

BORGWARNER INC
Form PRE 14A
February 17, 2004

Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

BORGWARNER INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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Table of Contents

BORGWARNER INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Chicago, Illinois

March 19, 2004

Dear Stockholder:

BorgWarner Inc. will hold its Annual Meeting of Stockholders at the Company's headquarters located at 200 South Michigan Avenue, Chicago, Illinois, 60604, on April 21, 2004, at 10:00 a.m., local time, for the following purposes:

1. To elect the Class II Directors to serve for the next three years;
2. To vote upon a proposal to approve the BorgWarner Inc. 2004 Stock Incentive Plan;
3. To vote upon a proposal to approve an amendment to the Company's Restated Certificate of Incorporation to increase the authorized common stock of the Company in order to permit, among other things, a 2-for-1 stock split;
4. To ratify the appointment of Deloitte & Touche LLP as independent auditors for the Company for 2004; and
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders at the close of business on March 5, 2004 will be entitled to vote at the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors

Laurene H. Horiszny
Secretary

YOUR VOTE IS IMPORTANT!

YOU MAY VOTE BY:

Signing and returning the accompanying proxy card

Voting by telephone or by the Internet. See proxy card for instructions.

OR

Voting in person at the meeting (if you are a stockholder of record)

TABLE OF CONTENTS

PROPOSAL 1 -- ELECTION OF DIRECTORS

REPORT OF THE BORGWARNER INC. FINANCE AND AUDIT COMMITTEE

SUMMARY COMPENSATION TABLE

PROPOSAL 2 -- APPROVAL OF THE BORGWARNER INC. 2004 STOCK INCENTIVE PLAN

PROPOSAL 3 -- APPROVAL OF AMENDMENT TO RESTATED CERTIFICATE OF
INCORPORATION TO INCREASE AUTHORIZED SHARES OF COMMON STOCK

PROPOSAL 4 -- RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

OTHER INFORMATION

APPENDIX A BORGWARNER INC. FINANCE AND AUDIT COMMITTEE

Table of Contents

BORGWARNER INC.

**200 South Michigan Avenue
Chicago, Illinois 60604**

PROXY STATEMENT

March 19, 2004

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of BorgWarner Inc. (the Company) for the 2004 Annual Meeting of Stockholders to be held at the Company's headquarters at 200 South Michigan Avenue, Chicago, Illinois 60604 on April 21, 2004 at 10:00 a.m., local time, or at any adjournments thereof. This Proxy Statement and accompanying form of proxy are being mailed to stockholders beginning on or about March 19, 2004. The Company's Annual Report to Stockholders for the year ended December 31, 2003 is enclosed.

Only stockholders of record at the close of business on March 5, 2004 will be entitled to vote at the meeting. As of such date, there were 2x,xxx,xxx issued and 2x,xxx,xxx outstanding shares of common stock. Each share of common stock entitles the holder to one vote.

If you return your signed proxy card or vote by telephone or by the Internet before the Annual Meeting, we will vote your shares as you direct. Any proxy returned without specification as to any matter will be voted as to each proposal in accordance with the recommendation of the Board of Directors. You may revoke your proxy at any time before the vote is taken by delivering to the Secretary of the Company written revocation or a proxy bearing a later date, or by attending and voting at the Annual Meeting.

The election inspectors will tabulate the votes cast prior to the meeting and at the meeting to determine whether a quorum is present. The presence in person or by proxy of the holders of a majority of common stock will constitute a quorum. A quorum is necessary to transact business at the Annual Meeting. Shares of common stock represented by proxies that reflect abstentions or broker non-votes (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as present and entitled to vote for purposes of determining the presence of a quorum. Assuming a quorum is present, an abstention from voting or a broker non-vote has no effect on Proposals 1, 2, and 4. However, an abstention or a broker non-vote will have the same legal effect as a vote against Proposal 3.

