

**SUMMARY PLAN DESCRIPTION
FOR THE
RETIREMENT INCOME PROGRAM OF
BORGWARNER DIVERSIFIED TRANSMISSION
PRODUCTS INC., MUNCIE PLANT**

If you are a Participant in the Plan and have not started receiving payment of your Plan benefits as of January 1, 2011, this Summary applies to you.

If you are already receiving your benefit payments under the Plan, you should refer to the Summary provided to you before your payments began.

TABLE OF CONTENTS

I. CAUTION	1
II. BACKGROUND.....	1
III. PARTICIPATION IN THE PLAN.....	2
(a) Participation.....	2
(b) Reemployment After Termination.....	2
IV. BENEFIT ELIGIBILITY AND SERVICE CREDITING	2
(a) Qualifying for a Benefit.....	2
(b) Eligibility.....	2
(c) Service Crediting Before April 25, 2009.....	2
V. DEFERRED VESTED BENEFITS	3
(a) Deferred Vested Retirement Benefit.....	3
(b) Reduced Early Payment of Benefit.....	4
(c) Special Early Distribution Benefit for Shutdown Participants.....	4
VI. APPLICATION FOR A BENEFIT	4
(a) Completion of Forms.....	4
(b) Notice at Age 65.....	5
(c) Alternate Payee Request for Benefits.....	5
VII. FORM OF BENEFIT PAYMENT	5
(a) Normal Form of Payment for Unmarried Participant.....	5
(b) Normal Form of Payment for Married Participant with Automatic Survivor Benefit.....	5
(c) Optional Forms of Benefit.....	5
(d) Waiver of Automatic Survivor Benefit.....	6
(e) Eligible Spouse Requirements for Survivor Benefits.....	6
(f) Spousal Consent.....	6
(g) Notices.....	7
(h) Election Period.....	7
(i) Divorce or Death of Spouse.....	7
(j) Death Before Benefit Payments to Participant Begin.....	8
(k) Limitations for Underfunded Plans.....	8
VIII. PLAN DISTRIBUTIONS AND WITHHOLDING REQUIREMENTS.....	8
(a) Payments That Can Be Rolled Over.....	8
(b) Direct Rollover.....	9
(c) Timing of Election of Direct Rollover.....	9
(d) Payment to You.....	9
(e) Payments That Cannot Be Rolled Over.....	10

(f) Surviving Spouses, Alternate Payees, and Other Beneficiaries.....	10
(g) How to Obtain Additional Information.....	11
IX. LOSS OR REDUCTION OF BENEFITS	11
X. CLAIMS PROCEDURE.....	11
(a) Filing Claims.....	11
(b) Appeal of Denial of Claim.....	11
XI. BENEFIT PROTECTION AND DOMESTIC RELATIONS ORDERS.....	12
XII. AMENDMENT AND TERMINATION OF THE PLAN	13
XIII. PLAN BENEFITS INSURED BY PBGC	13
XIV. FINANCING THE PLAN	14
XV. YOUR RIGHTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)	14
(a) Your Rights under the Plan.....	14
(b) Fiduciary Duties Owed to Participants.	15
(c) Written Explanation for Denial of Benefits.	15
(d) Enforcement of Your Rights.....	15
(e) Assistance With Your Questions.	15
XVI. OTHER INFORMATION	16

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This Summary Plan Description (“Summary”) is a summary of The Retirement Income Program of BorgWarner Diversified Transmission Products, Inc., Muncie Plant (“Plan”) as of January 1, 2011. It is intended to answer questions most often asked about your benefits under the Plan.

I. CAUTION

You should not rely on this Summary as creating any legal rights. Only the written Plan and trust documents create any rights you may have. You may examine the Plan or trust upon request. The Plan and trust are complicated documents subject to complex federal laws and regulations. This document is only a summary, and differences may exist between this Summary and the Plan and trust documents. Any differences will be decided in favor of the Plan and trust documents. If you have questions, contact the Plan Administrator in writing at the address provided in Article XVI.

This Summary explains the Plan benefits for Participants (and their beneficiaries or alternate payees) who have not started receiving payment of Plan benefits as of January 1, 2011.

II. BACKGROUND

The purpose of the Plan, which is a defined benefit plan, is to provide you with a source of retirement income. Although the Plan was amended, effective April 24, 2009, to freeze benefit accruals under the Plan, the Company continues to make contributions to the trust fund for the Plan. These contributions fund the benefits accrued through April 24, 2009, which will be paid to you in the future.

