FORM 10-12B

Initial general form for registration of a class of securities pursuant to Section 12(b)

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As filed with the Securities and Exchange Commission on May 18, 2023.

File No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of
the Securities Exchange Act of 1934

PHINIA Inc.

(Exact name of registrant as specified in its charter)

Delaware	92-2483604
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3000 University Drive Auburn Hills, Michigan	48326
(Address of principal executive offices)	**(Zip Code)**

(248) 754-9200
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	**Name of each exchange on which each class is to be registered**
Common stock, par value $0.01 per share	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

PHINIA INC.
INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

This Registration Statement on Form 10 incorporates by reference information contained in the information statement filed herewith as Exhibit 99.1 (the "Information Statement").

Item 1. Business.

The information required by this item is contained under the sections of the Information Statement entitled "Information Statement Summary," "The Spin-Off," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Our Business," "Certain Relationships and Related Person Transactions," and "Where You Can Find More Information." Those sections are incorporated herein by reference.

Item 1A. Risk Factors

The information required by this item is contained under the sections of the Information Statement entitled "Risk Factors" and "Cautionary Statements for Forward-Looking Information." Those sections are incorporated herein by reference.

Item 2. Financial Information.

The information required by this item is contained under the sections of the Information Statement entitled "Capitalization," "Unaudited Pro Forma Condensed Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Index to the Financial Statements," and the financial statements referenced therein. Those sections are incorporated herein by reference.

Item 3. Properties.

The information required by this item is contained under the section of the Information Statement entitled "Our Business—Properties." That section is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained under the section of the Information Statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. Directors and Executive Officers.

The information required by this item is contained under the section of the Information Statement entitled "Management." That section is incorporated herein by reference.

Item 6. Executive Compensation.

The information required by this item is contained under the sections of the Information Statement entitled "Director Compensation" and "Executive Compensation." Those sections are incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is contained under the sections of the Information Statement entitled "Management" and "Certain Relationships and Related Person Transactions." Those sections are incorporated herein by reference.

Item 8. Legal Proceedings.

The information required by this item is contained under the sections of the Information Statement entitled “Our Business—Legal Proceedings” and Note 21, “Contingencies” to the audited combined financial statements. Those sections are incorporated herein by reference.

Item 9. Market Price of, and Dividends on, the Registrant's Common Equity and Related Stockholder Matters.

The information required by this item is contained under the sections of the Information Statement entitled "The Spin-Off," "Dividend Policy," "Capitalization," and "Description of Our Capital Stock." Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities.

The information required by this item is contained under the section of the Information Statement entitled "Description of Our Capital Stock." That section is incorporated herein by reference.

Item 11. Description of Registrant's Securities to Be Registered.

The information required by this item is contained under the sections of the Information Statement entitled "The Spin-Off," "Dividend Policy," and "Description of Our Capital Stock." Those sections are incorporated herein by reference.

Item 12. Indemnification of Directors and Officers.

The information required by this item is contained under the section of the Information Statement entitled "Description of Our Capital Stock—Limitation on Liability of Directors and Indemnification of Directors and Officers." That section is incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data.

The information required by this item is contained under the sections of the Information Statement entitled "Unaudited Pro Forma Condensed Combined Financial Statements," "Index to the Financial Statements," and the financial statements referenced therein. Those sections are incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not Applicable.

Item 15. Financial Statements and Exhibits.

(a) Financial Statements

The information required by this item is contained under the sections of the Information Statement entitled "Unaudited Pro Forma Condensed Combined Financial Statements," "Index to the Financial Statements," and the financial statements referenced therein. Those sections are incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Numbers	Exhibit Description
2.1	Form of Separation and Distribution Agreement, by and between BorgWarner Inc. and the registrant.
3.1	Form of Amended and Restated Certificate of Incorporation of the registrant.
3.2	Form of Amended and Restated Bylaws of the registrant.
10.1	Form of Transition Services Agreement, by and between BorgWarner Inc. and the registrant.
10.2	Form of Tax Matters Agreement, by and between BorgWarner Inc. and the registrant.
10.3	Form of Employee Matters Agreement, by and between BorgWarner Inc. and the registrant.
10.4	Form of Intellectual Property Cross-License Agreement, by and among BorgWarner Inc., Delphi Technologies IP Limited, PHINIA Technologies Inc. and BorgWarner Luxembourg Operations S.à.r.l.
10.5	Form of Electronics Collaboration Agreement, by and between BorgWarner PDS (USA) Inc. and PHINIA Technologies Inc.
10.6	Form of Contract Manufacturing Agreement, by and between certain subsidiaries of each of BorgWarner Inc. and the registrant.
10.7	Form of ECU Supply Agreement, by and between certain subsidiaries of each of BorgWarner Inc. and the registrant.
10.8	Form of 2023 Stock Incentive Plan.
10.9	Form of Management Incentive Bonus Plan.
10.10	Form of Change of Control Employment Agreement.
21.1	Subsidiaries of the registrant.
99.1	Preliminary Information Statement.
99.2	Form of Notice of Internet Availability of Information Statement Materials.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

PHINIA INC.

By: /s/ Brady D. Ericson

Brady D. Ericson

President and Chief Executive Officer

Date: May 18, 2023

Exhibit 2.1

SEPARATION AND DISTRIBUTION AGREEMENT

by and between

BORGWARNER INC.

and

PHINIA INC.

Dated as of [●], 2023

TABLE OF CONTENTS

SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [●], 2023, by and between BorgWarner Inc., a Delaware corporation ("Parent"), and PHINIA Inc., a Delaware corporation ("SpinCo"). Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of Parent has determined that it is in the best interests of Parent and its stockholders to create a new publicly traded company that will operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the board of directors of Parent has determined that it is appropriate and desirable to effect the Separation Transactions;

WHEREAS, (i) Parent (A) has effected or will effect certain restructuring transactions for purposes of aggregating the SpinCo Business in the Parent Group (the "Restructuring") prior to the Distribution and in connection therewith (B) will contribute, convey, sell or otherwise transfer (or cause its Subsidiaries to contribute, convey, sell or otherwise transfer) the SpinCo Assets to SpinCo and the other members of the SpinCo Group in exchange for (1) the assumption by one or more members of the SpinCo Group of the SpinCo Liabilities, and (2) the actual or deemed issuance by SpinCo to Parent of SpinCo Common Stock (clause (B), collectively, the "Contribution") and (ii) Parent will make the Distribution;

WHEREAS, SpinCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Spin-Off;

WHEREAS, Parent and SpinCo have prepared, and SpinCo has filed with the Commission, the Form 10, which includes the Information Statement and sets forth certain disclosures concerning SpinCo and the Distribution;

WHEREAS, Parent and SpinCo intend that the External Contribution, together with the Distribution, qualifies as a transaction that is tax-free for U.S. federal income tax purposes under Sections 368(a)(1)(D), 361 and 355 of the Code and this Agreement, together with the other documents effecting the External Contribution and the Distribution is intended to constitute a plan of reorganization within the meaning of Treasury Regulation Section 1.368-2(g); and

WHEREAS, it is appropriate and desirable to set forth the principal transactions required to effect the Spin-Off and provide for certain other agreements that will govern certain matters relating to the Spin-Off and the relationship of Parent, SpinCo and their respective Subsidiaries following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

For the purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any claim, complaint, petition, hearing, charge, demand, action, suit, countersuit, arbitration, inquiry, audit, assessment, proceeding or investigation by or before any Governmental Authority, including any Government Investigation.