PROPOSAL 1 ELECTION OF DIRECTORS

The Company's Board of Directors is divided into three classes. Jere A. Drummond, Timothy M. Manganello and Ernest J. Novak, Jr. (the Class II Directors) are the nominees for election to the Board at this meeting. If elected, each nominee will serve for a term of three years and until their successors are elected and qualified. The Class III Directors have terms expiring at the 2005 Annual Meeting of Stockholders and the Class I Directors have terms expiring at the 2006 Annual Meeting of Stockholders. Each of the nominees for election as a Class II Director is presently a director of the Company and has agreed to serve if elected. In the event that any nominee should become unavailable for election, the Board of Directors may designate a substitute nominee, in which event the shares represented by proxies at the meeting will be voted for such substitute nominee unless an instruction to the contrary is indicated on the proxy card. A plurality of the votes cast is needed for the election of directors.

Recommendation of the Board of Directors

The Board of Directors recommends a vote FOR the election of each of the Class II Directors Jere A. Drummond, Timothy M. Manganello and Ernest Novak, Jr.

Table of Contents**Information on Nominees for Directors and Continuing Directors**

The following table sets forth as of February 13, 2004, with respect to each nominee and each director continuing to serve, their name, age, principal occupation, the year in which they first became a director of the Company and directorships in other corporations:

Class I Directors	Age	Principal Occupation and Directorships
Phyllis O. Bonanno 1999	60	Ms. Bonanno has been President and CEO of International Trade Solutions, Inc., an international trade consulting firm, since March 2002. She was the President of TradeBuilders, Inc. from October 2000 until October 2001. She was President of Columbia College from July 1997 until March 2000. She is also a director of Adams Express Company and Petroleum & Resources Corporation.
Andrew F. Brimmer 1997	77	Dr. Brimmer has been President of Brimmer & Company, Inc., an economic and financial consulting firm, since July 1976. He is also a director of CarrAmerica Realty Corporation, BlackRock Investment Income Trust, Inc. and other BlackRock funds.
Alexis P. Michas 1993	46	Mr. Michas has been the Managing Partner since 1996 of Stonington Partners, Inc., an investment management firm. He is also a director of PerkinElmer, Inc. and a number of privately held companies.
Class II Directors	Age	Principal Occupation and Directorships
Jere A. Drummond 1996	64	Mr. Drummond retired from the BellSouth Corporation on December 31, 2001. He served as Vice Chairman of the BellSouth Corporation from January 2000 until his retirement. He was President and Chief Executive Officer of BellSouth Communications Group, a provider of traditional telephone operations and products, from January 1998 until December 1999. He was President and Chief Executive Officer of BellSouth Telecommunications, Inc. (BellSouth) from January 1995 until December 1997 and was elected a director of BellSouth in 1993. He is a director of AirTran Holdings, Inc., Centillum Communications, Inc. and Science Applications International Corporation.
Timothy M. Manganello 2002	54	Mr. Manganello has been Chief Executive Officer of the Company since February 2003 and has been President since February 2002. He was also Chief Operating Officer of the Company from February 2002 until February 2003. He was Executive Vice President and General Manager of BorgWarner TorqTransfer Systems Inc. (TorqTransfer Systems) from July 2001 until January 2002. He was Vice President of the Company and General Manager of TorqTransfer Systems from February 1999 until June 2001. He was appointed a director of the Company in February 2002.