The Company and the Union entered into a “Plant Shutdown Agreement” dated February 26, 2009, and the Plan was amended to reflect the provisions in the Plant Shutdown Agreement. Those changes applied to Participants who were:

- actively employed, on layoff, or on any form of leave with recall rights on February 23, 2009,
- placed on Permanent Layoff under the Plant Shutdown Agreement, and
- entitled to plant closing benefits under the Plant Shutdown Agreement (collectively, the “Shutdown Participants”).

If you are a Shutdown Participant, you are eligible for the specific plant closing benefits described in this Summary.

III. PARTICIPATION IN THE PLAN

(a) Participation. To participate in the Plan you must have:

- been employed by BorgWarner Diversified Transmission Products Inc., Muncie Plant (formerly Borg-Warner Automotive Diversified Transmission Products Corporation, Muncie Plant) (the “Company”) on or before September 7, 1989 in the bargaining unit;
- attained the age of 21, and
- received pay for 1,000 hours during a twelve consecutive month period beginning on the date you were hired or in any succeeding twelve month period.

You were not eligible to participate in the Plan if you were hired for employment by the Company in the bargaining unit after September 7, 1989. The bargaining unit is defined by the applicable collective bargaining agreement between the Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW and its Local 287.

(b) Reemployment After Termination. If you were a Participant in the Plan, but quit, were discharged or had your seniority broken for any other reason and were rehired by the Company on or after September 7, 1989, you did not become eligible to accrue additional Credited Service in the Plan.

IV. BENEFIT ELIGIBILITY AND SERVICE CREDITING

(a) Qualifying for a Benefit. All Participants who have not started receiving payment of their benefits are eligible for a Deferred Vested Retirement Benefit, as described in this Summary.

(b) Eligibility. Eligibility for benefits and the amount of benefits are determined by the amount of Credited Service you had when you terminated employment. Your eligibility for a Deferred Vested Retirement Benefit is determined by whether you had five years of Vested Service or ten years of Credited Service when you terminated employment.

(c) Service Crediting Before April 25, 2009. As of April 24, 2009, all Participants stopped accruing additional Credited Service under the Plan. Before April 25, 2009, you stopped accruing a Benefit and Credited Service under the Plan if:

- you elected to participate in the BorgWarner Diversified Transmission Products Inc., Muncie Plant Retirement Savings Plan (the “Muncie RSP”), or
- you were laid-off before March 12, 1998, had a 1988 or 1989 seniority date, were under age 50 with 20 or fewer years of service as of December 31, 1997 and were recalled from your lay-off. When you were recalled from your lay-off, your accrued Benefit and Credited Service under the Plan were frozen when you returned. You

were not credited with any further Credited Service under the Plan and you became a participant in the Muncie RSP for purposes of future retirement benefits.

Before April 25, 2009, your Credited Service and Vested Service were calculated under the Plan, and you received a notice telling you how much service you were credited with. The Credited Service and Vested Service shown in that notice is deemed correct and final, unless you filed a written objection within 60 days following your first receipt of the notice.

Before April 25, 2009, Credited Service and Vested Service were generally counted as follows:

- Credited Service: For years of employment before October 1, 1950, you received Credited Service equal to the greater of the years of seniority you had on October 1, 1950 or your actual years of employment. For years of employment on or after October 1, 1950, you received Credited Service equal to one year for each calendar year you worked and were paid for at least 1,600 hours, or a fractional year's credit if you worked fewer than 1,600 hours.
- Vested Service: You received one year of Vested Service for each year of Credited Service you had before January 1, 1976, and one year of Vested Service for each calendar year beginning January 1, 1976 during which you worked 1,000 hours. Fractional years of Vested Service were not counted.
- Types of Hours Counted for Credited and Vested Service: The hours counted for Credited Service and Vested Service were the hours you actually worked, but they may have also included limited periods during which you did not work or receive pay (such as layoffs, leave time under the Family and Medical Leave Act of 1993 and the Uniformed Services Employment and Reemployment Rights Act of 1994). You should refer to the Plan for more detail on how your hours were counted.
- Breaks in Service. You incurred a break in service if you quit, were discharged, or broke seniority for any other reason, or after January 1, 1976, if you worked fewer than 500 hours during a calendar year. If you incurred a break in service, you lost credit for all of your previous Credited Service and Vested Service, unless you were eligible for a Deferred Vested Retirement Benefit when you incurred the break in service. If you returned to work, your previous Credited Service and Vested Service were restored, but you were not credited with additional Credited Service under the Plan.

