning of Code section 414(b) or (c)) that includes the Company, but only during the periods such affiliation exists, or (b) any other entity in which the Company may have a significant ownership interest, and which the Plan Administrator determines shall be an Affiliated Company for purposes of the Plan.

Section II.2 **"Alternative Position"** shall mean a position with the Company or any Affiliated Company that offers the Employee pay and benefits that are comparable in the aggregate to the Employee's current position (disregarding any previous assignment to the Employee of duties that would constitute grounds for a Good Reason resignation). The Plan Administrator has the exclusive discretionary authority to determine whether a position is an Alternative Position.

Section II.3 **"Board"** shall mean the Board of Directors of the Company or any successor thereto.

Section II.4 **"Cash Severance"** shall equal the amount described in Section 4.01.

Section II.5 **"Cause"** shall mean an Employee's (a) conviction of, or entering a guilty plea, no contest plea or nolo contendre plea to any felony or to any crime involving dishonesty or moral turpitude under Federal law or the law of the state in which such action occurred, (b) commission of any material act or omission involving dishonesty or fraud with respect to the Company or any of its Affiliated

Companies or any of the customers, vendors or suppliers of the Company or its Affiliated Companies, (c) dishonesty in the course of fulfilling the Employee's employment duties, (d) misappropriation of material funds or assets of the Company for personal use or any act of theft or fraud as determined by the Company, (e) engagement in harassment or discrimination based on a legally protected status with respect to any employee of the Company or any of its subsidiaries, (f) breach of material Company policy, (g) refusal to perform lawful duties as directed in good faith by the Company, (h) willful and deliberate failure to perform the Employee's employment duties in any material respect, (i) substantial or repeated neglect of duties (even if not willful and deliberate) after notice and an opportunity to cure, (j) gross negligence or willful misconduct that results or is reasonably expected to result in substantial harm to the Company (either singly or on a consolidated basis), or (k) breach of written obligations to the Company or any subsidiary in respect of confidentiality and/or the use or ownership of proprietary information.

Section II.6 **"Change of Control Employment Agreement"** shall mean an Employee's Change of Control Employment Agreement or any similar successor agreement, as may be amended from time to time.

Section II.7 **"Code"** shall mean the Internal Revenue Code of 1986, as amended. Any reference to a specified provision of the Code shall include any successor provision thereto and the regulations promulgated thereunder.

Section II.8 **"Committee"** shall mean the Compensation Committee of the Board, or such other committee appointed by the Board to assist the Company in making determinations required under the Plan in accordance with its terms. The Committee may delegate all or any portion of its authority under the Plan to an individual or another committee.

Section II.9 **"Company"** shall mean BorgWarner Inc. unless it is otherwise clear from the context, references to the Company shall generally include all Affiliated Companies.

Section II.10 **"Compensation Recovery Policy"** shall mean the BorgWarner Inc. Compensation Recovery Policy, as may be amended from time to time.

Section II.11 **"Effective Date"** shall mean May 28, 2024.

Section II.12 **"Eligible Employee"** shall mean an Employee of the Company or an Affiliated Company who is designated in writing by the Board or the Committee as an Eligible Employee and notified of such designation. The Board or the Committee may, unless such Employee has then provided written notice to the Company of the existence of a condition constituting Good Reason, remove any

---

Employee's designation as an Eligible Employee upon sixty (60) days' advance written notice to such Employee, after which such Employee shall no longer be eligible for Severance Benefits under this Plan.

Section II.13 **"Employee"** shall mean an individual employed by the Company or an Affiliated Company as a common law employee.

Section II.14 **"Employer"** shall mean the entity that employs the Participant, which may be the Company or an Affiliated Company.

Section II.15 **"Employment Agreement"** shall mean any employment, severance, or similar agreement (including any offer letter) between the Company or Affiliated Company, on the one hand, and an Eligible Employee, on the other hand.

Section II.16 **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended. Any reference to a specified provision of ERISA shall include any successor provision thereto and the regulations promulgated thereunder.

Section II.17 **"Good Reason"** shall mean, with respect to an Eligible Employee:

(a) a material reduction in the Employee's base compensation other than as a result of a reduction in compensation that is part of, and is at a rate consistent with, a reduction in the compensation paid to a majority of Company executives;

(b) the assignment to the Employee of duties inconsistent with, and representing a material diminution of, the Employee's authority, duties or responsibilities as performed by the Employee on the date such Employee first becomes an Eligible Employee, excluding: (i) an isolated, insubstantial and inadvertent action, not taken in bad faith, and which is remedied by the Company promptly after receipt of notice thereof given by the Employee, or (ii) a change of authority, duties or responsibilities due to a Company reorganization or as part of a broad reassignment of authority, duties or responsibilities among management; or

(c) any material breach by the Company of a material compensation arrangement with the Employee, other than: (i) an isolated, insubstantial, and inadvertent failure, not occurring in bad faith, and which is remedied by the Company promptly after receipt of notice thereof given by the Employee, or (ii) as a result of a reduction in compensation that is part of, and is at a rate consistent with, a reduction in the compensation paid to a majority of Company executives.

Notwithstanding the foregoing, a Separation from Service will constitute a termination of employment by an Employee for Good Reason only if (x) the Employee provides written notice to the Company of the existence of the condition constituting Good Reason under paragraphs (a)-(c) above within ninety (90) days of the initial existence of the condition, (y) the Company does not remedy the condition within thirty (30) days after receiving such notice and (z) the Employee resigns within thirty (30) days after the expiration of the Company's cure period.

Section II.18 **<u>"Management Incentive Plan"</u>** shall mean the BorgWarner Inc. Management Incentive Plan, as may be amended from time to time.

Section II.19 **<u>"Participant"</u>** shall mean any Eligible Employee who meets the requirements of Article III and thereby becomes eligible for Severance Benefits under the Plan.

Section II.20 **<u>"Plan"</u>** means this BorgWarner Inc. Executive Severance Plan, as may be amended from time to time.