"Adversarial Action" means (i) an Action by one or more members of the Parent Group, on the one hand, against one or more members of the SpinCo Group, on the other hand, or (ii) an Action by one or more members of the SpinCo Group, on the one hand, against one or more members of the Parent Group, on the other hand.

"Affiliate" of any Person means a Person that controls, is controlled by or is under common control with such Person. As used herein, "control" of any entity means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by Contract or otherwise; provided, however, that, from and after the Distribution Date, (i) SpinCo and the other members of the SpinCo Group shall not be considered Affiliates of Parent or any of the other members of the Parent Group and (ii) Parent and the other members of the Parent Group shall not be considered Affiliates of SpinCo or any of the other members of the SpinCo Group.

"Agent" means the distribution agent appointed by Parent to distribute to the Record Holders, pursuant to the Distribution, the shares of SpinCo Common Stock held by Parent.

"Agreement" means this Separation and Distribution Agreement, including the Schedules hereto.

"Ancillary Agreements" means the Master Ancillary Agreements and any other instruments, assignments, documents and agreements executed or to be executed between one or more members of the Parent Group, on the one hand, and one or more members of the SpinCo Group, on the other hand, in each case in connection with the Restructuring and the implementation of the transactions contemplated by this Agreement (including any Real Estate Separation Document, any Local Transfer Agreement and any other agreement or instrument executed by one or more members of the Parent Group and one or more members of the SpinCo Group for the purpose of transferring or conveying Assets or Liabilities to effect the transactions contemplated hereby, but excluding any agreement entered into between one or more members of the Parent Group, on the one hand, and one or more members of the SpinCo Group, on the other, governing commercial relationships between the two Groups following the Distribution, including those listed on Schedule 1.01(a)).

"Asset Transfer Limitation" has the meaning set forth in the definition of "Consent Delayed Asset."

"Assets" means all assets, Contracts, properties and rights of every kind and nature (including goodwill), wherever located (including in the possession of vendors or other third parties or

elsewhere), whether real, personal or mixed, tangible or intangible, or accrued or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

"Cash Adjustments" has the meaning set forth in Section 2.08.

"Cash Management Arrangements" means all cash management arrangements pursuant to which Parent or any of its Subsidiaries automatically or manually sweep cash from, or automatically or manually transfer cash to, accounts of SpinCo or any member of the SpinCo Group.

"Commission" means the U.S. Securities and Exchange Commission.

"Consent Delayed Asset" means an Asset, other than a Shared Contract, for which (a) Consent has not been obtained on or prior to the Distribution without which the sale, assignment, conveyance, transfer or delivery of the Asset as contemplated hereunder would be null and void or otherwise constitute a breach or other contravention (or for which the failure to obtain such consent in connection with a sale, assignment, conveyance, transfer or delivery of the Asset as contemplated hereunder would result in the loss of any claim, right or benefit arising out of or resulting from the Asset); (b) the sale, assignment, conveyance, transfer or delivery of the Asset as contemplated hereunder would be a violation of applicable Law; (c) an operational prerequisite to the receipt by the SpinCo Group or Parent Group of the Asset as contemplated hereunder has not been satisfied prior to the Distribution; or (d) the Asset cannot otherwise be sold, assigned, conveyed, transferred or delivered as contemplated hereby prior to the Distribution (each, such limitation on transferability described in clause (a), (b), (c) or (d) is referred to as a "Asset Transfer Limitation").

"Consent Delayed Liability" means an Liability, other than a Shared Contract, (a) for which a Consent has not been obtained on or prior to the Distribution without which the assumption of a Liability contemplated hereunder would constitute a violation of Law or would render such assumption null and void or otherwise constitute a breach or other contravention, or (b) that relates to a Delayed Asset (each, such limitation on transferability described in clauses (a) or (b) is referred to as a "Liability Transfer Limitation").

"Consents" means any consents, waivers, authorizations, ratifications, permissions, exemptions or approvals from or to any Person.

"Contract" means any oral or written contract, agreement or other legally binding instrument, including any note, bond, mortgage, deed, indenture, commitment, lease, sublease, license, sublicense or joint venture agreement.

"Contribution" has the meaning set forth in the Recitals hereof.

"Credit Support Instruments" has the meaning set forth in Section 3.01(a).

"Cross License Agreement" means the Intellectual Property Cross License Agreement to be entered into by and between Parent and members of the SpinCo Group prior to the Distribution Date in connection with the Separation Transactions.

"Customary Offering Actions" means all actions by SpinCo that are requested by Parent to assist with respect to the consummation of the Distribution and any transactions in connection therewith, including: (i) participating in meetings, presentations and due diligence sessions, (ii) assisting with the preparation of materials for presentations, memoranda and similar documents required in connection with any such transactions, (iii) providing any financial information and other information about SpinCo and its Subsidiaries reasonably requested by Parent and (iv) authorizing and directing SpinCo's auditors to provide customary cooperation, including comfort letters and authorization letters, in connection with any such transactions.

"D&O Policies" has the meaning set forth in Section 8.07.

"Delayed Asset" means each Consent Delayed Asset or U.S. Plan Delayed Asset.

"Delayed Liability" means each Consent Delayed Liability or U.S. Plan Delayed Liability.

"Distribution" means the distribution by Parent to the Record Holders, on a pro rata basis, of 100% of the outstanding shares of SpinCo Common Stock held by Parent.

"Distribution Date" means the date, determined by Parent in accordance with Section 5.03, on which the Distribution occurs.

"EHS Law" means any Law or Governmental Approvals relating to (i) pollution, or protection of the environment, natural resources or human health and safety, (ii) the transportation, treatment, storage or Release of, or exposure to, Hazardous Materials or (iii) the registration, manufacturing, sale, labeling, distribution, recycling or take back of Hazardous Materials or products containing any such materials, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA).