Table of Contents

Class II Directors	Age	Principal Occupation and Directorships
Ernest J. Novak, Jr. 2003	59	Mr. Novak retired as a Managing Partner from Ernst & Young in June 2003. He was a Managing Partner from 1986 until June 2003. Mr. Novak is also a director of A. Schulman, Inc.
Class III Directors	Age	Principal Occupation and Directorships
William E. Butler 1997	73	Mr. Butler was Chairman of the Board and Chief Executive Officer of Eaton Corporation, a global manufacturer of industrial, vehicle, construction, commercial and aerospace products, from January 1992 until his retirement at the end of 1995. Mr. Butler is a director of Applied Industrial Technologies.
Paul E. Glaske 1994	70	Mr. Glaske was Chairman and Chief Executive Officer from April 1992 until his retirement in October 1999 of Blue Bird Corporation, a leading manufacturer of school buses, motor homes and a variety of other vehicles.
John Rau 1997	55	Mr. Rau has been President and Chief Executive Officer of Miami Corporation, a private asset management firm, since January 2003. He has been Chairman of the Chicago Title and Trust Company Foundation since April 2000. He was President and Chief Executive Officer of Chicago Title Corporation from January 1997 until March 2000. Mr. Rau is also a director of First Industrial Realty Trust, Inc. and Nicor, Inc.

Board of Directors and Its Committees

The Board of Directors held four regular meetings during 2003. All of the directors attended at least 75% of the meetings of the Board of Directors and any committee on which they served. Director Novak was elected to the Board at the July 2003 meeting and attended all subsequent meetings. Our Corporate Governance Guidelines set forth our policy that directors should use their best efforts to attend annual meetings of stockholders. All directors serving at the time of the 2003 Annual Meeting of Stockholders attended the meeting.

The Board of Directors has a standing Compensation Committee, Finance and Audit Committee, Corporate Governance Committee and Executive Committee. The Charters for each of our Board committees can be accessed on the Company's website at www.bwauto.com.

The Board has determined that all Board members meet the independence requirements of the New York Stock Exchange (NYSE), with the exception of Timothy M. Manganello, Chairman and Chief Executive Officer. Under the Company's Corporate Governance Guidelines, a director will not be considered independent unless the Board determines that such director has no direct or indirect material relationship with the Company. In addition, the Company's Corporate Governance Guidelines, provide that:

a director who is an employee, or whose immediate family member is an executive officer, of the Company is not independent until three years after the end of such employment relationship.

a director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation.

a director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company

Table of Contents

is not independent until three years after the end of the affiliation or the employment or auditing relationship.

a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's present executives serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship.

a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the listed company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold.

Compensation Committee. The present members of the Compensation Committee are Directors Glaske (Chairman), Butler, Drummond and Rau. The principal functions of the Compensation Committee include reviewing and approving executive appointments and remuneration and supervising the administration of the Company's employee benefit plans. The Compensation Committee met four times during 2003.

Finance and Audit Committee. The present members of the Finance and Audit Committee are Directors Rau (Chairman), Bonanno, Brimmer, Michas and Novak. The Board of Directors has determined that Director Novak qualifies as an audit committee financial expert within the meaning of applicable SEC regulations. In addition, the Board has determined that each member of the Finance and Audit Committee is financially literate as required by applicable NYSE rules. The principal functions of the Finance and Audit Committee include: the engagement of the Company's independent auditors; determining the scope of services provided by the independent auditors; reviewing the methodologies used by the Company in its accounting and financial reporting practices; reviewing the results of the annual audit and the Company's annual financial statements; and overseeing the Company's internal control and internal auditing services. A copy of the Charter for the Finance and Audit Committee is attached as Appendix A. The Finance and Audit Committee met six times during 2003.

Corporate Governance Committee. The present members of the Corporate Governance Committee are Directors Butler (Chairman), Drummond, Glaske and Gorr. Director Gorr intends to retire at the 2004 Annual Meeting of Stockholders. The principal functions of the Corporate Governance Committee include making recommendations to the Board of Directors regarding: (i) Board composition and structure, (ii) corporate governance principles, including the nature, duties and powers of Board committees, (iii) term of office for members, (iv) qualified persons to be nominated for election or re-election as directors, (v) stockholders' suggestions for board nominations, and (vi) the successor to the Chief Executive Officer. The Corporate Governance Committee also establishes criteria for Board and committee membership and evaluates Company policies relating to the recruitment of directors and oversees the evaluation of the Board, its committees and management. The Corporate Governance Committee met four times during 2003.

