

CHARTER BORGWARNER INC. COMPENSATION COMMITTEE

The BorgWarner Inc. Compensation Committee is appointed by the Board of Directors to discharge the Board's responsibilities relating to compensation of the Company's Chief Executive Officer ("CEO") and other executive officers (collectively, including the CEO, the "Executive Officers"). A primary purpose of the Compensation Committee is to ensure that the compensation of Executive Officers is internally equitable, externally competitive, motivates Executive Officers toward the achievement of business objectives and aligns their focus with the long-term interests of Company stockholders. The Compensation Committee is responsible for approving and evaluating all compensation plans, policies and programs of the Company as they affect the Executive Officers.

The Compensation Committee is authorized to:

1. Review and approve the Company's compensation philosophy governing all executive compensation plans and programs, including base salary, annual incentives, long-term incentives, severance agreements, employment agreements, retirement benefits, perquisites, other executive benefits, and change-in-control provisions affecting elements of compensation and benefits.
2. Review annually and approve the Company's stated executive compensation strategy to ensure that members of management are rewarded appropriately for their contributions to corporate growth and value creation and that the executive compensation strategy supports corporate objectives and shareholder interests.
3. Review and approve the Company's comparator group used for purposes of benchmarking the compensation levels of the Chief Executive Officer and other Executive Officers.
4. Make recommendations to the Board of Directors with respect to all annual bonus, long-term incentive and equity-based plans and to supervise the administration of such plans in accordance with specific provisions of the plans, and supervise any other matters affecting executive compensation.

5. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and determine and approve the CEO's compensation level based on this evaluation. In determining the incentive components of CEO compensation, the Compensation Committee may consider a number of factors, including, but not limited to, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.
6. Review and approve the compensation of the Executive Officers.
7. Consult with the Corporate Governance Committee regarding its non-employee director compensation recommendations.
8. Review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "SEC") with management and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
9. Annually review and discuss Management's assessment of the Company's compensation policies and practices to confirm that the incentive compensation programs do not encourage risk taking that could be reasonably likely to have a material adverse effect on the Company.
10. Prepare the annual Compensation Committee Report to be included in the Company's proxy statement in compliance with the rules and regulations of the SEC.
11. Determine and approve policies relating to the timing of option grants and the determination of option exercise prices.
12. Monitor compliance with the Company's stock ownership guidelines by executives.
13. Ask corporate staff to present items of current importance directly to the Compensation Committee from time to time.

14. Retain and terminate any adviser to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including those specified in Section 303A.05 (c) of the NYSE Listed Company Manual. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for the payment of reasonable compensation to any adviser retained by the Committee.
15. Perform other such duties and responsibilities that are consistent with the purpose of the Compensation Committee and as the Board or the Compensation Committee shall deem appropriate.

The Compensation Committee shall consist of at least two Directors of the Company, recommended by the Corporate Governance Committee and appointed by the Board of Directors for such term of office as the Corporate Governance Committee shall determine. The Compensation Committee shall be composed exclusively of independent directors. The Chair of the Compensation Committee shall establish such rules for the Compensation Committee and its members as may from time to time be necessary and proper for the conduct of the Compensation Committee's business in conformity with applicable laws, rules and regulations. The Compensation Committee may form and delegate authority to subcommittees as it deems appropriate. The Corporate Governance Committee oversees the Board of Directors' annual evaluation of the performance of the Compensation Committee.

The Vice President of Human Resources for the Company will serve as Secretary of the Compensation Committee.