"EHS Liabilities" means all Liabilities relating to, arising out of or resulting from any applicable EHS Law or Governmental Approvals required or issued thereunder, including any Liabilities (including Remedial Actions, Third-Party Claims and contractual obligations) relating to, arising out of or resulting from any (i) compliance, or any actual or alleged non-compliance, with any EHS Law, (ii) any actual or alleged presence or Release of, or exposure to, Hazardous Materials in the environment, (iii) any actual or alleged personal injuries, property or natural resource damages, financial assurance obligations, or contractual obligations relating to any of the foregoing clauses (i) and (ii); and (iv) any Remedial Action or similar activities related to any of the foregoing clauses (i), (ii) and (iii).

"EMA" means the Employee Matters Agreement to be entered into by and between Parent and SpinCo prior to the Distribution Date in connection with the Separation Transactions.

"Exchange" means the New York Stock Exchange.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"External Contribution" has the meaning set forth in the TMA.

"Final Determination" has the meaning set forth in the TMA.

"First Post-Distribution Report" has the meaning set forth in Section 11.12.

"Form 10" means the registration statement on Form 10 filed by SpinCo with the Commission to effect the registration of SpinCo Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time.

"Former Business" means any corporation, partnership, entity, product line, division, business unit or business, including any business within the meaning of Rule 11-01(d) of Regulation S-X (in each case, including any assets and liabilities comprising the same), that has been sold, conveyed, assigned, transferred or otherwise disposed of or divested (in whole or in part) by a Person to a Person other than Parent or its Subsidiaries or the operations, activities or production of which has been discontinued, abandoned, completed or otherwise terminated (in whole or in part), in each case, prior to the Distribution Date.

"Former SpinCo Business" means the operations set forth on Schedule 1.01(b) and any Former Business that at the time of sale, conveyance, assignment, transfer, or other disposition or divestiture (in whole or in part) or discontinuation, abandonment, completion or termination (in whole or in part) of the operations, activities or production thereof was, as between the Parent Business and the SpinCo Business, primarily associated with the SpinCo Business or any portion thereof as then conducted.

"Government Investigation" means any inquiry, investigation, probe, audit or inspection conducted by a Governmental Authority.

"Governmental Approvals" means any notices, reports or other filings given to or made with, or any Consents, registrations or permits obtained from, any Governmental Authority.

"Governmental Authority" means any federal, state, local, foreign, international or multinational government, political subdivision, governmental, quasi-governmental authority of any nature (including any department, commission, board, bureau, agency, court or tribunal) or other body exercising legislative, judicial, regulatory, administrative or taxing authority, arbitral body or official of any of the foregoing.

"Group" means either the Parent Group or the SpinCo Group, or both, as the context requires.

"Hazardous Materials" means (i) any natural or artificial substance (whether solid, liquid, gas or other form of matter, whether alone or in combination) that could cause harm to human health or the environment and (ii) any other chemical, material, substance or waste that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any EHS Law.

"Indemnifying Party" has the meaning set forth in Section 6.04(a).

"Indemnitee" has the meaning set forth in Section 6.04(a).

"Indemnity Payment" has the meaning set forth in Section 6.04(a).

"Information" means information, whether or not patentable, copyrightable or protectable as a trade secret, in written, oral, electronic or other tangible or intangible forms, stored in any

medium now known or yet to be created, including studies, reports, records, books, Contracts, instruments, surveys, analyses, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing or business plans, customer names or information, communications (including emails, text messages, IMs, and chats, including those by or to attorneys (whether or not subject to the attorney-client privilege)), memos and other materials (including those prepared by attorneys or under their direction (whether or not constituting attorney work product)) and other technical, financial, employee or business information or data, documents, correspondence, materials and files, in each case excluding any Intellectual Property rights therein.

"Information Statement" means the Information Statement sent by or on behalf of Parent to the holders of Parent Common Stock in connection with the Distribution, as such Information Statement may be amended from time to time.

"Insurance Proceeds" means those monies:

(a) received by an insured (or its successor-in-interest) from an insurance carrier;

(b) paid by an insurance carrier on behalf of the insured (or its successor-in-interest); or

(c) received (including by way of set-off) from any third party in the nature of insurance in respect of any Liability;

in any such case net of (i) any applicable premium adjustments (including reserves and retrospectively rated premium adjustments), (ii) any costs or expenses incurred in the collection thereof, (iii) any reimbursement obligations under "fronted" or similar insurance policies and (iv) any Taxes resulting from the receipt thereof.

"Intellectual Property" means, collectively, (i) patents, utility models and all applications, issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations, and renewals thereof; (ii) all marks, names, trade dress, whether registered or unregistered, and all applications, issuances, extensions, and renewals thereof, together with the goodwill of the business connected with the use of, and symbolized by the foregoing; (iii) copyright registrations and applications for registration, and all applications, issuances, extensions, and renewals thereof, including any unregistered copyrights in and to all works based upon, derived from, or incorporating such copyrights; (iv) trade secrets and proprietary confidential information; (v) domain names; and (vi) any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

"Intellectual Property Assignment Agreements" means the Intellectual Property Assignment Agreements, to be entered into by and between certain members of the Parent Group and certain

members of the SpinCo Group prior to the Distribution Date in connection with the Separation Transactions.

"Intended Tax Treatment" has the meaning set forth in the TMA.

"Intercompany Accounts" has the meaning set forth in Section 2.03(a).

"Intercompany Agreements" has the meaning set forth in Section 2.03(a).

"Intercompany Deeds" means the deeds (or similar instruments) conveying a fee simple interest (or local equivalent) in real property, together with any applicable transfer Tax forms and other documents required under applicable Law, (i) delivered by a member of the Parent Group, as grantor, to a member of the SpinCo Group, as grantee, or (ii) delivered by a member of the SpinCo Group, as grantor, to a member of the Parent Group, as grantee, in each case of clauses (i) and (ii), in connection with the Separation Transactions or set forth on Schedule 1.01(c) under the caption "Intercompany Deeds."

"Intercompany Leases" means the real property leases by and between (i) a member of the Parent Group, as lessor, and a member of the SpinCo Group, as lessee, or (ii) a member of the SpinCo Group, as lessor, and a member of the Parent Group, as lessee, in each case of clauses (i) and (ii), entered into in accordance with the Separation Transactions or set forth on Schedule 1.01(c) under the caption "Intercompany Leases."

"Intercompany Subleases" means the real property subleases by and between (i) a member of the Parent Group, as sublessor, and a member of the SpinCo Group, as sublessee, and (ii) a member of the SpinCo Group, as sublessor, and a member of the Parent Group, as sublessee (if any), in each case of clauses (i) and (ii), entered into in accordance with the Separation Transactions or set forth on Schedule 1.01(c) under the caption "Intercompany Subleases."

"Internal Investigation" means any inquiry, investigation, probe, audit or inspection conducted by a member of the Parent Group or the SpinCo Group.

"Joint Actions" has the meaning set forth in Section 6.11(c).

"Known Counsel" has the meaning set forth in Section 7.10.

"Law" means any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, Governmental Approval, concession, grant, franchise, license, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect.

