

BORGWARNER REPORTS RECORD EARNINGS OF \$0.89 PER DILUTED SHARE AND RECORD SALES OF \$1.5 BILLION IN THE FOURTH QUARTER

2010 FULL YEAR SALES AND EARNINGS REACH AN ALL-TIME HIGH

Auburn Hills, Michigan, February 10, 2011 – BorgWarner Inc. (NYSE: BWA) today reported fourth quarter 2010 U.S. GAAP earnings of \$0.89 per diluted share, a new record for the Company and up 98% compared with U.S. GAAP earnings of \$0.45 per diluted share in fourth quarter 2009. Sales were up 28.0% from fourth quarter 2009, sharply higher than global vehicle production growth of approximately 4%.

Fourth Quarter Highlights:

- Record sales of \$1,533.4 million, up 28.0% from fourth quarter 2009.
- Record earnings of \$0.89 per diluted share, up 98% from \$0.45 per diluted share in fourth quarter 2009. For comparison with other periods, fourth quarter 2009 earnings were \$0.42 per diluted share excluding a non-recurring item.
- Operating income was \$157.4 million, or 10.3% of sales.
- The Company repurchased approximately 2.1 million shares of its common stock.
- Announced \$2.3 billion of expected net new business for 2011 through 2013, a 28% increase over its previous three-year net new business.

Full Year Highlights:

- Record sales of \$5,652.8 million, up 42.7% from 2009.
- U.S. GAAP earnings were \$3.07 per diluted share. For comparison with other years, 2010 earnings were a record \$3.02 per diluted share excluding non-recurring items.
- Operating income was \$504.3 million, or 8.9% of sales. Excluding non-recurring items, operating income was 9.3% of sales.

Comment and Outlook: “The fourth quarter was a strong finish to an exceptional year for our company,” said Timothy Manganello, Chairman and CEO of BorgWarner. “Our sales were up 28% in fourth quarter 2010 compared with fourth quarter 2009, or 33% excluding the impact of currency, while global vehicle production was up 5%. New business growth was the driving force behind our fourth quarter results as it had been throughout the year. Adoption rates of our leading-edge powertrain technology continued to outpace vehicle production growth in every major region of the world. A continued focus on execution at our operations resulted in a strong operating income margin of 10.3% in the fourth quarter, up sharply from 5.6% a year ago.”

“For the full year, we posted record sales and earnings, and our operating income margin was the highest it has been in several years. These are remarkable accomplishments considering they were achieved with depressed volumes and immediately following one of the most difficult periods in our history. However, we do not believe that 2010 was a peak year. In 2011, we expect 16% to 20% sales growth and 30% to 40% earnings growth compared with 2010, and an operating income margin of 10.5% or better,” said Manganello.

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Financial Results: Sales were \$1,533.4 million in fourth quarter 2010, up 28.0% from \$1,198.3 million in fourth quarter 2009. Net earnings in the quarter were \$111.7 million, or \$0.89 per diluted share, compared with \$52.7 million, or \$0.45 per diluted share in fourth quarter 2009. Fourth quarter 2009 net earnings included a non-recurring item of \$0.03 per diluted share. This non-recurring item is listed in the table below as a reconciliation of a non-U.S. GAAP measure, which is provided by the Company for comparison with other results, with the most directly comparable U.S. GAAP measure. The impact of foreign currencies, primarily the Euro, lowered sales by \$(61.6) million in fourth quarter 2010 compared with fourth quarter 2009, and lowered net earnings \$(0.02) per diluted share.

Full year 2010 sales were \$5,652.8 million, up 42.7% from \$3,961.8 million in 2009. Full year 2010 net earnings were \$377.4 million, or \$3.07 per diluted share, compared with net earnings of \$27.0 million, or \$0.23 per diluted share, in 2009. Full year 2010 net earnings included net non-recurring items of \$0.05 per diluted share. Full year 2009 net earnings included net non-recurring items of \$(0.17) per diluted share. These non-recurring items are listed in the table below as reconciliations of non-U.S. GAAP measures, which are provided by the Company for comparison with other results, with the most directly comparable U.S. GAAP measures. The impact of foreign currencies, primarily the Euro, lowered sales by \$(90.4) million in 2010 compared with 2009, but increased net earnings \$0.02 per diluted share.

