

## SUMMARY PLAN DESCRIPTION

### **BorgWarner Inc. Transitional Income Plan**

This summary describes, in non-technical language, the main provisions of the BorgWarner Inc. Transitional Income Plan (the “Plan”). The Plan is effective for terminations of employment on and after May 1, 2019.

The Plan provides transitional income and benefits to an eligible employee because of an employee’s termination of employment with BorgWarner Inc. and its affiliates (the “Company”) under the circumstances described below.

This document is only a summary of the benefits under the Plan. Your eligibility to participate in the Plan and the benefits you will receive are determined solely by the official Plan document which describes the Plan and is available in the Human Resources Department for your review. To the extent a conflict exists between this summary document and the official Plan document, the Plan official document will control.

#### Eligibility

The Plan provides a Transitional Benefit for regular full-time salaried employees of the Company in the United States whose employment with the Company is terminated because of:

- a reduction in workforce or a restructuring; or
- a permanent elimination of a job position.

Notwithstanding the above sentence, you will not be eligible for a Transitional Benefit if:

- You voluntarily terminate employment with the Company;
- Your employment is terminated for cause, including, for breach of a Company policy or agreement to which you are bound, dishonesty, nonperformance or dereliction of duty, insubordinate conduct, or poor performance or failure to improve in accordance with a written performance improvement plan, or
- Your employment is terminated because of circumstances beyond the control of the Company, including, a disaster (natural or otherwise), a Labor dispute, act of war, or sabotage or riot;
- You are on an unapproved leave of absence on your termination date (except for short leave of absences, such as, for vacation, jury duty, bereavement, or similar leaves); or
- You refuse to accept re-employment with the Company or an employment offer from another employer to whom operations or assets have been sold or transferred.

#### Transitional Benefit and Determination of Eligible Weeks

If you qualify under the Plan and you timely sign and return, and do not revoke, if applicable, a release of claims agreement, you will receive a Transitional Benefit consisting of a Lump Sum Benefit and a Group Insurance Benefit based on the number of your Eligible Weeks.

- The Lump Sum Benefit is equal to your regular weekly salary you were receiving from the Company immediately prior to your termination date multiplied by your Eligible Weeks.
- The Group Insurance Benefit is a premium subsidy for medical and prescription insurance coverage and the group dental and vision coverage under the Company's group health plan equal to the Company-paid portion of your premiums for such coverages you're enrolled in as of your termination date. The subsidy will allow you to pay the similar premiums active employees pay. The subsidy is contingent on timely electing continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Within 45 days after your termination, you will be notified of your right to elect COBRA continuation coverage. You must elect COBRA continuation coverage within 60 days after you receive this notice. The subsidy will be provided until the earlier of the expiration of your number of Eligible Weeks or the date your COBRA continuation period terminates as described in your initial COBRA notice. You may continue your COBRA continuation coverage after the expiration of your Eligible Weeks by paying the full COBRA premium for the remainder of your COBRA continuation period.

The calculation of Eligible Weeks for both the Lump Sum Benefit and the Group Insurance Benefit depends on your salary grade level at the time of your termination of employment. For eligible employees with a salary grade level of 15 or less at the time of termination, Eligible Weeks is equal to 1 Eligible Week for each full year of your employment with the Company, subject to a minimum of 4 and a maximum of 26. For eligible employees with a salary grade level of 16 or higher at the time of their termination of employment, Eligible Weeks is equal to 26.

#### Release of Claims

The Company will pay you the Transitional Benefit only if you sign and return the release of claims agreement by the due date and, if applicable, you do not revoke your release of claims agreement. The release of claims agreement will be presented to you on your employment termination date.

You will have 14 days from your employment termination date to sign and return your release of claims agreement. But, if you are over age 40, your time to sign and return your release of claims agreement will be increased to 21 days or, if your termination of employment is in connection with an employment exit program, to 45 days, and you will be provided 7 days following the date you sign to revoke your release of claims agreement.

The release of claims agreement will be a written agreement in a form provided by the Administrator, as determined in its sole discretion, whereby you agree to release the Company and other releasees from all legal claims you may have against the Company or the other releasees.

#### Lump Sum Benefit Payment Date and Tax Withholdings

The payment of the Lump Sum Benefit will be paid in a cash lump sum at the next regular pay date following the date the Company receives your signed and irrevocable release of claims agreement, but the Lump Sum Benefit shall not be paid later than sixty (60) days after your employment termination date. All required deductions for Federal, state and municipal taxes will be taken from the Lump Sum Benefit.