"Lease Assignments" means the assignments of real property leases and subleases by and between (i) a member of the Parent Group, as assignor, and a member of the SpinCo Group, as assignee, or (ii) a member of the SpinCo Group, as assignor, and a member of the Parent Group, as assignee, in each case of clauses (i) and (ii) as set forth on Schedule 1.01(c) under the caption "Lease Assignments."

"Liabilities" means any and all claims, debts, demands, causes of action, suits, damages, fines, penalties, obligations, prohibitions, accruals, accounts payable, bonds, indemnities and similar

obligations, agreements, promises, guarantees, make-whole agreements and similar obligations, and other liabilities, obligations or requirements of any kind or nature owed to or at the behest of a third party, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any Law, Action, threatened or contemplated Action or any award of any arbitrator or mediator, and those arising under any Contract, including those arising under this Agreement or any Ancillary Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of the applicable Person.

"Liability Transfer Limitation" has the meaning set forth in the definition of "Consent Delayed Liability."

"Local Transfer Agreement" means any agreement entered into for the purpose of effecting the Separation Transactions in accordance with the Laws or customs of an applicable jurisdiction, including the Real Estate Separation Documents and those agreements set forth on Schedule 1.01(d), other than any Master Ancillary Agreement.

"Managing Party" has the meaning set forth in Section 6.11(c).

"Master Ancillary Agreements" means the TMA, the EMA, the Cross License Agreement, the Intellectual Property Assignment Agreement, the Trademark License Agreement and the TSA.

"Mixed Action" means any Action in respect of which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement that involves both Parent Assets or Parent Liabilities, on the one hand, and SpinCo Assets or SpinCo Liabilities, on the other hand.

"Non-Managing Party" has the meaning set forth in Section 6.11(c).

"Parent" has the meaning set forth in the Preamble hereof.

"Parent Account" means any bank, brokerage or similar account owned by Parent or any other member of the Parent Group.

"Parent Assets" means (a) all Assets of the Parent Group or the SpinCo Group as of immediately prior to the Distribution other than the SpinCo Assets, (b) the Parent Retained Assets, (c) all interests in the capital stock of, or other equity interests in, the members of the Parent Group (other than Parent), (d) all rights related to the Parent Portion of any Shared Contract and (e) all Parent IP Assets.

"Parent Available Insurance Policies" means the insurance policies listed on Schedule 1.01(e).

"Parent Business" means the businesses and operations as conducted immediately prior to the Distribution or as formerly conducted by Parent and its Subsidiaries other than the SpinCo Business, including any Former Business other than any Former SpinCo Business.

"Parent Common Stock" means the common stock, par value $0.01 per share, of Parent.

"Parent Credit Support Instruments" has the meaning set forth in Section 3.01(a).

"Parent Directed Actions" has the meaning set forth in Section 6.11(b)(i).

"Parent Disclosure Sections" means all information contained in or incorporated by reference into the Form 10 or Information Statement, or used in documents for an offering of securities in connection with the Spin-Off or for an offering of securities as contemplated by this Agreement, including an offering of SpinCo debt securities, to the extent relating to (a) the Parent Group, (b) the Parent Liabilities, (c) the Parent Assets or (d) the substantive disclosure set forth in such documents relating to Parent's board of directors' consideration of the Spin-Off, including the section of the Form 10 entitled "Reasons for the Spin-Off."

"Parent EHS Liabilities" means any EHS Liability, whether occurring or arising prior to, on or after the Distribution Date, to the extent (a) relating to, arising out of or resulting from (i) any compliance or non-compliance with any EHS Law in connection with the operation of the Parent Business or any Parent Asset, (ii) any Release of any Hazardous Material at, on, under, from or to any real property constituting a Parent Asset, (iii) any Release, transportation, storage, disposal, treatment or recycling (or arrangement for such activities) of any Hazardous Material in connection with the operation of the Parent Business or (iv) any exposure to Hazardous Materials (including those contained in any products currently or formerly manufactured, sold, distributed or marketed) in connection with clauses (i) through (iii) or otherwise in connection with the operation of the Parent Business or any Parent Asset, (b) otherwise relating to, arising out of or resulting from the Parent Business or any Parent Asset or (c) otherwise listed or described on Schedule 1.01(g) under the caption "EHS Liabilities."

"Parent Group" means Parent and each Subsidiary of Parent that is or was a Subsidiary of Parent at the time in respect of which the relevant determination is being made, but excluding any member of the SpinCo Group.

"Parent Indemnitees" has the meaning set forth in Section 6.02.

"Parent IP Assets" means any Intellectual Property owned by a member of the Parent Group after the completion of the assignments provided for in the Intellectual Property Assignment Agreements.

"Parent Liabilities" means, without duplication, the following Liabilities:

(a) all Liabilities of the Parent Group or the SpinCo Group to the extent relating to, arising out of or resulting from:

(i) the operation or conduct of the Parent Business as conducted at any time prior to the Distribution (including any such Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority), which act or failure to act relates to the Parent Business);

(ii) the operation or conduct of the Parent Business or any other business conducted by Parent or any other member of the Parent

Group at any time after the Distribution (including any such Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(iii) the Parent Assets;

(b) all Liabilities of the Parent Group, and all Liabilities of the SpinCo Group as of immediately prior to the Distribution, in each case for accounts payable (other than intercompany accounts payable between members of the Parent Group or any other Affiliate of Parent, including any member of the SpinCo Group, which are addressed in Section 2.03) to the extent relating to, arising out of or resulting from the Parent Business, and in each case other than any item otherwise covered by clause (c) of the definition of "SpinCo Liabilities";

(c) all Parent Retained Liabilities;

(d) all Parent EHS Liabilities;

(e) any obligations to the extent relating to, arising out of or resulting from the Parent Portion of any Shared Contract; and

(f) all Liabilities to the extent relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading with respect to the Parent Disclosure Sections.

Notwithstanding the foregoing, the Parent Liabilities shall not include any SpinCo Liabilities.

"Parent Policy Pre-Separation Insurance Matters" means any (a) circumstance known by the SpinCo Group or the Parent Group or claim made against the SpinCo Group or the Parent Group and, in either case, reported to the applicable insurer(s) prior to the Distribution Date in respect of an act, omission or Liability occurring prior to the Distribution Date that results in a Liability under a "claims-made-based" or an "occurrence-reported-based" insurance policy of the Parent Group in effect prior to the Distribution Date or any extended reporting period thereof, (b) Action (whether made prior to, on or following the Distribution Date) in respect of any incident occurring prior to the Distribution Date under the Parent Available Insurance Policies in effect prior to the Distribution Date or (c) if and solely to the extent Parent so elects by written notice to SpinCo, claims made against the SpinCo Group after the Distribution Date in respect of an act, omission or Liability occurring prior to the Distribution Date that results in a Liability under the "claims-made-based" insurance policies of the Parent Group so elected by Parent, other than Parent Available Insurance Policies.