V. DEFERRED VESTED BENEFITS

(a) Deferred Vested Retirement Benefit. If you terminated employment with the Company with five years of Vested Service or ten years of Credited Service and were not eligible to receive any other type of Benefit under the Plan, you will receive a Deferred Vested Retirement Benefit. Your Deferred Vested Retirement Benefit is a monthly benefit payable at age 65 (the Plan's Normal Retirement Age) equal to your years of Credited Service multiplied by the applicable rate from the following table:

Date of Retirement	Rate
April 1, 2000 through March 31, 2001	\$28.50
April 1, 2001 through March 31, 2002	\$29.50
April 1, 2002 through March 31, 2003	\$30.50
April 1, 2003 and After	\$31.50
Less "Other Benefits," if any	

If you receive or are entitled to receive "other benefits," your Benefit will be reduced by the amount of each of the "other benefits." "Other benefits" means any annuity, pension or retirement benefit that you are entitled to from any other Company pension or retirement plan that is based on the same service that is used to calculate your benefits under this Plan. Your benefit from this Plan will not be reduced for any benefit you receive from the Employee Retirement Account or Savings Account in the Muncie RSP or the BorgWarner Diversified Transmission Products Inc., Muncie Plant Local 287 Retirement Investment Plan (formerly Borg-Warner Automotive Diversified Transmission Products Corporation, Muncie Plant Local 287 Retirement Investment Plan).

Example:

If you terminated employment with 20 years of Credited Service on or after April 1, 2003, your Deferred Vested Retirement Benefit would be \$630 per month (\$31.50 x 20 years of Credited Service) payable beginning when you reach age 65.

(b) Reduced Early Payment of Benefit. You may elect to receive a reduced Deferred Vested Retirement Benefit beginning at any time (i) after you reach age 60, or (ii) after you reach age 55 if your combined age and Credited Service (to the nearest 1/12 in each case) total 85 or more. The amount of your Deferred Vested Retirement Benefit will be reduced by 5/9 of 1% for each complete calendar month you are under age 65 when payment of your Benefit begins. However, if you are a Shutdown Participant your reduced Deferred Vested Retirement Benefit will not be less than the amount of your Special Early Distribution Benefit for Shutdown Participants described below.

(c) Special Early Distribution Benefit for Shutdown Participants. If you are a Shutdown Participant, you may elect a Special Early Distribution Benefit instead of the early payment described above, reduced by 5/9 of 1% for each complete calendar month you are under age 65. This special early benefit is calculated as the Actuarially Equivalent to the monthly amount that would be payable to you at age 65. This is the same as the monthly amount described in paragraph (a) above, but reduced for each month by which you are under age 65 when payment of the special early benefit begins.

VI. APPLICATION FOR A BENEFIT

(a) Completion of Forms. To begin receiving a Benefit under the Plan, you must contact the Plan Administrator and complete certain forms and provide information required by the Plan Administrator. You will be notified if you must complete a form or provide proof of your date of birth, marital status, or other information. Your Benefit payments will generally

begin as soon as administratively possible after you apply for payment to begin. To avoid an administrative delay, you should file all required forms 30 days before payment is to begin.

(b) Notice at Age 65. If you have not made application for your Deferred Vested Retirement Benefit by the 90th day before your 65th birthday, the Plan Administrator will mail you a notice informing you that you may apply for your Benefit. The Plan Administrator will mail the notice to your last address in the Plan's records, so it is important to notify the Plan if you change your address.

(c) Alternate Payee Request for Benefits. If you are an alternate payee who is entitled to receive all or a portion of a Participant's Deferred Vested Benefit pursuant to a qualified domestic relations order, as provided in Article XI, any information regarding the portion of the benefit assigned to you will be sent to your last known address in the order, unless you notify the Plan of any change of address. It is important to notify the Plan if you change your address. You must contact the Plan Administrator to begin receiving a Benefit from the Plan.

VII. FORM OF BENEFIT PAYMENT

(a) Normal Form of Payment for Unmarried Participant. If you are not married, your Benefit will be paid in the form of a fixed monthly annuity for your life, unless you elect to have it paid in one of the optional forms of benefit described in paragraph (c) below.

(b) Normal Form of Payment for Married Participant with Automatic Survivor Benefit. If you are married, the Automatic Survivor Benefit will apply to your Benefit. However, if you are not a Shutdown Participant and have not been married to your spouse for a year, the survivor benefit will go into effect the first day of the month following the day you have been married for one year, as explained in paragraph (e) below. The Automatic Survivor Benefit automatically reduces your Benefit to provide benefit protection for your surviving spouse. You will receive a fixed monthly annuity in a reduced amount for your lifetime, with 75% of that amount paid to your eligible surviving spouse for his or her lifetime upon your death, unless you elect to have your Benefit paid in one of the optional forms of benefit described in paragraph (c) below.