The following table reconciles the Company's non-U.S. GAAP measures included in the press release, which are provided for comparison with other results, with the most directly comparable U.S. GAAP measures:

Net earnings or (loss) per diluted share	<u>Fourth Quarter</u>		<u>Full Year</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Non – U.S. GAAP	\$0.89	\$0.42	\$3.02	\$0.40
Reconciliations:				
Reversal of foreign tax credit valuation allowance			0.17	
Environmental litigation settlement			(0.14)	
BERU-Eichenauer equity investment gain			0.04	
Medicare Part D tax law change			(0.02)	
Restructuring activities				(0.29)
Interest rate derivative agreements				(0.03)
Adoption of ASC Topic 805—acquisition activity				(0.03)
Muncie closure retiree obligation net gain				0.15
Tax valuation allowance		0.03		0.03
U.S. GAAP	<u>\$0.89</u>	<u>\$0.45</u>	<u>\$3.07</u>	<u>\$0.23</u>

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Net cash provided by operating activities was \$538.9 million in 2010 compared with \$351.0 million in 2009. Investments in capital expenditures, including tooling outlays, totaled \$276.6 million in 2010, compared with \$172.0 million in 2009. Balance sheet debt increased by \$338.1 million and cash on hand increased by \$92.5 million compared with the end of 2009 primarily due to the acquisition of Dytech ENSA SL, the repurchase of approximately 7.1 million shares of common stock, the issuance of \$250 million of 10-year senior notes, and the adoption of amended ASC Topic 860, “*Accounting for Transfer of Financial Assets*”, which requires the Company to reflect its \$80 million receivables securitization facility in its financial statements. The ratio of balance sheet debt net of cash to capital remained strong at 24.0% at the end of 2010.

Engine Group Results: Engine segment net sales were \$1,118.4 million in fourth quarter 2010, up 31.1% from \$853.0 million in the prior year’s quarter as a result of strong timing system and turbocharger growth in Asia and higher turbocharger and fan and fan drive sales in Europe. Excluding the impact of currency, sales were up approximately 37%. Adjusted earnings before interest and income taxes were \$162.0 million for the Engine Group in fourth quarter 2010, up 94.5% from \$83.3 million in fourth quarter 2009.

Drivetrain Group Results: Drivetrain segment net sales were \$419.8 million in fourth quarter 2010, up 20.0% from \$349.7 million in the prior year’s quarter. Excluding the impact of currency, sales were up approximately 24%. Strong four-wheel drive system sales in Asia, higher dual clutch transmission module sales in Europe and higher traditional automatic transmission component sales around the globe boosted results. Adjusted earnings before interest and income taxes were \$31.9 million for the Drivetrain Group in fourth quarter 2010, up 55.6% from \$20.5 million in fourth quarter 2009.

Recent Highlights:

- BorgWarner has acquired Haldex Traction Systems, a leader in advanced front-wheel drive (“FWD”), all-wheel drive (“AWD”) technology. The move is expected to accelerate BorgWarner’s growth in the global AWD market as it continues to shift toward FWD-based vehicles. The acquisition will add industry leading FWD/AWD technologies, with a strong European customer base, to BorgWarner’s existing portfolio of front and rear-wheel drive based products. This enables BorgWarner to provide global customers a broader range of AWD solutions to meet their vehicle needs.
- In November, the Company reported an expected backlog of \$2.3 billion of net new business for the period 2011 through 2013, a 28% increase over the 2010 through 2012 expected backlog of \$1.8 billion of net new business.
- In the fourth quarter, the Company launched turbocharger production, at its facility in Ramos, Mexico, for Ford’s new 3.5-liter V6 EcoBoost gasoline engine. The engine will be featured on Ford’s rear-wheel drive trucks, including the all-new F-150.
- BorgWarner’s award-winning regulated two-stage (R2S®) turbocharging technology boosts the performance and helps lower emissions for the newly developed 2.0-liter four-cylinder common-rail diesel engine featured in Volkswagen’s 180 HP (132 kW) Transporter T5 and new 163 HP (120 kW) Amarok pickup.

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- BorgWarner's Cam Torque Actuated (CTA) VCT technology and timing drive system are featured on the all-new 2011 Ford Super Duty 6.2-liter V8 gasoline engine.
- The Company's regulated two-stage (R2S®) turbochargers and Hybrid Tube exhaust gas recirculation (EGR) coolers help reduce emissions and improve fuel economy for on-highway commercial diesel trucks and buses. Launched with a major North American commercial truck maker earlier this year, the combination of technologies enables truck makers to meet 2010 EPA emissions regulations, which require an 83 percent reduction in nitrogen oxide (NOx) emissions.
- BorgWarner's variable cam timing with mid-position lock has been named a finalist for the 2011 Automotive News PACE Award, recognized around the world as the industry's symbol of innovation. The mid-position lock technology allows an increased range of camshaft positioning and enables fuel economy improvements of up to 10% compared with conventional VCT systems.

At 9:30 a.m. ET today, a brief conference call concerning fourth quarter and full year results will be webcast at: <http://www.borgwarner.com/invest/webcasts.shtml>.

Auburn Hills, Michigan-based BorgWarner Inc. (NYSE: BWA) is a product leader in highly engineered components and systems for vehicle powertrain applications worldwide. The Company operates manufacturing and technical facilities in 60 locations in 18 countries. Customers include VW/Audi, Ford, Toyota, Renault/Nissan, General Motors, Hyundai/Kia, Daimler, Chrysler, Fiat, BMW, Honda, Deere & Company, PSA, and MAN. The Internet address for BorgWarner is: <http://www.borgwarner.com>

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