Section II.21 **<u>"Plan Administrator"</u>** shall mean the individual(s) appointed by the Committee to administer the terms of the Plan as set forth herein and if no individual is appointed by the Committee to serve as the Plan Administrator for the Plan, the Plan Administrator shall be the Chief Human Resources Officer of BorgWarner Inc. (or the equivalent). Notwithstanding the preceding sentence, in the event the Plan Administrator is entitled to Severance Benefits under the Plan, the Chair of the Committee shall act as the Plan Administrator for purposes of administering the terms of the Plan. The Plan Administrator may delegate all or any portion of its authority under the Plan to any other person(s).

Section II.22 **<u>"Qualifying Termination"</u>** shall mean a Separation from Service that is a termination of employment by an Employee for Good Reason or termination of employment by the Company without Cause.

Section II.23 **<u>"Recent Average Bonus"</u>** shall mean the average of the bonuses paid or payable to the Employee under the Management Incentive Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the Separation from Service Date (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the Separation from Service Date during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year). If the Employee has not been eligible to earn such a bonus for any period prior to the Separation from Service Date, the "Recent Average Bonus" shall mean the Employee's target annual bonus for the year in which the Separation from Service Date occurs.

Section II.24 **"Release"** shall mean a separation agreement and general release of claims or similar document, which may contain restrictive covenants, as determined by the Plan Administrator in its sole and absolute discretion.

Section II.25 **"Separation from Service"** shall have the meaning given in Code Section 409A(a)(2)(A)(i). A Separation from Service occurs when the facts and circumstances indicate that the Company and the Participant reasonably anticipate that no further services will be performed for the Company or any Affiliated Company after a certain date or that the level of services the Participant would perform after such date would permanently decrease to no more than 20% of the average level of services performed over the immediately preceding 36-month period. For clarity, a transfer of employment from

the Company to an Affiliated Company, or from one Affiliated Company to another, shall not be considered a Separation from Service.

Section II.26 **"Separation from Service Date"** shall mean, with respect to a Participant, the date on which such Participant experiences a Separation from Service.

Section II.27 **"Severance Benefits"** shall mean the benefits that a Participant is eligible to receive pursuant to Article IV.

Section II.28 **"TIP"** shall mean the BorgWarner Inc. Transitional Income Plan, as may be amended from time to time.

ARTICLE III
ELIGIBILITY FOR BENEFITS

Section III.1 **Eligibility to Receive Benefits**. Subject to Section 3.02 and Section 9.04, each Eligible Employee who satisfies all of the following conditions shall be eligible to receive the Severance Benefits described in the Plan:

(a) The Eligible Employee incurs a Qualifying Termination after the Effective Date;

(b) If the Qualifying Termination is a termination of employment by the Company without Cause, then, if required by the Employer, the Eligible Employee remains employed and continues to adequately perform his or her job responsibilities through the job-end date specified in a notice of termination (or, if earlier, through the date that the Employer no longer desires the Eligible Employee's services); and

(c) Within forty-five (45) days after the Eligible Employee's Separation from Service Date, the Eligible Employee executes (and does not revoke) a Release in the form provided by the Plan Administrator and complies with all the terms and conditions of such Release including: (i) compliance with applicable restrictive covenant provisions; (ii) authorization of the deduction of amounts owed to the Company from the amount of any Severance Benefits otherwise due hereunder; and (iii) any other condition the Plan Administrator determines in good faith is necessary to effectuate such Separation from Service.

Section III.2 **Ineligibility for Benefits** . An Eligible Employee will not be eligible to receive Severance Benefits under any of the following circumstances:

(a) The Eligible Employee does not satisfy one or more of the conditions set forth in Section 3.01;

(b) The Eligible Employee continues in employment with the Company or an Affiliated Company or has the opportunity to continue in employment in the same or in an Alternative Position with the Company or an Affiliated Company, including continued employment with a former Affiliated Company immediately following a spin-off, split-off sale or other divestiture of such former Affiliated Company from the Company;

(c) The Eligible Employee's employment terminates as a result of a sale of stock or assets of the Employer or the Company, a merger, a consolidation, the creation of a joint venture or a sale or outsourcing of a business unit or function, or other transaction, and the

Eligible

Employee accepts employment, or has the opportunity to continue employment in an Alternative Position, with the purchaser, joint venture, or other acquiring or outsourcing entity, or a related entity of either the Company or the acquiring entity; or

(d) The Committee determines the Eligible Employee violated any provision of the Plan or the Eligible Employee's Release.

Section III.3 **Military Leave**. An Eligible Employee returning from approved military leave will be eligible for Severance Benefits if: (i) he or she is eligible for reemployment under the provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA); (ii) his or her pre-military leave job is eliminated; and (iii) the Employer's circumstances are changed so as to make reemployment in another position impossible or unreasonable, or re-employment would create an undue hardship for the Employer. If the Eligible Employee returning from military leave qualifies for Severance Benefits, his or her severance benefits will be calculated as if he or she had remained continuously employed from the date he or she began his or her military leave. The Eligible Employee must also satisfy any other relevant conditions for payment, including execution of a Release.

ARTICLE IV
SEVERANCE BENEFITS

Section I.1 **Cash Severance**. Upon a Participant's Qualifying Termination, to the extent the Participant is eligible for Severance Benefits under Article III, the Company shall pay to the Eligible Employee in a lump sum in cash within seventy-four (74) days after the Separation from Service Date the aggregate of the following amounts:

(a) the sum of (i) the Eligible Employee's annual base salary through the Separation from Service Date to the extent not theretofore paid, (ii) the Eligible Employee's business expenses that are reimbursable pursuant to the Company's business expense reimbursement policy but that have not been reimbursed by the Company as of the Separation from Service Date; (iii) the Eligible Employee's annual bonus for the fiscal year immediately preceding the fiscal year in which the Separation from Service Date occurs, if such bonus has been determined but not paid as of the Separation from Service Date; (iv) any accrued vacation pay to the extent not theretofore paid; and (v) an amount equal to the product of (A) the Recent Average Bonus multiplied by (B) a fraction, the numerator of which is the number of days in the current fiscal year through the Separation from Service Date, and the denominator of which is 365 (the "Pro Rata Bonus"); and

(b) the amount equal to the product of (1) one and one-half multiplied by (2) the sum of (x) the Eligible Employee's annual base salary as in effect as of the Separation from Service Date plus (y) the Recent Average Bonus.