(c) Optional Forms of Benefit. During the "Election Period" described in paragraph (h) below, you may choose to receive one of the Survivor Annuity options described below.

- Survivor Annuity. You may elect to receive a fixed monthly annuity in a reduced amount payable for your lifetime, with 100%, 75%, 60% or 50% of that amount (your choice) paid to your eligible surviving spouse for his or her lifetime.
- 15-Year Certain Annuity. If you are a Shutdown Participant, at the time the Plan is determined to be 80% funded, you may elect to receive a fixed monthly annuity in a reduced amount payable for your lifetime, with guaranteed monthly payments for 180 months. This form of benefit is available as a result of additional plant closing benefits added to the Plan. It applies when the Plan is determined by the actuary to be 80% funded as measured by reference to the Plan's adjusted funding target attainment

percentage (“AFTAP”). If you are a Shutdown Participant, this option guarantees the number of payments you choose even if you die before they are all paid. For example, if you chose the option with 180 guaranteed payments, and die after 60 of those payments are made, the remaining 120 monthly payments would be made to your beneficiary. If you and your beneficiary die before receiving a total of 180 monthly payments, a single payment equal to the sum of the remaining number of monthly payments will be paid to the estate of the last survivor of you or your beneficiary. For purposes of this 15-year certain annuity, your beneficiary means your eligible spouse or, if you are not married, the person designated by you to receive the remaining guaranteed payments. If you are not married and fail to designate a beneficiary, your beneficiary will be determined as provided in the Plan.

- Lump Sum. If you are a Shutdown Participant, at the time the Plan is determined to be 80% funded (as described above), you may elect to receive a benefit payable in a single lump sum payment which is actuarially equivalent to your accrued benefit payable at age 65. However, if the actuary later determines the Plan to be less than 80% funded as measured by reference to the Plan’s AFTAP for a later year, this lump sum optional form of payment may no longer be available (as described in paragraph (k) below).

All of these optional benefit forms of benefit will be the “actuarial equivalent” of your normal form of benefit (see paragraphs (a) and (b) above). There are limits under the federal pension laws on the length of payments you may elect if your beneficiary is not your spouse. The Plan Administrator will advise you of any limits that may affect your choices.

(d) Waiver of Automatic Survivor Benefit. If you do not want the Automatic Survivor Benefit described in paragraph (b) above, but want to elect payment of your Deferred Vested Retirement Benefit in one of the optional forms described in paragraph (c) above, you and your eligible spouse (when required) must elect to waive the automatic survivor benefits in writing on a form provided by the Plan Administrator, and your spouse’s signature must be notarized.

(e) Eligible Spouse Requirements for Survivor Benefits. If you are not a Shutdown Participant, your eligible spouse is the husband or wife to whom you are married for at least one year as of the date payment of your Benefit begins. If you are married to your spouse for less than one year when your Benefit begins, then the survivor benefit will go into effect the first day of the month following the day you have been married to that spouse for one year. For Shutdown Participants, an eligible spouse is the husband or wife to whom you are married at the time your Benefit payments begin. If you are a Shutdown Participant who dies before benefit payments start, your eligible spouse means the husband or wife to whom you were married on the your date of death.

(f) Spousal Consent. If you are married when your Plan benefits begin, you generally may not choose an optional benefit unless your spouse agrees. This is a requirement of the federal pension laws for most optional forms of benefit. If your spouse’s consent is required for the optional form of benefit you select, your spouse’s consent must be in writing on a form provided by the Plan Administrator and witnessed by a notary public. (If you are married but

can prove to the Plan Administrator that you cannot find your spouse, this requirement may be waived.)

(g) Notices. When you apply to start receiving benefits, no less than 30 days and no more than 180 days before your Plan benefits are to start, you will receive a written explanation of the normal and optional benefit forms and the terms and conditions of a Qualified Joint and Survivor Annuity. The explanation will include:

- A description of the normal form of payment that you are eligible to receive based upon your marital status and the optional forms available;
- A description of your right to waive the single life annuity described in paragraph (a) above or the Automatic Survivor Annuity described in paragraph (b) above and the financial effect of waiving those annuity forms (in terms of dollars for each annuity payment);
- A comparison (in terms of a percentage of the present value of the single life annuity or the Automatic Survivor Annuity) of the relative economic values of the forms of optional benefits;
- The consequences of failing to defer the distribution;
- The rights of your spouse, if you are married, to agree to or not agree to your decision to waive an Automatic Survivor Annuity described in paragraph (b) above and the requirements for his or her consent; and
- Your right to revoke your decision and reverse the effect of doing so.

