

**CHARTER**  
**BORGWARNER INC.**  
**COMPENSATION COMMITTEE**

---

The BorgWarner Inc. Compensation Committee is responsible for, among other things, assuring that the officers and key management personnel of the Corporation are compensated via salaries, supplemental compensation and benefits which are internally equitable and externally competitive.

The Compensation Committee is authorized to:

1. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and, either as a Committee or together with the other independent directors (as directed by the Board of Directors), determine and approve the CEO's compensation level based on this evaluation.
2. Determine and recommend to the Board of Directors the compensation of the employees who will be the next four highest paid executives of the Corporation and the compensation of those employees of the Corporation required by Section 14 of the Securities Exchange Act of 1934 to be individually published in the Proxy Statement of the Corporation, and to approve, or establish rules or procedures for the approval of, compensation for all executive officers and for certain other employees of the Corporation.
3. Review annually and approve the Corporation's stated 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.
4. Prepare and recommend statements to the shareholders on compensation matters which are required by the Securities and Exchange Commission or other government agencies, including the Compensation Committee Report included in the Corporation's Proxy Statement.
5. 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.
6. Ask corporate staff to present items of current importance directly to the Committee from time to time.
7. Retain, at its sole discretion, compensation consultants to assist in the evaluation of director, CEO or senior executive compensation.

The Committee shall consist of at least two Directors of the Corporation, 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 Committee shall be composed exclusively of independent directors. 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 Corporation will serve as Secretary of the Committee.