Notwithstanding the foregoing provisions, in the event that the Eligible Employee is a "specified employee" within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Separation from Service Date), amounts that constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code that would otherwise be payable and benefits that would otherwise be provided under Section 4.01(b) during the six-month period immediately following the Separation from Service Date shall instead be paid, with interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the

Code determined as of the Separation from Service Date, or provided on the first business day after the date that is six months following the Eligible Employee's Separation from Service Date.

Section IV.1 **Welfare Benefits**.

(a) For eighteen (18) months following an Eligible Employee's Qualifying Termination (the "Benefits Period"), to the extent the Participant is eligible for Severance Benefits under Article III, the Company shall provide the Eligible Employee and his or her eligible dependents with medical and dental insurance coverage (the "Health Care Benefits") (i) no less favorable to those which the Eligible Employee and his or her spouse and eligible dependents were receiving immediately prior to the Separation from Service Date or (ii) if more favorable to such persons, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(b) The Health Care Benefits shall, to the extent reasonably practicable, be provided during the Benefits Period in such a manner that such benefits are excluded from the Eligible Employee's income for federal income tax purposes. However, if the Eligible Employee becomes re-employed with another employer and is eligible to receive health care benefits under another employer-provided plan, the health care benefits provided hereunder shall be secondary to those provided under such other plan during such applicable period of eligibility.

(c) The receipt of the Health Care Benefits shall be conditioned upon the Eligible Employee continuing to pay the Applicable COBRA Premium (as defined below) with respect to the level of coverage that the Eligible Employee has elected for the Eligible Employee and the Eligible Employee's spouse and eligible dependents. For purposes of the foregoing, "Applicable COBRA Premium" means the monthly premium in effect from time to time for coverage provided to former employees under Section 4980B of the Code and the regulations thereunder with respect to a particular level of coverage.

(d) During the portion of the Benefits Period in which the Eligible Employee and his or her eligible dependents continue to receive coverage under the Company's Health Care Benefits plans, the Company shall pay to the Eligible Employee a monthly amount equal to the Applicable COBRA Premium in respect of the maximum level of coverage that the Eligible Employee could have elected to receive for the Eligible Employee and the Eligible Employee's spouse and eligible dependents if the Eligible Employee were still an employee of the Company during the Benefits Period (regardless of what level of coverage is actually elected), which payment shall be paid in advance on the first payroll day of each month, commencing with the month immediately following the Eligible Employee's Separation from Service Date.

Section IV.2 **Equity Awards**.

(a) Restricted Stock and Restricted Stock Units. Upon a Qualifying Termination to the extent the Participant is eligible for Severance Benefits under Article III, and subject to Section 9.04, a pro rata portion of any then-unvested shares of restricted stock and then-unvested time-vesting restricted stock units held by the Participant, as of the Separation from Service Date, will immediately vest. The pro rata portion shall be calculated by the Plan Administrator in its sole and absolute discretion. Subject to Section 9.04, any shares of restricted stock or time-vesting restricted stock units that do not vest on a pro rata basis in accordance with the preceding

sentence shall be automatically and immediately be forfeited without payment on the Separation from Service Date.

(b) Performance Shares and Performance Stock Units. Upon a Qualifying Termination to the extent the Participant is eligible for Severance Benefits under Article III, and subject to Section 9.04, all then unearned or unvested performance shares, performance stock units and performance-vesting restricted stock units shall be automatically and immediately forfeited without payment as of the Separation from Service Date.

(c) Stock Options and Stock Appreciation Rights. Upon a Qualifying Termination to the extent the Participant is eligible for Severance Benefits under Article III, and subject to Section 9.04, the unvested portion of all stock options and stock appreciation rights shall be automatically and immediately forfeited without payment as of the Separation from Service Date; provided that the Participant shall be entitled to exercise the vested portion of such award to the extent provided by, and accordance with, the terms of the award agreement.

Section IV.3 **Outplacement**. If the Participant has a Qualifying Termination to the extent the Participant is eligible for Severance Benefits under Article III, then the Company shall, at its sole expense as incurred, provide the Participant with outplacement services the scope and provider of which shall be selected by the Participant in the Participant's sole discretion, but the cost thereof shall not exceed $40,000; provided, further, that such outplacement benefits shall end not later than the last day of the second calendar year that begins after the Separation from Service Date. For the avoidance of doubt, the outplacement benefit in this Section 4.04 is limited to the Company's payment for outplacement services actually provided, and Participant shall have no right to any payment in lieu of outplacement services.

Section IV.4 **Limitation on Benefits**.

(a) Anything in this Plan to the contrary notwithstanding, in the event the independent accounting firm then used by the Company or such other nationally recognized certified public accounting firm as may be designated by the Participant (the "Accounting Firm") shall determine that receipt of all payments, distributions or benefits provided by the Company or the affiliated companies in the nature of compensation to or for the Participant's benefit, whether paid or payable pursuant to this Plan or otherwise (a "Payment"), would subject the Participant to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Plan (the "Plan Payments") to the Reduced Amount (as defined below). The Plan Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Participant would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Participant's Plan Payments were reduced to the Reduced Amount. If the Accounting Firm determines that the Participant would not have a greater Net After-Tax Receipt of aggregate Payments if the Participant's Plan Payments were so reduced, the Participant shall receive all Plan Payments to which the Participant is entitled under this Plan.