Stockholders of record of the Company may recommend director candidates for inclusion by the Board in the slate of nominees which the Board recommends to stockholders for election. Appropriate biographical information and background material must be submitted to the BorgWarner Inc. Corporate Governance Committee c/o BorgWarner Inc. General Counsel, 200 South Michigan Avenue, Chicago, IL 60604 in a timely manner. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Corporate Governance Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members. The General Counsel will review the information and provide to the Chairman of the Corporate Governance Committee an assessment of the candidate's independence, freedom from conflicts of interest and general suitability. If the Chairman of the Committee decides to submit the candidate to the entire Committee, each member will receive the candidate's background information and will be afforded an opportunity to interview the candidate.

Table of Contents

In considering whether to recommend to the full Board any candidate for inclusion in the Board's slate of recommended director nominees, the Corporate Governance Committee will consider, among other things, the following factors:

personal and professional ethics, integrity and values;

the education and breadth of experience necessary to understand business problems and evaluate and postulate solutions;

interest and availability of time to be involved with the Company and its employees over a sustained period;

stature to represent the Company before the public, stockholders and various others who affect the Company;

willingness to objectively appraise management performance in the interest of the stockholders;

open mindedness on policy issues and areas of activity affecting overall interests of the Company and its stockholders;

involvement only in activities and interests that do not create a conflict with the director's responsibilities to the Company and its stockholders;

ability to evaluate strategic options and risks;

contribution to the Board's desired diversity and balance; and

willingness to limit public company board service to four or fewer boards, unless the Corporate Governance Committee approves otherwise.

The Company believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. If the Corporate Governance Committee determines that a stockholder-nominated candidate is suitable and that the candidate should be recommended to the full Board, a quorum of the full Board must discuss whether to include the candidate in the slate of nominees which the Board recommends to stockholders for election and, if appropriate, adopt a resolution authorizing the inclusion.

Executive Committee. The present members of the Executive Committee are Directors Drummond, Manganello and Michas. The Executive Committee is empowered to act for the full Board during intervals between Board meetings when telephonic meetings cannot reasonably be arranged, with the exception of certain matters that by law may not be delegated. The Executive Committee did not meet during 2003.

Executive Sessions. The non-employee directors meet in executive sessions without the presence of any corporate officer or member of management in conjunction with regular meetings of the Board. Director Butler is the presiding director of these executive sessions. Interested parties can make concerns known directly to the non-management directors on-line at www.mysafeworkplace.com or by toll-free call to 1-800-461-9330.

Directors Compensation

Effective July 1, 2003, the annual retainer for non-employee directors was increased from \$26,000 to \$40,000 for service on the Board of Directors. Each non-employee director receives \$1,000 for each Board meeting attended. Committee members also receive \$1,000 (\$1,500 if Chairman of the committee) for each committee meeting attended. In recognition of increased time commitments, the Chairman of the Finance and Audit Committee received \$3,000 for each committee meeting attended, since April 2003. The Company pays for the expenses associated with attendance at Board and committee meetings.

In addition, under the terms of the BorgWarner Inc. 1993 Stock Incentive Plan, as Amended (the 1993 Plan), which expired on December 31, 2003, each non-employee director of the Company received on the third Tuesday of each year an annual grant of options to purchase 2,000 shares of common stock having an

Table of Contents

exercise price equal to the fair market value of the common stock at the date of grant of such option. Each director, upon joining the Board, also received an initial grant of options to purchase 2,000 shares of common stock having an exercise price equal to the fair market value of the common stock as of such date. All such options expire ten years after the date of grant and become exercisable in installments on the second and third anniversaries of the date of grant.