"Parent Portion" has the meaning set forth in Section 2.04(a).

"Parent Retained Assets" means the Assets to be retained by the Parent Group as set forth on Schedule 1.01(f).

"Parent Retained Liabilities" means the Liabilities to be retained by the Parent Group as set forth on Schedule 1.01(g).

"Party" means either party hereto, and "Parties" means both parties hereto.

"Person" means an individual, a general or limited partnership, a corporation, an association, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity or any Governmental Authority.

"Post Spin Cash Adjustment Payment" has the meaning set forth in Section 2.08.

"Pre-Spin Cash Adjustment Payment" has the meaning set forth in Section 2.08.

"Real Estate Separation Documents" means the Intercompany Deeds, the Intercompany Leases, the Intercompany Subleases and the Lease Assignments.

"Real Property" means real property and real property interests and any fixtures or appurtenances associated therewith.

"Receiving Party" has the meaning set forth in Section 2.01(f)(i).

"Record Date" means the close of business on the date determined by Parent's board of directors as the record date for determining the shares of Parent Common Stock in respect of which shares of SpinCo Common Stock will be distributed pursuant to the Distribution.

"Record Holders" has the meaning set forth in Section 5.01(b).

"Release" means any actual or threatened release, spill, emission, discharge, flow, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration into or through the indoor or outdoor environment.

"Remedial Action" means those corrective actions, removal, remediation or cleanup activities, investigation, monitoring or sampling measures, including institutional controls and environmental covenants, and operations, maintenance and monitoring actions, in each case, undertaken to investigate, inspect, monitor, remove, remedy, abate, contain, control, treat or ameliorate the presence of Hazardous Materials in the environment.

"Representation Letters" has the meaning set forth in the TMA.

"Representative" has the meaning set forth in Section 7.09(a).

"Responsible Party" has the meaning set forth in Section 2.03(d)(iii).

"Restructuring" has the meaning set forth in the Recitals hereof.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

"Separation Transactions" means the Restructuring, the Contribution, the Distribution and the other transactions contemplated by this Agreement.

"Shared Contract" means any Contract of any member of either Group with a third party that relates in any material respect to both the SpinCo Business and the Parent Business, in each case that is set forth on Schedule 1.01(h).

"SpinCo" has the meaning set forth in the Preamble hereof.

"SpinCo Account" means any bank, brokerage or similar account owned by SpinCo or any other member of the SpinCo Group.

"SpinCo Assets" means, without duplication, the following Assets of the Parent Group or the SpinCo Group:

(a) all Assets that are provided by this Agreement or any Ancillary Agreement as Assets to be assigned to or retained by, or allocated to, any member of the SpinCo Group;

(b) all interests in the capital stock of, or other equity interests in, the members of the SpinCo Group (other than SpinCo) and all other equity, partnership, membership, joint venture and similar interests held by any member of the SpinCo Group or set forth on Schedule 1.01(i) under the captions "SpinCo Joint Venture Interests and Other Equity Interests," or "Subsidiaries," as applicable;

(c) all SpinCo Contracts;

(d) all rights related to the SpinCo Portion of any Shared Contract;

(e) all SpinCo Real Property;

(f) all SpinCo IP Assets;

(g) all inventory and accounts receivable (other than intercompany accounts receivable between members of the Parent Group or any other Affiliate of Parent, including any member of the SpinCo Group, which are addressed in Section 2.03) that relate exclusively to the SpinCo Business;

(h) all Assets of Parent and its Subsidiaries that relate exclusively to the SpinCo Business, other than Real Property, Intellectual Property, Contracts, inventory and accounts receivable, joint venture interests or other equity interests (each of which is addressed above);

(i) all Assets of any member of the SpinCo Group formed in connection with the transactions contemplated by this Agreement and the Ancillary Agreements;

(j) all Assets listed or described on Schedule 1.01(j); and

(k) all claims or rights against any Person, all Actions, judgments or similar rights, all rights under express or implied warranties, all rights of recovery and all rights of

set-off of any kind and demands of any nature, in each case whether accrued or contingent, whether in tort, contract or otherwise and whether arising by way of counterclaim or otherwise, in each case exclusively arising from the ownership of any SpinCo Asset.

Notwithstanding the foregoing, the SpinCo Assets shall not include: (i) any Parent Assets or (ii) any Intellectual Property other than SpinCo IP Assets.

"SpinCo Available Insurance Policies" means the insurance policies listed on Schedule 1.01(l).

"SpinCo Business" means the Fuel Systems and Aftermarket businesses and operations of Parent and its Subsidiaries, as such businesses and operations were conducted as of immediately prior to the Distribution or as formerly conducted by Parent and its Subsidiaries, including as described in the Information Statement, together with any Former SpinCo Businesses.

"SpinCo Common Stock" means the common stock, $0.01 par value per share, of SpinCo.

"SpinCo Contracts" means the following Contracts to which Parent or any of its Subsidiaries is a party or by which Parent or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, in each case, immediately prior to the Distribution, except for any such Contract or part thereof that is expressly contemplated to be assigned to or retained by, or allocated to, any member of the Parent Group pursuant to any provision of this Agreement or any other Ancillary Agreement:

(a) any Contract that relates exclusively to the SpinCo Business, other than any joint venture agreement, Shared Contract or other Contract that constitutes a Parent Retained Asset;

(b) the SpinCo Joint Venture Agreements;

(c) any Contract listed or described on Schedule 1.01(j) under the caption "Contracts"; and

(d) any Contract or part thereof that is otherwise contemplated pursuant to this Agreement or any of the other Ancillary Agreements to be assigned to or retained by, or allocated to, any member of the SpinCo Group.

"SpinCo Credit Support Instruments" has the meaning set forth in Section 3.02(a).

"SpinCo Directed Actions" has the meaning set forth in Section 6.11(a)(i).

"SpinCo EHS Liabilities" means any EHS Liability, whether occurring or arising prior to, on or after the Distribution Date, to the extent (a) relating to, arising out of or resulting from (i) any compliance or non-compliance with any EHS Law in connection with the operation of the SpinCo Business or any SpinCo Assets, (ii) any Release of any Hazardous Material at, on, under, from or to any SpinCo Real Properties, (iii) any Release, transportation, storage, disposal, treatment or recycling (or arrangement for such activities) of any Hazardous Material in connection with the operation of the SpinCo Business or (iv) any exposure to Hazardous Materials (including those contained in any products currently or formerly manufactured, sold,

distributed or marketed) in connection with clauses (i) through (iii) or otherwise in connection with the operation of the SpinCo Business or any SpinCo Asset, (b) otherwise relating to, arising out of or resulting from the SpinCo Business or any SpinCo Asset or (c) otherwise listed or described on Schedule 1.01(k) under the caption "EHS Liabilities." Notwithstanding the foregoing, any EHS Liability to the extent relating to, arising out of or resulting from any SpinCo Real Property (and that is not a Parent Retained Liability referenced on Schedule 1.01(g)) shall be a SpinCo EHS Liability and shall not be treated as a Parent EHS Liability.

