

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment.](#)

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See attachment.](#)

Blank lines for providing information on loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment.](#)

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ September 7, 2023

Print your name ▶ **TERRY HILL** Title ▶ **VICE PRESIDENT, TAX**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

BorgWarner Inc.
EIN: 13-3404508

ATTACHMENT TO FORM 8937 – PART II
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This attachment includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of shares of BorgWarner Inc. (“BorgWarner”) common stock, and the allocation of tax basis among shares of BorgWarner common stock and PHINIA Inc. (“PHINIA”) common stock following the Distribution (as defined below). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither BorgWarner nor PHINIA provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisers when establishing their specific tax position. You are urged to consult your own tax advisors regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, and local tax laws and foreign tax laws. We urge you to read the Information Statement included as Exhibit 99.1 to PHINIA’s Current Report on Form 8-K filed with the Securities and Exchange Commission on June 13, 2023, noting especially the discussion therein under the heading “Material U.S. Federal Income Tax Consequences of the Spin-Off.” You may access the Information Statement at www.sec.gov.

Line 14. Describe the organizational action and, if applicable, the date of the action or date against which shareholders’ ownership is measured for the action.

On July 3, 2023, at 5:00 p.m. New York City time, pursuant to the terms and conditions of the Separation and Distribution Agreement dated as of July 2, 2023, by and between BorgWarner and PHINIA, BorgWarner distributed to its shareholders on a pro rata basis all of its shares of PHINIA common stock (the “Distribution”). Pursuant to the Distribution, each holder of BorgWarner common stock as of the close of business of June 23, 2023, received one share of PHINIA common stock for every five shares of BorgWarner common stock. The Distribution is intended to qualify as tax-free under Section 355 of the Code.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

As a result of the Distribution, BorgWarner shareholders will be required to allocate the aggregate tax basis in their BorgWarner common shares held immediately prior to the Distribution among the PHINIA common shares received in the Distribution and their BorgWarner common shares held immediately after the Distribution. This allocation should be made in proportion to the relative

fair market values of the BorgWarner common stock and PHINIA common stock. Shareholders that acquired BorgWarner common shares at different times or different prices will need to calculate their tax basis in each block of BorgWarner common stock and then allocate a portion of that tax basis to the shares of PHINIA common stock received.

U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the BorgWarner common stock and PHINIA common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of BorgWarner common stock and PHINIA common stock. One possible approach is to utilize the opening trading prices on July 5, 2023, the first full trading day after the Distribution, for BorgWarner common stock (\$44.37 per share) and PHINIA common stock (\$29.89 per share) as an indication of the fair market value. Based on that approach and the assumptions and calculations set forth in Item 16 below, 88.13% of a BorgWarner shareholder's aggregate tax basis in his or her shares of BorgWarner common stock immediately prior to the Distribution would be allocated to such shareholder's shares of BorgWarner common stock following the Distribution, and 11.87% of an BorgWarner shareholder's aggregate tax basis in his or her shares of BorgWarner common stock immediately prior to the Distribution would be allocated to such shareholder's shares of PHINIA common stock received in the Distribution. Other approaches to determine fair market value may also be possible. You are not bound by the approach illustrated above and may, in consultation with your tax advisor, use another approach in determining fair market values for BorgWarner common stock and PHINIA common stock.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation date.

The following is an illustrative example of how the previously described approach to basis allocation would be applied:

Assumptions:

- Shares of BorgWarner common stock owned immediately prior to the Distribution: 5,000
- BorgWarner shareholder's aggregate tax basis (assumed to be \$10.00 per share): \$50,000
- Shares of PHINIA common stock received in the Distribution (5,000 shares of BorgWarner common stock multiplied by the distribution ratio of 1:5): 1,000

Tax Basis Allocation Illustration:

	# Shares Owned (A)	Beginning Tax Basis (B)	Price (C)	FMV of Shares Owned Post Distribution (A) x (C)	% of Total FMV (D)	Allocated Tax Basis (B) x (D)
BorgWarner Common Stock	5,000 ¹	\$50,000 ²	\$44.37 ³	\$221,850	88.13% ⁵	\$44,063.32
PHINIA Common Stock	1,000		\$29.89 ⁴	\$29,890	11.87% ⁶	\$5,936.68
Total				\$251,740	100.00%	\$50,000

¹ Number of BorgWarner common shares owned immediately prior to the Distribution.

² Aggregate basis in the BorgWarner common stock owned immediately prior to the Distribution.

³ Opening trading price of BorgWarner common stock on July 5, 2023.

⁴ Opening trading price of PHINIA common stock on July 5, 2023.

⁵ \$221,850 / \$251,740

⁶ \$29,890 / \$251,740

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Section 355, Section 358, and Section 368(a)(1)(D).

Line 18. Can any resulting loss be recognized?

No loss may be recognized by a BorgWarner shareholder upon receipt of PHINIA common stock in the Distribution.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Distribution was effective on July 3, 2023. For a BorgWarner shareholder whose taxable year is the calendar year, the reportable tax year is 2023.