If the BorgWarner Inc. 2004 Stock Incentive Plan (the 2004 Plan) is approved by stockholders (Proposal 2), starting in 2004, instead of annual stock option grants, non-employee directors will receive an annual grant of 400 shares of restricted stock pursuant to a resolution. (The amount of restricted shares will be adjusted, if necessary, to account for the effect of the stock split if Proposal 2 is approved.) Non-employee directors no longer receive automatic annual grants of options under the 1993 Plan.

REPORT OF THE BORGWARNER INC. FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee of the Board of Directors of BorgWarner Inc. is charged with assisting the Board with respect to fulfilling the Board's oversight responsibility regarding the quality and integrity of the accounting, auditing and financial reporting practices of the Company. The Committee also has the responsibility for, among other things, monitoring the independent auditor's qualifications and independence, monitoring the performance of the Company's internal audit function and advising the Board on corporate financial policy and capital structure and reviewing capital expenditure plans and financing plans. The full charge of the Committee is set forth in its charter, which is reviewed and updated annually and approved by the Board. During 2003, the Committee met six times and the Committee chairman, as representative of the Committee, discussed the interim financial information contained in each quarterly earnings announcement with the chief financial officer or acting chief financial officer, controller and independent auditors prior to its public release.

With respect to the 2003 financial statements, the Committee, in conjunction with the Board, reviewed the 2003 financial results and financial condition with management. The Committee met with selected members of management and Deloitte & Touche LLP (Deloitte), the Company's independent auditors, to review the financial statements (including quarterly reports), discussing such matters as the quality of earnings; estimates, reserves and accruals; suitability of accounting principles; judgmental areas; and audit adjustments, whether recorded or not. In addition, the Committee considered the quality and adequacy of the Company's internal controls, taxation issues, information technology matters and other areas as appropriate to its oversight of the financial reporting and audit processes.

In discharging its oversight responsibilities as to the audit process, the Committee:

Satisfied itself as to Deloitte's independence through a review of relationships and services which might affect the objectivity of the auditors, a review of the written disclosures and letter from Deloitte required by Independence Standards Board Standard No. 1 and discussions with Deloitte concerning their independence;

Discussed the overall audit process, including audit reports;

Involved Deloitte in the Committee's review of the Company's financial statements;

Discussed with Deloitte all matters required to be reviewed by generally accepted auditing standards;

Provided Deloitte full access to the Committee to report on any and all appropriate matters;

Recommended to the Board, subject to shareholder approval, the reappointment of Deloitte as independent auditors for the Company. The Board concurred with this recommendation; and

Was informed of and reviewed the oaths and certifications of the Chief Executive Officer and Chief Financial Officer required by the Securities and Exchange Commission General Order 4-460 and by the Sarbanes-Oxley Act Sections 302 and 906, and was informed of the process supporting the same.

Table of Contents

The Committee provided guidance and oversight to the internal audit function, including a review of the organization, the audit plan, and results of internal audit activity. The Director of Internal Audit had routine opportunity to meet with the Committee to discuss any matters desired.

Based on its work and the information received as outlined above, the Committee recommended to the Board and the Board approved the Company's audited financial statements for 2003 to be included in the Annual Report on Form 10-K, for filing with the Securities and Exchange Commission. The Committee is satisfied that it has met its responsibilities for the year ended December 31, 2003 under its charter and that the financial reporting and audit processes of the Company are functioning appropriately.

BORGWARNER INC. FINANCE AND AUDIT COMMITTEE

John Rau, Chairman

Phyllis O. Bonanno

Dr. Andrew F. Brimmer

Alexis P. Michas

Ernest J. Novak, Jr.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth, as of February 17, 2004, certain information regarding beneficial ownership of common stock by all entities that, to the best knowledge of the Company, beneficially owned more than the five percent of the common stock.