"SpinCo Group" means (a) SpinCo and each Subsidiary of SpinCo that is or was a Subsidiary of SpinCo at the time in respect of which the relevant determination is being made and (b) each entity set forth on Schedule 1.01(i) under the caption "Subsidiaries," each of which is contemplated to become a Subsidiary in connection with the Restructuring.

"SpinCo Indemnitees" has the meaning set forth in Section 6.03.

"SpinCo IP Assets" means any Intellectual Property owned by a member of the SpinCo Group after the completion of the assignments provided for in the Intellectual Property Assignment Agreements.

"SpinCo Joint Venture Agreements" means those Contracts governing the rights and obligations associated with the ownership of the SpinCo Joint Venture Interests.

"SpinCo Joint Venture Interests" means the joint venture interests and equity interests identified as SpinCo Joint Venture Interests on Schedule 1.01(i).

"SpinCo Liabilities" means, without duplication, the following Liabilities:

(a) all Liabilities that are provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed or retained by, or allocated to, any member of the SpinCo Group;

(b) all Liabilities to the extent relating to, arising out of or resulting from:

(i) the operation or conduct of the SpinCo Business as conducted at any time prior to the Distribution (including any such Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority), which act or failure to act relates to the SpinCo Business);

(ii) the operation or conduct of the SpinCo Business or any other business conducted by SpinCo or any other member of the SpinCo Group at any time after the Distribution (including any such Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(iii) the SpinCo Assets;

(c) all Liabilities of the Parent Group and all Liabilities of the SpinCo Group, in each case for accounts payable (other than intercompany accounts payable between members of the Parent Group or any other Affiliate of Parent, including any member of the SpinCo Group, which are addressed in Section 2.03) to the extent relating to, arising out of or resulting from the SpinCo Business;

(d) all SpinCo EHS Liabilities;

(e) any obligations to the extent arising from the SpinCo Portion of any Shared Contract;

(f) all Liabilities of any member of the SpinCo Group that is formed in connection with the transactions contemplated by this Agreement and the Ancillary Agreements;

(g) all Liabilities listed or described on Schedule 1.01(k); and

(h) all Liabilities to the extent relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in or incorporated by reference into the Form 10 or the Information Statement and any other documents filed with the Commission or used in documents for an offering of securities in connection with the Spin-Off or an offering of securities as otherwise contemplated by this Agreement, including an offering of SpinCo debt securities, other than with respect to the Parent Disclosure Sections.

Notwithstanding the foregoing, the SpinCo Liabilities shall not include any Parent Retained Liabilities.

"SpinCo Policy Pre-Separation Insurance Matters" means any (a) circumstance known by the SpinCo Group or the Parent Group or claim made against the SpinCo Group or the Parent Group and reported to the applicable insurer(s) prior to the Distribution Date in respect of an act, omission or Liability occurring prior to the Distribution Date that results in a Liability under a "claims-made-based" or an "occurrence-reported-based" insurance policy of the SpinCo Group in effect prior to the Distribution Date or any extended reporting period thereof or (b) Action (whether made prior to, on or following the Distribution Date) in respect of facts, circumstances, events or matters occurring prior to the Distribution Date under the SpinCo Available Insurance Policies in effect prior to the Distribution Date.

"SpinCo Portion" has the meaning set forth in Section 2.04(a).

"SpinCo Real Property" means the Real Property identified on Schedule 1.01(m).

"Spin-Off" means the Contribution and the Distribution, taken together.

"Subsidiary" of any Person means any corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries.

"Tax" or "Taxes" has the meaning set forth in the TMA.

"Tax Return" has the meaning set forth in the TMA.

"Third-Party Claim" means any written assertion or other commencement by a Person (including any Governmental Authority) who is not a member of the Parent Group or the SpinCo Group of any claim, demand, inquiry or investigation, or the commencement by any such Person of any Action, against any member of the Parent Group or the SpinCo Group.

"Third-Party Proceeds" has the meaning set forth in Section 6.04(a).

"TMA" means the Tax Matters Agreement to be entered into by and between Parent and SpinCo prior to the Distribution Date in connection with the Separation Transactions.

"Trade Secrets" means know-how, trade secrets, inventions, designs, manufacturing schematics, improvements, ideas, and other confidential or proprietary information, including inventions and invention disclosures (whether or not patentable), source code, algorithms, methods, processes, specifications, technical data, research and development information, business plans, product plans, product roadmaps, prototypes and customer, distributor, reseller and vendor lists, and any information that derives economic value from not being generally known, and any other information that would constitute a trade secret as defined in the Uniform Trade Secrets Act and under corresponding foreign statutory Law and common law.

"Trademark License Agreement" means the Transitional Trademark Cross License Agreement to be entered into by and between Parent and a member of the SpinCo Group prior to the Distribution Date in connection with the Separation Transactions.

"Transfer Limitation" means an Asset Transfer Limitation or a Liability Transfer Limitation.

"Transferring Party" has the meaning set forth in Section 2.01(f).

"TSA" means the Transition Services Agreement to be entered into by and between Parent and SpinCo prior to the Distribution Date in connection with the Separation Transactions.

"U.S. Plan Delayed Assets" means the Assets related to U.S. non-qualified defined contribution benefit plans of Parent to be transferred to SpinCo's Mirror Deferred Compensation Plans on January 1, 2024 pursuant to Section 5(b) of the EMA.

"U.S. Plan Delayed Liabilities" means the Liabilities related to U.S. non-qualified defined contribution benefit plans of Parent to be transferred to SpinCo's Mirror Deferred Compensation Plans on January 1, 2024 pursuant to Section 5(b) of the EMA.

ARTICLE II

THE SEPARATION

Section 2.01 Transfer of Assets and Assumption of Liabilities.

(a) Prior to the Distribution, to the extent not already completed, the Parties shall, and shall cause their respective Group members to, execute such instruments of assignment, transfer or conveyance and take such other corporate actions as are necessary to:

(i) transfer and convey to one or more members of the SpinCo Group all of the right, title and interest of the Parent Group in, to and under all SpinCo Assets not already owned by the SpinCo Group;

(ii) transfer and convey to one or more members of the Parent Group all of the right, title and interest of the SpinCo Group in, to and under all Parent Assets not already owned by the Parent Group;

(iii) cause one or more members of the SpinCo Group to assume all of the SpinCo Liabilities to the extent such Liabilities would otherwise remain Liabilities of any member of the Parent Group; and

(iv) cause one or more members of the Parent Group to assume all of the Parent Liabilities to the extent such Liabilities would otherwise remain Liabilities of any member of the SpinCo Group.