You may waive (with your spouse's consent if you are married and spousal consent is required) the 30-day notice requirement and start receiving payments in your form of choice sooner than 30 days (but not less than 7 days) after you receive the written explanation described above. You have the right to revoke that waiver until the later of the date your payments are to start or the date 7 days after the date you receive the written explanation. As you approach the date you want to retire, you should request the applicable forms to select a payment start date and form of payment from the Plan Administrator.

(h) Election Period. If you are going to choose an Optional Benefit, you must do so within 180 days of the date your Plan benefits are to start. Any changes to your choice must also occur in the same 180-day period. If your spouse's consent is required (see paragraph (f) above), it must be obtained during the same 180-day period. You cannot change the form of payment after your payments begin, except as described in paragraph (i) below.

(i) Divorce or Death of Spouse. If, after the Automatic Survivor Benefit or one of the optional Survivor Annuities is in effect, your eligible spouse dies or you are divorced by court decree, then the survivor benefit election will be cancelled if you provide sufficient evidence of the death or the divorce to the Plan Administrator. Your retirement benefit will then be adjusted to eliminate the surviving spouse reduction, provided that no qualified domestic

relations order is received before the beginning payment date of the restored benefit. If your eligible spouse dies or you are divorced while the reduction for survivor benefit protection is in effect and you do not provide sufficient notice to the Plan Administrator, then the reduction will continue even though there is no longer an eligible spouse for which this benefit was intended.

(j) Death Before Benefit Payments to Participant Begin. If you die before you begin receiving payment of your Benefit, your eligible spouse, as described in paragraph (e) above, will receive the survivor annuity described in paragraph (b) above. Your surviving spouse may elect to receive payment of the survivor benefit on the earliest date that you could have started receiving benefit payments. The survivor benefit will be reduced for payment before the date you would have attained age 65 as provided in Article V. Since your surviving spouse must make an election regarding when payments will begin, your surviving spouse must contact the Plan Administrator when he or she is ready to make an election.

(k) Limitations for Underfunded Plans. You receive an annual funding notice which describes the funding level of the Plan. The Plan is currently underfunded, and certain plant shutdown benefits will not become effective until the Plan is 80% funded (as described in paragraph (c) above). After the Plan is at least 80% funded, the actuary will continue to determine the funding status of the Plan each year, and if the Plan's funding level is later determined to be less than 80% in any future year, certain limitations on benefit payments may be required by law. For example, you will not be permitted to elect certain optional forms of benefit, and the Plan will be prohibited from making certain restricted payments. In some cases, you may have the right to elect to receive part of your benefit payment, to elect another unrestricted optional form of payment, or to defer commencement of benefit payments until the Plan again becomes 80% funded. The Plan Administrator will provide annual funding information and will inform you of any restrictions which may apply at the time you elect to start benefits payments.

VIII. PLAN DISTRIBUTIONS AND WITHHOLDING REQUIREMENTS.

(a) Payments That Can Be Rolled Over. If you are a Shutdown Participant and you elect to receive the optional lump sum form of payment, it will be an "eligible rollover distribution" and can be rolled over to an IRA or to another eligible retirement plan that accepts rollovers. Within a reasonable period before you receive your distribution, the Plan Administrator will provide you with a written explanation of the income tax consequences of receiving an "eligible rollover distribution." Please note that other types of distributions can be made which are not addressed here and there can be exceptions to these general rules.

A payment from the Plan that is an "eligible rollover distribution" can be taken in two ways. You can elect to have all of your payment either:

- paid in a "direct rollover," or
- paid to you.

You also can elect to have part of your "eligible rollover distribution" paid to you and part rolled over to an eligible retirement plan or IRA. If you fail to choose or decline the direct

rollover payment option before payments are to begin, your payment will be made directly to you.

(b) Direct Rollover. A direct rollover is the payment of your “eligible rollover distribution” from the Plan directly to an IRA or eligible retirement plan that is able to accept the direct rollover payment on your behalf. If your new employer’s plan does not accept rollovers, you can choose a direct rollover to an IRA. If you do not have an IRA, you can open an IRA to receive the direct rollover. This choice will affect when you pay taxes.