(b) If the Accounting Firm determines that aggregate Plan Payments should be reduced to the Reduced Amount, the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 4.05 shall be binding upon the Company and the Participant and shall be made as soon as reasonably practicable and in no event later than fifteen (15) days following the Separation from Service Date. For purposes of reducing the Plan Payments to the Reduced

Amount, only amounts payable under this Plan (and no other Payments) shall be reduced. The reduction hereunder of the amounts payable, if applicable, shall be made by reducing the Payments in the following order to the extent such Payments have not already been made at the time the reductions hereunder have become applicable: (i) the Payment with the higher ratio of the parachute payment value (as determined for purposes of Code Section 280G) to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a Payment with a lower ratio; (ii) the Payment with the later possible payment date shall be reduced or eliminated before a Payment with an earlier payment date; and (iii) cash Payments shall be reduced prior to non-cash benefits; provided that if the foregoing order of reduction or elimination would violate Section 409A of the Code, then the reduction shall be made pro rata among the Payments on the basis of the relative present value of the Payments. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Participant pursuant to this Plan which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Participant pursuant to this Plan could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Plan which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, the Participant shall pay any such Overpayment to the Company together with Interest; provided, however, that no amount shall be payable by the Participant to the Company if and to the extent such payment would not either reduce the amount on which the Participant is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than 60 days following the date on which the Underpayment is determined) by the Company to or for the benefit of the Participant together with Interest.

(d) For purposes hereof, the following terms have the meanings set forth below:

(i) “Reduced Amount” shall mean the greatest amount of Plan Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Plan Payments pursuant to Section 4.05(a).

(ii) “Net After-Tax Receipt” shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Participant’s taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determined to be likely to apply to the Participant in the relevant tax year(s).

(e) To the extent requested by the Participant, the Company shall cooperate with the Participant in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Participant (including without limitation, the Participant agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant) before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of Section 280G of the Code), such that payments in respect of such services (or refraining from performing such services) may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of Section 280G of the Code and/or exempt from the definition of the term “parachute payment” within the meaning of Q&A-2(a) of Section 280G of the Code in accordance with Q&A-5(a) of Section 280G of the Code.

ARTICLE V
PAYMENT TERMS

Section V.1 **Method of Payment**. All payments shall be made in the form of a check mailed to the Participant’s home address, direct deposit to the Participant’s bank account or such other reasonable method, as determined by the Plan Administrator. The Participant shall be responsible for notifying the Company of any changes to his or her address or financial institution and account number, as applicable.

Section V.2 **Responsibility for Payment**. Each Employer shall be solely responsible for making payments under the Plan to the Participants that it employs. The Company shall not be responsible for making or guaranteeing payments to any Participant that is employed by one of its subsidiaries.

Section V.3 **Withholding of Taxes and Other Amounts**. The Employer shall deduct and withhold from any Severance Benefits any required Federal, state, and local income and employment tax withholding. In addition, the Employer reserves the right to make deductions for any monies owed to the Employer or the Company by the Participant or the value of any Employer or Company property that the Participant has retained in his or her possession after his or her Separation from Service.

Section V.4 **Recoupment of Severance Benefits; Offset.** Notwithstanding any other provision of the Plan to the contrary, if the Committee or the Plan Administrator determines at any time, including after the Participant’s Separation from Service Date, that a Participant:

(a) engaged in conduct that constituted Cause at any time prior to the Participant’s Separation from Service Date;

(b) breached any term of the Release;

(c) breached any term of an applicable restrictive covenant; or

(d) violated any material provision of the Plan,

then all Severance Benefits payable to the Participant shall immediately cease or be forfeited, and the Participant shall be required to return any Severance Benefits paid to the Participant prior to such determination, to the extent permitted by applicable law. If the Plan Administrator notifies a Participant that repayment of all or any portion of the Severance Benefits received under the Plan is required, such amounts shall be repaid within thirty (30) calendar days after the date the written notice is sent. In the event the Company takes legal action against the Participant to recover Severance Benefits the Participant is required to return, the Company shall also be entitled to recover its reasonable attorneys' fees and costs

for such legal action to the extent it prevails in the action. Any remedy under this Section 5.04 shall be in addition to, and not in place of, any other remedy, including injunctive relief or recoupment under the Compensation Recovery Policy, that the Company or any Affiliated Company may have. In addition, if the Plan Administrator determines a Participant is required to repay compensation to the Company pursuant to the Compensation Recovery Policy, then Severance Benefit payments can be used to offset such repayment, to the extent permitted by law.

Section V.5 **Death of Participant**. In the event of the Participant's death prior to the completion of a Cash Severance payment, the payment shall be paid to the beneficiary or beneficiaries designated by the Participant in accordance with procedures established by the Plan Administrator or if none, to the Participant's estate in a lump sum within thirty (30) days following the date of the Participant's death.

Section V.6 **Payments to Incompetent Persons**. Any benefit payable to or for the benefit of an incompetent person, a minor, or other person incapable of receipt therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Employer, the Committee, the Plan Administrator and all other parties with respect thereto.

Section V.7 **Lost Payees**. A benefit shall be deemed forfeited if the Plan Administrator is unable to locate a Participant to whom a Severance Benefit is due. Such Severance Benefit shall be reinstated if application is made by the Participant for the forfeited Severance Benefit while the Plan is in operation.

ARTICLE VI
THE PLAN ADMINISTRATOR

Section VI.1 **Authority**. The Plan Administrator shall administer the Plan on the basis of information supplied to it by the Company, the Employers and the Committee. The Plan Administrator, subject to the direction of the Committee, shall have the full power, authority and discretion to:

(a) construe, interpret and administer the Plan;

(b) make factual determinations and correct deficiencies herein (and in any other document used to implement the Plan)

(c) supply omissions herein (and in any other document used to implement the Plan); and

(d) adopt such rules and regulations and may make such decisions as it deems necessary or desirable for the proper administration of the Plan.

Section VI.2 **Records, Reporting and Disclosure**. The Plan Administrator shall keep a copy of all records relating to the payment of Severance Benefits to Participants and former Participants and all other records necessary for the proper operation of the Plan. All Plan records shall be made available to the Committee, the Company and to each Participant for examination during business hours, except that a Participant shall examine only such records as pertain exclusively to the examining Participant or to which the Participant has rights to review under ERISA. The Plan

Administrator shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the

---

Employer, as payor of the Severance Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts that may be similarly reportable).