Name and Address of Beneficial Owner	Number of Shares	Percent of Class
Wellington Management Company, LLP 75 State Street Boston, MA 02109	1,943,000(a)	7.08%
AXA Financial, Inc. 1290 Avenue of the Americas New York, NY 10104	1,594,026(b)	5.8%

(a) Pursuant to a Schedule 13G filed on February 12, 2004, Wellington Management Company, LLP indicated that it had shared voting power for 1,686,700 shares and shared dispositive power for 1,943,000 shares.

(b) A Schedule 13G was filed on February 10, 2004 on behalf of AXA Financial, Inc., AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle and AXA indicating sole voting power for 1,198,487 shares, shared voting power for 5,650 shares, sole dispositive power for 1,421,514 shares and shared dispositive power for 172,512 shares.

The following table sets forth, as of February 13, 2004, certain information regarding beneficial ownership of common stock by the Company's directors and executive officers named in the Summary Compensation Table and by all directors and executive officers as a group.

Name of Beneficial Owner	Amount(a) and Nature(b) of Stock Ownership	Percent of class
John F. Fiedler(c)	6,977	*
Timothy M. Manganello	24,934	*
John J. McGill	18,142	*
Alfred O. Weber	316	*
F. Lee Wilson	19,140	*
Roger S. Wood	6,985	*
Phyllis O. Bonanno	6,235	*
Andrew F. Brimmer	9,157	*
William E. Butler	8,100	*
Jere A. Drummond	12,719	*
Paul E. Glaske	18,518	*
Ivan W. Gorr	10,000	*
Alexis P. Michas	44,468	*
Ernest J. Novak, Jr.	648	*
John Rau	11,329	*
All directors and executive officers of the Company (21 persons)	263,542	.9%

* Represents less than one percent.

(a) Includes the following number of shares issuable upon the exercise of options within the next 60 days: 288 for Mr. Manganello; 5,000 for Ms. Bonanno; 7,000 for Dr. Brimmer; 7,000 for Mr. Butler; 8,000 for Mr. Drummond; 10,000 for Mr. Glaske; 9,000 for Mr. Gorr; 5,000 for Mr. Michas; 7,000 for Mr. Rau; and 103,327 for all directors and executive officers of the Company.

Table of Contents

(b) Includes all shares with respect to which each officer or director directly, or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares the power to vote or to direct voting of such shares or to dispose or to direct the disposition of such shares.

(c) Retired from the Company on May 30, 2003.

In addition to the shares of Common Stock reported above, the following directors have acquired phantom stock units through the deferral of director fees under the Borg-Warner Automotive, Inc. Board of Directors Deferred Compensation Plan: Ms. Bonanno has 1,135.02 phantom stock units; Dr. Brimmer has 1,557.39 phantom stock units; Mr. Drummond has 3,719.87 phantom stock units; Mr. Glaske has 508.68 phantom stock units; Mr. Michas has 2,588.25 phantom stock units; Mr. Novak has 48.98 phantom stock units; and Mr. Rau has 2,329.66 phantom stock units.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's executive officers, directors and greater than 10% stockholders file certain reports with respect to beneficial ownership of the Company's equity securities. Based on information provided to the Company by each director and executive officer, the Company believes all reports required to be filed in 2003 were timely filed, except for forms relating to options that were granted on July 25, 2003 which were reported on August 4, 2003 on behalf of the following individuals: John Kalina, Robert Welding, William Cline, Anthony Hensel, Laurene Horiszny, John McGill, and Roger Wood.