If you choose a direct rollover:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your IRA or, if you choose, to an eligible retirement plan that accepts your rollover. You may designate only one eligible retirement plan or IRA to receive your “eligible rollover distribution.”
- Your payment will be taxed later when you take it out of the IRA or the eligible retirement plan, unless you choose to roll your payment over to a Roth IRA.

If you choose a direct rollover, you must provide the Plan Administrator with the following information:

- the name of the recipient plan, and
- any other information that is necessary to permit the Plan Administrator to accomplish the direct rollover.

The Plan Administrator will rely on the information you provide, therefore, any inaccurate information may create adverse income tax consequences for your distribution.

If you choose a direct rollover, payment will be made in the form of a check made out to the custodian/distributee of the eligible retirement plan. You may elect to have the check sent directly to you or directly to the eligible retirement plan. If you elect to have the check sent directly to you, you are responsible for ensuring the check is forwarded to the eligible retirement plan you select.

(c) Timing of Election of Direct Rollover. You will receive notification of your right to choose a direct rollover no less than 30 days and no more than 180 days before the annuity starting date (generally the date benefits are to begin). You may notify the Plan Administrator to make or not to make a direct rollover as soon as you receive the notice. However, you have at least 30 days from the date you receive the notice to decide.

(d) Payment to You. If you choose to have your “eligible rollover distribution” paid to you, the Plan Administrator is required, under federal law, to withhold 20% from your distribution to be put toward your federal income taxes for the year. For example, if your “eligible rollover distribution” is \$1,000 and you choose to receive the entire amount, only \$800

will be paid to you because the Plan must withhold \$200 for federal income taxes. When you prepare your income tax return for the year, you will report the full \$1,000 as payment from the Plan, and \$200 will be reported as tax withheld and will be credited toward any federal income tax you owe for the year.

Even if you have an “eligible rollover distribution” paid to you, you can still roll over all or part of it to an IRA or eligible retirement plan that accepts rollovers provided that you roll it over within 60 days of payment. The portion you roll over is not taxed until you take it out of the IRA or the eligible retirement plan, but the 20% withholding still applies.

EXAMPLE: Your eligible rollover distribution is \$1,000, and you choose to have it paid to you. You will receive \$800, and \$200 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$800, you may roll over the entire \$1,000 to an IRA or eligible retirement plan. To do this, you roll over the \$800 you received from the Plan, and you will have to take \$200 from other sources (your savings, a loan, etc.). In this case, the entire \$1,000 is not taxed until you take it out of the IRA or eligible retirement plan. If you roll over the entire \$1,000, when you file your income tax return you may get a refund of the \$200 withheld (depending on your total taxes due).

If, on the other hand, you receive an eligible roll over distribution of \$1,000 and within 60 days after payment you roll over only \$800, the \$800 is not taxed until you take it out of the IRA or eligible retirement plan. The remaining \$200 will be withheld and sent to the IRS as federal income tax withholding and will be taxed in the year it is withheld, plus you may be subject to an additional 10% premature withdrawal penalty tax if you are under age 59½ at the time you receive the distribution.

If you are under 55, an early distribution penalty tax will apply to your payment or to any portion of your payment that is not rolled over to an IRA or eligible retirement plan. Currently, the early distribution penalty tax is 10% percent.

(e) Payments That Cannot Be Rolled Over. If your payment or any portion of your payment is not an “eligible rollover distribution,” the 20% mandatory withholding rules do not apply. In this case, your payment will be taxed in the year received, and will be subject to federal income tax withholding unless you choose not to have withholding apply. You must complete an IRS form and provide a copy to the Plan Administrator to opt out of withholding.

(f) Surviving Spouses, Alternate Payees, and Other Beneficiaries. The rules summarized in the previous paragraphs apply to employees. In general, these rules also apply to payments to surviving spouses of employees, and to spouses or former spouses who are “alternate payees.” You are an alternate payee if your interest in the Plan results from a “qualified domestic relations order” as described in Article XI. Some of the rules summarized in the previous paragraphs also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries.

If you are a surviving spouse or an alternate payee who is the spouse or former spouse of a Participant due to a qualified domestic relations order, you have the same choices as the

employee. If you are a beneficiary other than the surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA established to receive the distribution and treated as an inherited IRA. If you are a surviving spouse or beneficiary, you must notify the Plan Administrator when you are ready to make an election regarding payment of your benefit.

(g) How to Obtain Additional Information. This document includes only the federal (not state or local) tax rules that might apply to your payment. The general rules described in this Article are complex and contain many conditions and exceptions that are not included in this document. Therefore, you should consult a professional tax advisor before you apply for the payment of your Plan benefits.