Section VI.3 **Discretion; Decisions Binding**. Any decisions, actions or interpretations to be made under the Plan by the Board, the Committee, the Plan Administrator, or their delegees shall be made in each of their respective sole discretion, not in any fiduciary capacity (unless otherwise required by law) and need not be uniformly applied to similarly situated individuals and such decisions, actions or interpretations shall be final, binding and conclusive upon Participants, their beneficiaries and any other persons having or claiming an interest under the Plan on the Participant's behalf. As a condition of participating in the Plan, the Participant acknowledges that all decisions and determinations of the Board, the Committee and the Plan Administrator shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the Plan on his or her behalf.

ARTICLE VII
AMENDMENT, TERMINATION AND DURATION

Section VII.1 **Amendment, Suspension and Termination**. The Committee shall have the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason or without reason, and without either the consent of or the prior notification to any Participant.

Section VII.2 **Impact on Benefits**. Notwithstanding Section 7.01, no such amendment, suspension or termination may cause the cessation or the reduction of Severance Benefits already approved for a Participant who has executed a Release and met all the other requirements to receive Severance Benefits under the Plan as of the date of such amendment, suspension, or termination. In addition, no such amendment, suspension or termination shall give the Company the right to recover any amount paid to a Participant prior to the date of such amendment.

ARTICLE VIII
CLAIMS PROCEDURES

Section VIII.1 **Initial Claim**. A Participant or his or her beneficiary (or a person who in good faith believes he or she is a Participant or beneficiary, i.e., a "claimant") who believes he or she has been wrongly denied Severance Benefits under the Plan may file a written claim for benefits with the Plan Administrator. Although no particular form of written claim is required, no such claim shall be considered unless it provides a reasonably coherent explanation of the claimant's position.

Section VIII.2 **Decision on Initial Claim**. The Plan Administrator shall approve or deny the claim in writing within sixty (60) days of receipt, provided that such sixty (60) day period may be extended an additional sixty (60) days if the Plan Administrator determines such extension is necessary and the Plan Administrator provides notice of extension to the claimant prior to the end of the initial sixty (60) day period. The notice advising of the denial shall specify the following:

(a) the reason or reasons for denial;

(b) the specific Plan provisions on which the determination was based;

(c) any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is needed; and

(d) the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review.

Section VIII.3 **Appeal of Denied Claim**. If a claimant wishes to submit a request for a review of the denied claim, then the claimant shall make such appeal by filing a notice of appeal of the denial with the Committee within sixty (60) calendar days of the receipt of the denied claim. Such notice shall be made in writing and shall set forth all facts upon which the appeal is based. Appeals not timely filed shall be barred.

Section VIII.4 **Decision on Appeal**. The Committee shall consider the merits of the claimant's written presentations, the merits of any facts or evidence in support of the denial or approval of benefits, and such other facts and circumstances as the Committee shall deem relevant. The Committee shall render a determination upon the appealed claim which determination shall be accompanied by a written statement as to the reasons therefor. The determination shall be made and provided to the claimant within sixty (60) days of the claimant's request for review, unless the Committee determines that special circumstances require an extension of time for processing the claim. In such case, the Committee shall notify the claimant of the need for an extension of time to render its decision prior to the end of the initial sixty (60) day period, and the Committee shall have an additional sixty (60) day period to make its determination. The determination so rendered shall be binding upon all parties. If the determination is adverse to the claimant, the notice shall provide:

(a) the reason or reasons for denial;

(b) the specific Plan provisions on which the determination was based;

(c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and

(d) a statement that the claimant has the right to bring an action under section 502(a) of ERISA.

Section VIII.5 **Legal Proceedings**. The Plan shall be construed and enforced according to the laws of the State of Michigan to the extent not superseded by Federal law. The exclusive venue for any legal action or proceeding with respect to this Plan or any Severance Benefit, or for recognition and enforcement of any judgment in respect of this Plan or any Severance Benefit, shall be a court sitting in Oakland County, Michigan. Any legal action or proceeding may only be heard in a "bench trial," and any part to such action or proceeding shall agree to waive its right to a jury trial. In consideration for the eligibility to receive Severance Benefits hereunder, each Eligible Employee, unless he or she affirmatively declines such eligibility under the Plan in writing to the Plan Administrator within thirty (30) days after first receiving notification of such eligibility, hereby:

(a) consents to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding;

(b) waives his or her right to a jury trial in any such suit, action or proceeding;

(c) waives any objection which he or she may have to the laying of venue of any such suit, action or proceeding in any such court;

(d) consents to the service of any process, pleadings, notices or other papers in a manner permitted by the notice provisions Section 9.02; and

(e) agrees that a legal proceeding may only be brought after the administrative claim and appeals procedures in this Article VIII have been exhausted, and then only within 365 days after notice of an adverse determination under Section 8.04.

ARTICLE IX
MISCELLANEOUS

Section IX.1 **Nonalienation of Benefits**. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor of any Participant, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment (if permitted under applicable law), trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, plead, encumber or assign any of the benefits or payments that he may expect to receive, contingently or otherwise, under the Plan.

Section IX.2 **Notices**. All notices and other communications required hereunder shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by nationally recognized overnight express courier service. In the case of the Participant, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to the Plan Administrator.

Section IX.3 **Successors**. Any successor to the Company shall assume the obligations under the Plan.

Section IX.4 **Non-Duplication of Benefits**. Notwithstanding anything to the contrary in this Plan:

(a) Award Agreement. If a Participant's award agreement relating to an equity-based award is more favorable to the Participant than the Plan's treatment of such award, then the terms of such award agreement shall control.

(b) Transitional Income Plan. If, as of a Participant's Separation from Service Date, the Participant is eligible to receive Cash Severance under the Plan and cash severance benefits under the TIP, then the Participant shall only receive the Cash Severance under the Plan. In no event shall a Participant be entitled to receive both the Cash Severance under the Plan and cash severance benefits under the TIP.