Notwithstanding anything to the contrary herein, neither Party shall be required to transfer any Information, except as required by Article VII or by any Ancillary Agreement, or any insurance policies (which are the subject of Article VIII).

(b) In the event that it is discovered after the Distribution that there was an omission of (i) the transfer or conveyance by SpinCo (or a member of the SpinCo Group) to, or the acceptance or assumption by, Parent (or a member of the Parent Group) of any Parent Asset or Parent Liability, as the case may be, or (ii) the transfer or conveyance by Parent (or a member of the Parent Group) to, or the acceptance or assumption by, SpinCo (or a member of the SpinCo Group) of any SpinCo Asset or SpinCo Liability, as the case may be, the Parties shall use commercially reasonable efforts to promptly effect such transfer, conveyance, acceptance or assumption of such Asset or Liability, as the case may be, for no consideration and subject to Section 2.05. Any transfer, conveyance, acceptance or assumption made pursuant to this Section 2.01(b) shall be treated by the Parties for all purposes as if it had occurred immediately prior to the Distribution, except as otherwise required by applicable Law or a Final Determination.

(c) In the event that it is discovered after the Distribution that there was a transfer or conveyance (i) by SpinCo (or a member of the SpinCo Group) to, or the acceptance or assumption by, Parent (or a member of the Parent Group) of any SpinCo Asset or SpinCo Liability, as the case may be, or (ii) by Parent (or a member of the Parent Group) to, or the acceptance or assumption by, SpinCo (or a member of the SpinCo Group) of any Parent Asset or Parent Liability, as the case may be, the Parties shall use commercially reasonable efforts to promptly transfer or convey such Asset or Liability back to the transferring or conveying Party or

to rescind any acceptance or assumption of such Asset or Liability, as the case may be, for no additional consideration and subject to Section 2.05. Any transfer or conveyance made or acceptance or assumption rescinded pursuant to this Section 2.01(c) shall be treated by the Parties for all purposes as if such Asset or Liability had never been originally transferred, conveyed, accepted or assumed, as the case may be, except as otherwise required by applicable Law or a Final Determination.

(d) With respect to each Delayed Asset, the Parties agree, on behalf of themselves and the members of their respective Groups, that:

(i) this Agreement shall not constitute an assignment, an attempted assignment or an agreement to sell, convey, assign, transfer or deliver such Delayed Asset at or prior to the Distribution;

(ii) each member of the Parent Group and member of the SpinCo Group shall use commercially reasonable efforts to satisfy the applicable Asset Transfer Limitation, if any, to permit the sale, assignment, conveyance, transfer or delivery of such Delayed Asset as contemplated hereby;

(iii) the Parent Group member or SpinCo Group member, as applicable, holding a Delayed Asset shall hold (and retain legal title to or, in the case of a Delayed Asset that is a Contract, continue to be party to) such Delayed Asset on behalf, or for the account, of the Party (or the member of such Party's Group) entitled to receive such Delayed Asset hereunder and such Party shall have the economic benefits (including fees, proceeds and any claims and rights) associated with such Delayed Asset; and

(iv) except as expressly provided in this Section 2.01(d), each Delayed Asset shall be treated as a SpinCo Asset or a Parent Asset, as applicable, for all purposes of this Agreement, including for purposes of the definitions of SpinCo Liabilities or Parent Liabilities, as applicable.

(e) With respect to each Delayed Liability, the Parties agree, on behalf of themselves and the members of their respective Groups, that:

(i) this Agreement shall not constitute an assumption or an agreement to assume such Delayed Liability at or prior to the Distribution;

(ii) each Parent Group member and SpinCo Group member shall use commercially reasonable efforts to satisfy the applicable Liability Transfer Limitation, if any, to permit the assumption of such Delayed Liability as contemplated hereby;

(iii) the Party (or member of such Party's Group) that is required to assume such Delayed Liability hereunder shall bear the economic burdens (including the obligation to perform and pay taxes on income) of such Delayed Liability and shall indemnify and hold harmless the other Party (and members of its Group) from and against any and all Liabilities to the extent relating to, arising out of or resulting from such Delayed Liability; and

(iv) except as expressly provided in this Section 2.01(e), each Delayed Liability shall be treated as a SpinCo Liability or a Parent Liability, as applicable, for all purposes of this Agreement.

(f) In furtherance of the foregoing, each Party (or the member of such Party's Group) that holds or is subject to a Delayed Asset or Delayed Liability (in each case, the "Transferring Party") shall following the Distribution (for so long as the applicable Asset or Liability remains a Delayed Asset or a Delayed Liability):

(i) hold such Delayed Asset for the use and benefit of the Party (or member of such Party's Group) otherwise entitled to receive such Delayed Asset (at the expense of such other Party or the applicable member of such other Party's Group) or retain such Delayed Liability for the account of the Party (or the member of such Party's Group) required to assume such Delayed Liability (at the expense of such Party) (the Party, or the member of such Party's Group, entitled to receive such Asset or required to assume such Delayed Liability, the "Receiving Party"), and take such other actions (including enforcing rights in respect of such Delayed Asset against any third party (including any Governmental Authority) as requested by, and for the benefit and at the expense of, the Receiving Party) as may be reasonably requested by the Receiving Party, to place the Receiving Party, insofar as reasonably possible, in the same position as would have existed had such Delayed Asset or Delayed Liability been transferred, conveyed, accepted or assumed (as applicable) as and when contemplated by this Agreement, including in respect of possession, use, risk of loss, potential for gain and control over such Delayed Asset or Delayed Liability, as the case may be;

(ii) not take any action with respect to the Delayed Assets or Delayed Liabilities, other than at the written direction or with the written consent of the Receiving Party or any of its Representatives acting on the Receiving Party's behalf, including disposing of any or all of the Delayed Assets, exercising rights (including voting rights) with respect to the Delayed Assets or defending against claims in respect of or settling Delayed Liabilities, in each case, against which action or operation the Receiving Party shall fully indemnify and hold harmless the Transferring Party; provided, however, that the Receiving Party's consent to any such action shall be deemed given if a request for consent is made in writing to the Receiving Party and no objection to such action in writing is received by the Transferring Party within 15 days after the request;

(iii) use its commercially reasonable efforts to provide the Receiving Party with such information and assistance as the Receiving Party may reasonably request to exercise its rights or perform its obligations with respect to the Delayed Assets and Delayed Liabilities; and

(iv) not renew or extend the term of, increase any of its obligations under or transfer to a third Person (other than as contemplated hereby or in any Ancillary Agreement) or otherwise amend, modify or waive any rights under, any Contract constituting a Delayed Asset or any Liabilities hereunder that constitute Delayed Liabilities, other than at the written direction or with the prior written consent of the Receiving Party.