Table of Contents**Executive Compensation**

The following table shows, for the years ended December 31, 2003, 2002 and 2001, the cash compensation paid by the Company and its subsidiaries, as well as certain other compensation paid or accrued for these years, to the Company's Chief Executive Officer and certain executive officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation (\$)(a)	Long Term Compensation Awards(b)	Long Term Incentive Plan Payouts	All Other Compensation (\$)(c)
		Salary(\$)	Bonus(\$)		Securities Underlying Options(#)		
John F. Fiedler(*) Chairman and CEO (Retired)	2003	\$234,664	\$1,034,120	\$2,660,757(d)	0	\$956,000	\$3,384,407(f)
	2002	\$564,050	\$1,520,666	\$0	10,557	\$1,471,000	\$90,704
	2001	\$553,000	\$291,401	\$588,150(d)	8,340	\$567,035	\$116,168
Timothy M. Manganello Chairman and CEO	2003	\$538,144	\$768,877	\$69,548(e)	0	\$286,800	\$146,743
	2002	\$381,625	\$624,109	\$125,755(d)	5,766	\$382,460	\$66,425
	2001	\$253,000	\$146,607	\$13,993(d)	576	\$133,420	\$69,972
F. Lee Wilson Vice President	2003	\$247,600	\$332,731	\$402,956(d)	0	\$191,200	\$26,471
	2002	\$234,600	\$403,263	\$0	0	\$205,940	\$24,026
	2001	\$230,000	\$255,175	\$0	0	\$0	\$24,943
John J. McGill Vice President	2003	\$247,600	\$560,853	\$190,914(d)(e)	0	\$248,560	\$31,117
	2002	\$234,600	\$312,005	\$0	0	\$382,460	\$22,789
	2001	\$229,584	\$34,446	\$0	0	\$0	\$22,107
Roger S. Wood Vice President	2003	\$232,100	\$387,933	\$0	3,663	\$191,200	\$69,626
	2002	\$210,000	\$336,949	\$0	0	\$147,100	\$38,551
	2001	\$200,000	\$119,203	\$0	0	\$47,650	\$30,924
Alfred O. Weber Vice President	2003	\$211,000	\$252,763	\$221,851(d)(e)	0	\$0	\$46,269
	2002	\$204,359	\$211,043	\$67,043(e)	10,000	\$0	\$6,230
	2001	\$133,683	\$88,836	\$0	0	\$0	\$0

(a) Excludes certain non-cash benefits that are deemed compensation for federal income tax purposes. These non-cash benefits are provided by the Company to its executive officers and include group term life insurance and automobiles. The net cost to the Company of such benefits during 2001, 2002, or 2003 did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus for each named executive officer.

(b) No restricted stock awards were made in 2001, 2002, or 2003.

(c) Includes amounts contributed by the Company on behalf of the named executive officers during 2001, 2002, and 2003 pursuant to the provisions of the BorgWarner Inc. Retirement Savings Plan and credits made pursuant to the BorgWarner Inc. Retirement Savings Excess Benefit Plan.

(d) Represents gain on stock option exercise(s).

(e) Includes imputed income for company car, relocation expense reimbursements and gross-up for taxes on relocation reimbursements. The following officers received relocation expense reimbursements (including tax gross-up) in excess of \$50,000: Mr. Manganello received \$69,548 in 2003; Mr. McGill received \$64,610 in 2003; and Mr. Weber received \$71,748 in 2003.

(f) Includes principal and loan forgiven (\$2,758,682) and gross-up payment (\$435,841) as described in Certain Relationships and Related Transactions.

(*) Retired on May 30, 2003.

Table of Contents**Stock Options**

The following table sets forth information with respect to grants of stock options made during 2003 to the named executive officers.

Name	Number of Securities Underlying Options Granted (a)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%	10%
Roger S. Wood	3,663	1.1%	\$66.080	7/23/13	\$152,225	\$385,767

(a) Options are exercisable starting 24 months after the grant date, with 50% of the shares covered thereby becoming exercisable at that time and with the remaining 50% of the option shares becoming exercisable on the third anniversary date. The options were granted for a term of 10 years.

The following table sets forth information with respect to the named executive officers concerning the exercise of stock options during 2003 and concerning unexercised options held at December 31, 2003.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at FY-End		Value of Unexercised In-the-Money Options at FY-End(b)	
			Exercisable	Unexercisable(a)	Exercisable	Unexercisable