(c) Change of Control Employment Agreement. If, as of a Participant's Separation from Service Date, the Participant is eligible to receive Severance Benefits under the Plan and similar benefits pursuant to a Change of Control Employment Agreement, then the Participant shall receive either the Severance Benefits under the Plan or the benefits under such Change of Control Employment Agreement, whichever would result in the provision of greater benefits to the Participant, as determined by the Plan Administrator in its sole and absolute discretion. In no

event shall a Participant be entitled to receive both the Severance Benefits under the Plan and similar benefits under a Change of Control Employment Agreement.

(d) Employment Agreement. If, as of a Participant's Separation from Service Date, the Participant is eligible to receive Severance Benefits under the Plan and similar benefits pursuant to an Employment Agreement, then the Participant shall receive either the Severance Benefits under the Plan or the benefits under the Employment Agreement, whichever would result in the provision of greater benefits to the Participant, as determined by the Plan Administrator in its sole and absolute discretion. In no event shall a Participant be entitled to receive both the Severance Benefits under the Plan and similar benefits under an Employment Agreement.

(e) Reduction for Statutory Severance Benefits. If a Participant becomes eligible to receive Cash Severance under the Plan, and the Company or any Affiliated Company is also obligated by statute, regulation or other applicable law to pay to the Participant severance pay, a termination indemnity, notice pay or similar statutorily required amounts (“Statutory Severance”), or to provide advance notice of separation to the Participant (a “Statutory Notice Period”), then the amount of Cash Severance payable to the Participant shall be reduced by the amount of any Statutory Severance or the amount of compensation received during the Statutory Notice Period except to the extent such reduction would not comply with Code Section 409A or other applicable law.

Section IX.5 **No Mitigation**. Except as otherwise provided herein, Participants shall not be required to mitigate the amount of any Severance Benefit provided for in the Plan by seeking other employment or otherwise, nor shall the amount of any Severance Benefit provided for herein be reduced by any compensation earned by other employment or otherwise, except if the Participant is re-employed by Company or any Affiliated Company, in which case any otherwise payable Severance Benefits shall cease and be forfeited.

Section IX.6 **No Contract of Employment**. Nothing in the Plan shall be construed as giving any Employee the right to be retained in the service of the Company, and all Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

Section IX.7 **Severability of Provisions**. If any provision of the Plan shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provisions hereof, and such provision shall be amended to the minimum extent needed to be valid

and enforceable, or if such amendment is not permitted by applicable law, then the Plan shall be construed and enforced as if such provisions had not been included.

Section IX.8 **Heirs, Assigns, and Personal Representatives**. The Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Section IX.9 **Headings and Captions**. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section IX.10 **Gender and Number**. Where the context admits words in any gender shall include any other gender, and, except where otherwise clearly indicated by context, the singular shall include the plural, and vice-versa.

Section IX.11 **Unfunded Plan**. No Participant shall have any interest in any fund or in any specific asset or assets of the Employer by reason of participation in the Plan. It is intended that the Employer has merely a contractual obligation to make payments when due hereunder and it is not intended that the Employer hold any funds in reserve or trust to secure payments hereunder.

Section IX.12 **Non-U.S. Participation**. To the extent an Eligible Employee is located outside of the U.S., the Plan Administrator may, in its sole and absolute discretion, make such changes to the terms and conditions of the Plan as it deems necessary and appropriate to comply with or reflect local law requirements that apply to such Eligible Employee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned, officer of the Company, has executed this BorgWarner Inc. Executive Severance Plan pursuant to the Committee's proper delegation, approval, and authorization.

BORGWARNER INC.

By: ________________________________
Tania Wingfield
Executive Vice President and
Chief Human Resources Officer

Date: ________________________________

[Signature Page to BorgWarner Inc. Executive Severance Plan 2024]

Exhibit 10.2

BORGWARNER INC.
2023 STOCK INCENTIVE PLAN

Restricted Stock Award Agreement – Retention Award

BorgWarner, Inc., a Delaware corporation (the "Company), hereby awards to the Employee indicated below a Restricted Stock Award (the "Award") under the BorgWarner Inc. 2023 Stock Incentive Plan (the "Plan"), as specified below, effective as of the Grant Date, contingent on the Employee's acceptance of the Award within ninety (90) days of the Grant Date, according to the terms and conditions of this Restricted Stock Agreement (this "Agreement") and the Plan. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: Tonit Calaway

Grant Date: July 1, 2024

Number of Shares of Restricted Stock Awarded: 142,903Shares of Restricted Stock

Terms and Conditions:

1. Restriction Period. Except as otherwise provided in this Agreement, the Restriction Period for the Restricted Stock awarded to the Employee under this Agreement shall commence with the Grant Date set forth above and shall end, for the percentage of the Shares indicated below, on the date when the Restricted Stock shall have vested in accordance with the following schedule provided that the Employee remains continuously employed by or in the service of the Company or an Affiliate through the applicable vesting date:

Vesting Date	Vested Percentage
July 1, 2026	100% of the Awarded Shares

Prior to the date that the Restriction Period applicable to Shares of Restricted Stock lapses, the Employee shall not be permitted to sell, assign, transfer, pledge or otherwise encumber such Shares of Restricted Stock.

2. <u>Book Entry Record.</u> The Company shall, as soon as administratively feasible after execution of this Agreement by the Employee, direct the Company's transfer agent for the Stock to make a book entry record showing ownership for the Restricted Stock in the name of the Employee or take other action to evidence the issuance of Restricted Stock as determined in the Company's discretion, subject to the terms and conditions of the Plan and this Agreement and any other restrictions pursuant to applicable laws, rules or regulations or the requirements of any national securities exchange. The Restricted Stock may be held in an account at the Company's transfer agent pending vesting.

3. <u>Termination of Employment</u>. Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall

---

forfeit the Shares that are unvested as of the effective date of the Employee's Termination of Employment. Notwithstanding the foregoing, at the time of the Employee's Termination of Employment, the following provisions shall apply.