IX. LOSS OR REDUCTION OF BENEFITS

There are many ways in which you can fail to qualify for, lose, or have reduced the Benefits you may be expecting under the Plan, as described in this Summary. In order to receive a Benefit from the Plan you must qualify for that Benefit according to the provisions of the Plan, and you must apply to receive your Benefit.

X. CLAIMS PROCEDURE

(a) Filing Claims. You or your beneficiary may file a claim for benefits by filing a written request with the Plan Administrator, as provided in Article XVI, on a form provided. Commencement of your benefit payments is considered notice of approval of your claim to the extent of the amount of the payment. Generally, the Plan Administrator will provide a written decision on your claim within 90 days of receiving the claim. If the Plan Administrator determines that special circumstances exist requiring a 90-day extension of time to process the claim, you or your beneficiary will be notified in writing of the extension and reason for the extension within 90 days after the Plan Administrator's receipt of the claim. If the claim is denied in whole or in part, the Plan Administrator must give you or your beneficiary a written or electronic notice:

- Explaining the specific reason or reasons for the denial;
- Identifying specific Plan provisions on which the denial is based;
- Describing any additional materials or information necessary to perfect the claim;
- Explaining why the material or information is necessary; and
- Describing the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

(b) Appeal of Denial of Claim. If the Plan Administrator denies the claim, you or your beneficiary may file a written request for a review of the denial of the claim within 60 days after receiving written notice of the denial. The appeal may include written comments, documents, records and other relevant information relating to the claim for benefits. You or your

beneficiary will be provided, upon request and without charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. In reviewing a denied claim, the Employee Benefits Committee will consider all submitted comments, documents, records, and other information relating to the claim submitted, regardless of whether the information was submitted or considered in the initial benefit determination. The Employee Benefits Committee will review the appeal and make a benefit determination no later than the date of the Employee Benefits Committee meeting next following the Plan's receipt of the appeal, unless the request for review is filed within 30 days preceding the date of such meeting, in which case the determination will be made no later than the date of the second meeting next following the Plan's receipt of the appeal. If the Employee Benefits Committee determines that special circumstances exist requiring an extension of time to process the claim, you or your beneficiary will be notified in writing of the extension and reason for the extension before the commencement of the extension.

The Employee Benefits Committee will notify you or your beneficiary in writing of its decision on the appeal within five days after the determination is made. If the Employee Benefits Committee denies the appeal, you or your beneficiary will receive a statement:

- Explaining the specific reason or reasons for the denial;
- Identifying the specific Plan provisions on which the denial is based;
- Notifying you or your beneficiary that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim, including a statement of the your right to bring a civil action under ERISA Section 502(a) following denial of a claim on review.

Following the Employee Benefits Committee's denial of a claim on review, you or your beneficiary may file a written request with the Employee Benefits Committee for a hearing and second review of the denied claim within 60 days after receiving written notice of the denial. You or your beneficiary will have an opportunity at the hearing to present evidence and appear before the Employee Benefits Committee. If a request for a hearing and second appeal is not timely filed, the Employee Benefits Committee's determination in the first appeal will be final and conclusive. Otherwise, the Employee Benefits Committee's determination in the second appeal will be final and conclusive.

Benefits under the Plan will be paid only if the Plan Administrator decides, in its sole discretion, that the applicant is entitled to them.

XI. BENEFIT PROTECTION AND DOMESTIC RELATIONS ORDERS

Your Plan benefits are protected from assignment, except in cases relating to qualified domestic relations orders ("QDRO"). The federal pension laws require the Plan Administrator to comply with the terms of any QDRO it receives. Generally, these orders relate to unpaid child support or alimony payments, or the division of marital property rights in a divorce. These orders give an alternate payee (a spouse, former spouse, or dependent) a right to receive all or a portion of your Plan benefits. The Plan Administrator will notify you if it receives an order

which may be a QDRO, and of the procedures the Plan Administrator will follow regarding the order. Except as required by a QDRO, you are not permitted to pledge or assign any of the benefits under the Plan before you receive them.

Participants and beneficiaries may obtain from the Plan Administrator or its designee, without charge, a copy of the Plan procedures governing domestic relations orders.