### Revision and Continuance of Plan

The Company expects to maintain the Plan indefinitely but reserves the right to amend or terminate the Plan at any time and in any manner, with or without notice, if the Company believes the situation so requires. You will be notified in writing if there is any significant amendment or if the Plan is terminated.

### Plan Administration

The Plan will be administered by the BorgWarner Employee Benefits Committee. The Administrator has the discretion to interpret the Plan, administer the Plan under its terms and to interpret Plan policies and procedures, resolve and clarify inconsistencies, ambiguities and omissions in the Plan and among and between the Plan document and other related documents, take all actions and make all decisions regarding questions of coverage, eligibility and entitlement to benefits, and benefit amounts, and process and approve or deny all claims for benefits.

The decisions of the Administrator, including, but not limited to, questions of construction, interpretation and administration shall be final, conclusive and binding on all persons having an interest in or under the Plan. And such decisions will be afforded full deference under the law. The Administrator also has record-keeping and similar responsibilities such as distributing information to participants.

If you have questions about the Plan, contact the Administrator.

### Claim Procedures

If you believe that you did not receive the correct benefits under the Plan or were eligible for Plan benefits not provided, you must file a written claim with the Administrator setting forth the nature of the claim and the relief or correction sought. The Administrator will respond to the claim within 90 days of its receipt (unless special circumstances require an extension).

If your claim is denied in whole or in part, you will receive a written notice from the Administrator setting forth the specific reasons for the denial, specific reference to the provisions of the Plan on which the denial is based, a description of any additional material or information for the claim to be approved, and a description of the claims review procedure under the Plan.

You may have the denial reviewed again by the Administrator and, in that review, you or your representative may examine all Plan documents and submit issues and comments in writing. If you want the Administrator to review the denial, you must inform the Administrator in writing within 60 days after you receive the Administrator's notice of denial. The Administrator will inform you in writing of the final decision and the specific reasons for that decision within 60 days of your request for review (unless special circumstances justify a delay).

You must exhaust these claims procedures in resolving every claim or dispute arising under the Plan, and you have one year only after the Administrator's final decision to sue in court. After the one year expires, you will be time barred from bringing any claim or dispute in court.

Any claim or dispute relating to the Plan may only be brought in the United States District Court for the Eastern District of Michigan after you exhaust the claims procedures but before you are time barred. This court will have personal jurisdiction over you.

### Your Rights Under ERISA

As a participant in the Plan, you are entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants are entitled to:

- examine without charge (in the Human Resources Department) all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration; and
- obtain, at a reasonable charge for copies, all Plan documents and other Plan documents and other Plan information upon written request to the Administrator.

In addition, ERISA imposes duties upon fiduciaries — the people responsible for the operation of the Plan. Fiduciaries must act prudently and in the interest of Plan participants. No one may discriminate against you to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You may have the Plan reviewed and your claim reconsidered.

Under ERISA, there are steps you can take to enforce your rights. For instance, if you request materials from the Company and do not receive them within 30 days, you may sue in the United States District Court for the Eastern District of Michigan. In such a case, the court may require the Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits denied or ignored, in whole or in part, you may sue after you exhaust the claim procedures, but before you are time barred, in the United States District Court for the Eastern District of Michigan. If the Plan fiduciaries discriminated against you for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may sue in the United States District Court for the Eastern District of Michigan.

The court will decide who should pay court costs and legal fees. If you succeed, the court may order the person you have sued to pay court costs and fees. If you lose, the court may order you to pay these costs and fees.

If you have questions about the Plan, contact the Administrator. If you have questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Important Plan Information

Name of Plan: BorgWarner Inc. Transitional Income Plan

Plan Sponsor: BorgWarner Inc.  
3850 Hamlin Road  
Auburn Hills, MI 48326

Administrator and Agent for  
Service of Process: BorgWarner Employee Benefits Committee  
c/o BorgWarner Inc.  
3850 Hamlin Road  
Auburn Hills, MI 48326  
Telephone No.: 248-754-9200

All correspondence and communications of a legal nature should be sent to the address stated above.

Employer Identification Number: 13-3404508

Plan Number: 501

Type of Plan: Health and welfare severance benefit plan

Type of Administration: Self-administered

Plan Year: January 1 – December 31

Plan Effective Date: The Plan is effective as of May 1, 2019

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