(a) <u>Termination Without Cause or Resignation For Good Reason</u>. If the Employee's Termination of Employment is due to the Employee's involuntary termination by the Company without Cause, or due to the Employee's resignation for Good Reason (as defined below) prior to a Change in Control, then all the unvested Shares shall immediately vest. For purposes of this Section 3(a), "Good Reason" means:

(i) a material reduction in the Employee's base compensation other than as a result of a reduction in compensation that is part of, and is at a rate consistent with, a reduction in the compensation paid to a majority of Company executives;

(ii) the assignment to the Employee of duties inconsistent with, and representing a material diminution of, the Employee's authority, duties or responsibilities as performed by the Employee on the Grant Date, excluding: (A) an isolated, insubstantial and inadvertent action, not taken in bad faith, and which is remedied by the Company promptly after receipt of notice thereof given by the Employee, or (B) a change of authority, duties or responsibilities due to a Company reorganization or as part of a broad reassignment of authority, duties or responsibilities among management; or

(iii) any material breach by the Company of a material compensation arrangement with the Employee, other than: (A) an isolated, insubstantial, and inadvertent failure, not occurring in bad faith, and which is remedied by the Company promptly after receipt of notice thereof given by the Employee, or (B) as a result of a reduction in compensation that is part of, and is at a rate consistent with, a reduction in the compensation paid to a majority of Company executives.

Notwithstanding the foregoing, a Termination of Employment will be deemed to be due to the Employee's resignation for Good Reason only if (x) the Employee provides written notice to the Company of the existence of the condition constituting Good Reason under paragraphs (i)-(iii) above within ninety (90) days of the initial existence of the condition, (y) the Company does not remedy the condition within thirty (30) days after receiving such notice and (z) the Employee resigns within thirty (30) days after the expiration of the Company's cure period.

(b) <u>Death or Disability</u>. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Shares shall immediately vest.

(c) <u>Effective Date of Termination of Employment</u>. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment, or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., “garden leave” or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of this Award. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee’s “separation from service” within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.

1. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with the Change of Control Employment Agreement between the Company and the Employee (the “Change of Control Agreement”), as in effect as of the Grant Date, as if a “Change of Control” (as defined in the Change of Control Agreement) had occurred.

2. Stockholder Rights. Subject to the restrictions imposed by this Agreement and the Plan, the Employee shall have, with respect to the Restricted Stock covered by this Award, all of the rights of a stockholder of the Company holding Stock, including the right to vote the Shares and the right to receive dividends; provided, however, that any cash dividends payable with respect to the Restricted Stock covered by this Award shall be automatically reinvested in additional Shares of Restricted Stock, the number of which shall be determined by multiplying (a) the number of Shares that the Employee has been issued under this Agreement as of the dividend record date that have not vested as of such record date by (b) the dividend paid on each Share, dividing the result by (c) the Fair Market Value of a Share on the dividend payment date, and (d)rounding the result to the nearest Share. Such additional Shares so awarded shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms and conditions contained herein. Dividends payable with respect to the Restricted Stock covered by this Award that are payable in Stock shall also be paid in the form of additional Shares of Restricted Stock and shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms, and conditions contained herein.

3. Tax and Social Security Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the “Employer”) take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee’s responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock, including the grant of the Restricted Stock, the vesting of the Restricted Stock, the subsequent sale of any Stock acquired pursuant to the Restricted Stock and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate the Employee’s liability for Tax-Related Items.

   If any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise subject to this Award that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items

Exhibit 10.2

required to be withheld with respect to this Award. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of this Award and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee’s salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be released upon vesting of the Restricted Stock unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Restricted Stock. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Restricted Stock, the Employee expressly consents to the withholding of Shares and/or the withholding of amounts from the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Restricted Stock and any Stock delivered under this Award are the Employee's sole responsibility.

4. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
   (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
   (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
   (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares referring to the foregoing.
5. Miscellaneous.

   (a) Non-transferability. Neither the Restricted Shares nor this Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted

---

by the Company, and neither the Restricted Shares nor this Award shall be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.

   (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or to Attention: Executive Compensation, BorgWarner Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

   (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

   (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.

   (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 and the change in control provision of Section 4 of this Agreement control.

(f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares.

(g) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Company or any subsidiary or Affiliate to terminate the employment of the Employee at any time.

(h) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.

(i) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

(j) Acceptance of Award. By accepting this Award, the Employee agrees to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan. This Agreement shall not be effective as a Restricted Stock Award if a copy of this Agreement is not signed by the Employee and returned to the Company (unless the Employee accepts this award in an alternative means approved by the Company, which may include electronic acceptance) within ninety (90) days of the Grant Date. If the Employee does not sign (or accept using alternative means approved by the Company) this Agreement within ninety (90) days from the Grant Date, the Company may cancel the Award without any requirement to provide notice to the Employee. It is solely the Employee's responsibility to accept the Award.

(k) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.

(l) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.

(m) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one Agreement.

(n) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.

Exhibit 10.2

* * * * *

IN WITNESS WHEREOF, BORGWARNER INC. and the Employee have executed this Agreement to be effective as of the date first written above.

BORGWARNER INC.

By: /s/ Frederic B. Lissalde

Title: Chief Executive Officer

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement and the Plan. I agree to be bound by all of the provisions set forth in this Agreement and the Plan.

07/01/2024 /s/ Tonit M. Calaway
Date Tonit Calaway

Exhibit 10.3

BORGWARNER INC.
2023 STOCK INCENTIVE PLAN

Restricted Stock Agreement - Non-Employee Directors

This Restricted Stock Agreement (the "Agreement") dated as of April 24, 2024, by and between BorgWarner, Inc., a Delaware corporation (the "Company"), and [Name] (the "Director") is entered into as follows:

WITNESSETH:

WHEREAS, the Company has established the BorgWarner Inc. 2023 Stock Incentive Plan (the "Plan"), a copy of which is attached hereto, or which has been previously provided to the Director;

WHEREAS, the Corporate Governance Committee of the Board of Directors of the Company has recommended that the Director be granted shares of Restricted Stock pursuant to the terms of the Plan and the terms of this Agreement, and the Board of Directors of the Company has approved such recommendation.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth:

1. Award of Restricted Stock. The Company hereby awards to the Director on this date, [insert number of shares awarded] shares of its common stock, par value $.01 ("Stock"), subject to the terms and conditions set forth in the Plan and this Agreement (the "Award").