An alternate payee who is assigned a right to receive all or a portion of a Participant's benefits should notify the Plan Administrator of any change of address. Generally, a QDRO may allow an alternate payee to begin payments as of the Participant's earliest retirement age, which is the date the Participant is entitled to elect to receive benefit payments. The terms of the QDRO may address the exact timing and form of payment available to the alternate payee; however, payment of Plan benefits cannot be made to the alternate payee without a completed election by the alternate payee. If an alternate payee has questions regarding his or her benefit assigned under an approved QDRO, the alternate payee should contact the Plan Administrator.

XII. AMENDMENT AND TERMINATION OF THE PLAN

The Employee Benefits Committee has reserved the right to amend or terminate the Plan in whole or in part at any time. However, no change will decrease the vested accrued benefits already earned by you, except as permitted by the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Due to the partial termination caused by the plant shutdown, the Shutdown Participants became fully vested in their Plan benefits. If the Plan is terminated, all participants will become fully vested and the Plan Administrator or its designee (after providing for all Plan expenses) will allocate the assets of the Plan among the Participants and beneficiaries to provide for the benefits accrued as of the termination date. The allocation would be made as required by ERISA, as amended.

XIII. PLAN BENEFITS INSURED BY PBGC

Your pension benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits. The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates; and (3) certain benefits for your survivors. The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than 5 years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal

retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your plan administrator or contact the PBGC's Technical Assistance Division, 1200 K Street, N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

To the extent required by the Supplemental Retirement Income Program Agreement entered into December 10, 2000 and effective March 12, 2001, if the Plan should terminate because of the Muncie Plant closing, the Company may pay or cause to be paid certain benefits as they from time to time become due to the extent such benefits are not provided from the assets in the trust for the Plan.

XIV. FINANCING THE PLAN

BorgWarner Diversified Transmission Products Inc., Muncie Plant, sponsors the Plan and makes contributions to the BorgWarner Inc. Benefit Plans Investment Trust. The amounts contributed are actuarially determined based on advice of independent professional actuaries servicing the Plan and as required by the Pension Benefit Guaranty Corporation.

XV. YOUR RIGHTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)

(a) Your Rights under the Plan. As a Participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office all documents governing the Plan, including 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.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receive the Plan's annual funding notice. The Plan Administrator is required by law to furnish each Participant with a copy of the annual funding notice.

- Obtain a statement telling you whether you have a right to receive a benefit at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension benefit, the statement will tell you how many more years you have to work to get a right to a pension benefit. This statement must be requested in writing and is not required to be given more than once every twelve months. The Plan must provide the statement free of charge.

(b) Fiduciary Duties Owed to Participants. In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

(c) Written Explanation for Denial of Benefits. If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents related to the decision without charge, and to appeal any denial, all within certain time schedules.

(d) Enforcement of Your Rights. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within thirty days, you may file suit in a Federal court. In such a case, the court may require the plan 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 which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that the Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

(e) Assistance With Your Questions. If you should have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should 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.

XVI. OTHER INFORMATION

Type of administration of the Plan:

The Employee Benefits Committee is designated as the Plan Administrator and is appointed by the Board of Directors. The Employee Benefits Committee may delegate its powers and authority to others as the Employee Benefits Committee deems appropriate, and all references to the Employee Benefits Committee in this Summary also apply to the individuals to whom certain powers and authority have been properly delegated.

Many aspects of daily Plan administration have been delegated by the Employee Benefits Committee to Janice Long, as Supervisor, Human Resources, in the Muncie Benefits office.

General claims administration has been delegated to the Sr. Manager Benefits, the Supervisor, Human Resources, and the Corporate Counsel of the Company; however, the Employee Benefits Committee has retained exclusive authority regarding the final review of appeals regarding claims for benefits and any amendment of the Plan.

The Plan Administrator can be contacted at:

Employee Benefits Committee for the Retirement Income Program of BorgWarner Diversified Transmission Products Inc.
c/o Janice Long
1200 S. Tillotson Overpass, Suite 4A
Muncie, IN 47304
Telephone: (877) 638-8574

Name and address of the employer:

BorgWarner Diversified Transmission Products Inc.
c/o BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326

Employer tax identification number:

31-1232404

Plan number:

036

Name and address of trustee:

The Northern Trust Company
Employee Benefit Fund Division
50 South LaSalle Street
Chicago, IL 60675

The name of the Trust is the BorgWarner Inc. Benefit Plans Investment Trust

Name and address for service of legal process:

Employee Benefits Committee for the Retirement Income Program of BorgWarner Diversified Transmission Products Inc., Muncie Plant
c/o BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326

Service of legal process may also be made on the trustee.

Plan year for record keeping:

Records are kept on a Plan year basis.
The end of Plan year is December 31.

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