2. Book Entry Record. The Company shall, as soon as administratively feasible after execution of this Agreement by the Director, direct the Company's transfer agent for the Stock to make a book entry record showing ownership for the Restricted Stock in the name of the Director or take other action to evidence the issuance of the Stock as determined in the Company's discretion, subject to the terms and conditions of the Plan and this Agreement.

3. Terms of the Plan Shall Govern. The Award is made pursuant to, and is subject to, the Plan, including, without limitation, its provisions governing a Change in Control and cancellation and rescission of Awards. In the case of any conflict between the Plan and this Agreement, the terms of the Plan shall control. Unless otherwise indicated, all capitalized terms contained in this Agreement shall have the meaning assigned to them in the Plan.

4. Restriction Period. The Restriction Period for the Restricted Stock awarded to the Director under this Agreement shall commence with the date of this Agreement set forth above and shall end, for the percentage of the shares indicated below, on the date when the Restricted Stock shall have vested in accordance with the following schedule:

Exhibit 10.3

Vesting Date	Vested Percentage
April 24, 2025	100% of the Awarded Shares

Notwithstanding the foregoing, the Restriction Period shall end on the date of the annual stockholders meeting in the year of the Vesting Date if such annual stockholders meeting occurs prior to the Vesting Date and at least fifty (50) weeks after the date of the annual stockholders meeting in the year in which this Award is granted.

5. Stockholder Rights. Subject to the restrictions imposed by this Agreement and the Plan, the Director shall have, with respect to the Restricted Stock covered by this Award, all of the rights of a stockholder of the Company holding Stock, including the right to vote the shares and the right to receive dividends; provided, however, that any cash dividends payable with respect to the Restricted Stock covered by this Award will be automatically reinvested in additional shares of Restricted Stock, the number of which shall be determined by multiplying (i) the number of shares of Restricted Stock that the Director has been issued under this Agreement as of the dividend record date by (ii) the dividend paid on each share of Stock, dividing the result by (iii) the Fair Market Value of a share of Stock on the dividend payment date, and (iv) rounding the result to the nearest share. Such additional shares of Restricted Stock resulting from the reinvestment of dividends shall be subject to the same restrictions, terms and conditions, including the Restriction Period, contained herein. For the avoidance of doubt, if the Restricted Stock is forfeited, then any dividends paid thereon and treated in accordance with this paragraph shall also be forfeited. Dividends payable with respect to the Restricted Stock covered by this Award that are payable in Stock shall also be paid in the form of additional shares of Restricted Stock and shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms, and conditions contained herein.

6. Forfeiture of Shares. Upon the Director's Termination of Employment during the Restriction Period, all shares of Stock covered by this Award that remain subject to restriction shall be forfeited by the Director; provided, however, that in the event of the Director's Retirement during the Restriction Period, the Compensation Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of the Restricted Stock covered by this Award.

7. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan.

8. Acquisition of Shares For Investment Purposes Only. By his or her signature hereto, the Director hereby agrees with the Company as follows:

   a. The Director is acquiring the shares of Stock covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the shares of the Stock in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;

   b. If any of the shares of Stock covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such shares shall be made by the Director (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and

   c. The Company shall have the authority to include such stop transfer orders, legends or other restrictions relating to the shares referring to the foregoing restrictions.

9. Non-transferability. Neither the Restricted Stock nor this Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and neither the Restricted Stock nor this Award shall be subject to execution, attachment or similar process. In addition, by accepting this Award, the Director agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.

10. No Right to Continued Service. Nothing contained in the Plan or this Agreement shall confer upon the Director any right to continue as a director of the Company.

11. Withholding of Taxes. If applicable, no later than the date as of which an amount first becomes includible in the Director's gross income for Federal income tax purposes, the Director shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local, or foreign taxes of any kind required by law to be withheld.

12. Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with

the laws of the State of Delaware without taking into account its conflict of laws provisions.

13. Acceptance of Award. By accepting this Award, the Director agrees to accept the terms of the Award, as set forth in this Agreement and in the Plan. Unless the Company otherwise agrees in writing, this Agreement shall not be effective as a Restricted Stock Award if a copy of this Agreement is not signed and returned to the Company (unless the Director accepts this award in an alternative means approved by the Company, which may include electronic acceptance) within ninety (90) days of the date of grant of this Award. If the Director does not sign (or accept using alternative means approved by the Company) this Agreement within ninety (90) days from the

date of grant of this Award, the Company may cancel the Award without any requirement to provide notice to the Director. It is solely the Director’s responsibility to accept the Award.

14. Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.

* * * * *

IN WITNESS WHEREOF, BORGWARNER INC. and the Director have executed this Agreement to be effective as of the date first written above.

BORGWARNER INC.

By: /s/ Tania Wingfield

Title: Executive Vice President, Chief
Human Resources Officer

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement and the Plan. I agree to be bound by all of the provisions set forth in this Agreement and the Plan.

Date [Name]

EXHIBIT 31.1

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Frederic B. Lissalde, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BorgWarner Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2024 October 31, 2024

/s/ Frederic B. Lissalde

Frederic B. Lissalde
President and Chief Executive Officer

EXHIBIT 31.2

Certification of the Principal Financial Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Craig D. Aaron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BorgWarner Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2024 October 31, 2024

/s/ Craig D. Aaron

Craig D. Aaron

Executive Vice President, Chief Financial Officer

EXHIBIT 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of BorgWarner Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024 September 30, 2024 (the “Report”), each of the undersigned officers of the Company certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of such officer's knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 31, 2024 October 31, 2024

/s/ Frederic B. Lissalde

Frederic B. Lissalde

President and Chief Executive Officer

/s/ Craig D. Aaron

Craig D. Aaron

Executive Vice President, Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to BorgWarner Inc. and will be retained by BorgWarner Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

REFINITIV