(g) To the extent monies are received or paid by the Transferring Party with respect to any of the Delayed Assets or Delayed Liabilities, the Transferring Party shall (i) receive or pay such monies for the sole benefit of the Receiving Party, (ii) transmit to the Receiving Party all such monies received by it as promptly as practicable following receipt thereof and (iii) be compensated by the Receiving Party for all such monies paid by it, in each case of (i) and (ii), net of the Transferring Party's expenses incurred in connection with the foregoing; provided that Parent may elect to have the obligations under this Section 2.01(g) satisfied through aggregated settlement or set-off payments between Parent and SpinCo or the members of their respective Groups.

(h) Notwithstanding anything herein to the contrary, with respect to a Consent Delayed Asset, unless otherwise agreed to by the Transferring Party and the Receiving Party, upon written notice by the Receiving Party to the Transferring Party that any applicable Asset Transfer Limitations have been satisfied, such Consent Delayed Asset shall automatically be deemed sold, assigned, conveyed, transferred and delivered by the Transferring Party to the Receiving Party without further consideration as of the Distribution Date or such earlier date on which the benefits of such Consent Delayed Asset were intended to be transferred. On January 1, 2024, each U.S. Plan Delayed Asset shall automatically be deemed sold, assigned, conveyed, transferred and delivered by the Transferring Party to the Receiving Party without further consideration as of the Distribution Date. If an automatic sale, assignment, conveyance, transfer or delivery may not be effected under applicable Law, each of the Transferring Party and Receiving Party shall immediately take all such actions as are required to effect such assignment, conveyance, transfer or delivery of such Delayed Asset to the Receiving Party.

(i) Notwithstanding anything herein to the contrary, with respect to a Consent Delayed Liability, unless otherwise agreed to by the Transferring Party and the Receiving Party, upon written notice by the Receiving Party to the Transferring Party that the applicable Liability Transfer Limitations have been satisfied, such Consent Delayed Liability shall automatically be deemed assumed by the Receiving Party as of the Distribution Date or such earlier date on which the burdens of such Consent Delayed Liability were intended to be assumed by the Receiving Party, and the Receiving Party shall automatically assume, undertake and agree to pay, satisfy, perform and discharge such Consent Delayed Liability without further consideration. On January 1, 2024, each U.S. Plan Delayed Liability shall automatically be deemed assumed by the Receiving Party as of the Distribution Date, and the Receiving Party shall automatically assume, undertake and agree to pay, satisfy, perform and discharge such U.S. Plan Delayed Liability without further consideration. If the automatic assumption of the Delayed Liability may not be effected under applicable Law, each of the Transferring Party and Receiving Party shall immediately take all such actions as are required to effect such assumption of such Delayed Liability by the Receiving Party.

(j) Notwithstanding anything herein to the contrary, neither Party nor their respective Groups shall be required to contribute capital, pay or grant any consideration or concession in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person to cause any Transfer Limitation to be satisfied (other than reasonable out-of-pocket expenses, attorneys' fees and expenses and recording or similar fees of a third-party counterparty that are incurred in connection with satisfying the applicable Transfer Limitation, if any, in each

case, if requested by such counterparty); provided, that each Party shall be responsible for its own reasonable out-of-pocket expenses and attorneys' fees and expenses, and the Receiving Party entitled to such Asset or required to assume such Liability, as applicable, shall be responsible for recording or similar fees.

(k) Any transfer, conveyance, acceptance or assumption made pursuant to Section 2.01(h) or Section 2.01(i) shall be treated by the Parties for all purposes of this Agreement as if it had occurred as of the Distribution or such earlier effective date as provided in an applicable Local Transfer Agreement, except as otherwise required by applicable Law.

(l) Without limiting any other provision hereof, each of Parent and SpinCo will take, and will cause each member of its Group to take, such actions as are reasonably necessary to consummate the Restructuring (whether prior to, at or after the Distribution, as applicable). The manner in which the Restructuring will be implemented is solely at the discretion of Parent.

(m) In the event that Parent determines to seek a novation or assignment and release with respect to any SpinCo Liability, SpinCo shall cooperate with, and shall cause the members of the SpinCo Group to cooperate with, Parent and the members of the Parent Group (including, where necessary, entering into appropriate instruments of assumption subject to Section 2.05 and, where necessary, SpinCo providing parent guarantees in support of the obligations of other members of the SpinCo Group) to cause such novation or assignment and release to be obtained, on terms reasonably acceptable to SpinCo, and to have Parent and the members of the Parent Group released from all liability to third parties, and in the event SpinCo determines to seek a novation or assignment and release with respect to any Parent Liability, Parent shall cooperate with, and shall cause the members of the Parent Group to cooperate with, SpinCo and the members of the SpinCo Group (including, where necessary, entering into appropriate instruments of assumption and, where necessary, Parent providing parent guarantees in support of the obligations of other members of the Parent Group) to cause such novation or assignment and release to be obtained, on terms reasonably acceptable to Parent, and to have SpinCo and the members of the SpinCo Group released from all liability to third parties; provided, that neither Party nor any member of its Group shall be required to contribute capital or pay or grant any consideration or concession in any form (including providing any letter of credit, guaranty or other financial accommodation, except as provided in this Section 2.01(m)) to any Person to cause such novation or assignment and release to be obtained (other than reasonable out-of-pocket expenses, attorneys' fees and expenses and recording or similar fees of a third-party counterparty that are incurred in connection with the applicable novation or assignment and release, in each case, if requested by such counterparty); provided that each Party shall be responsible for its own reasonable out-of-pocket expenses and attorneys' fees and expenses and the member of the Party's Group entitled to such Asset or intended to assume such Liability shall be responsible for recording or similar fees.

Section 2.02 Certain Matters Governed Exclusively by Ancillary Agreements. Each of Parent and SpinCo agrees on behalf of itself and the members of its Group that, except as explicitly provided in this Agreement or any Ancillary Agreement (including clause (a) of the definition of SpinCo Assets and clause (a) of the definition of SpinCo Liabilities), (a) the TMA shall exclusively govern all matters relating to Taxes between such parties (except to the extent that

tax matters relating to employees and employee benefits-related matters are addressed in the EMA), (b) the EMA shall exclusively govern the allocation of employees and of Assets and Liabilities related to employee and employee compensation and benefits-related matters, including the outstanding awards (equity- and cash-based) under existing equity plans with respect to employees and former employees of members of both the Parent Group and the SpinCo Group (except to the extent that employee compensation and benefits-related reimbursements are addressed in the TSA), (c) the Intellectual Property Assignment Agreements shall exclusively govern the recordation of the transfers of any registrations or applications of Parent IP Assets and SpinCo IP Assets that is allocated hereunder, as applicable, (d) the Cross License Agreement and any other Ancillary Agreements containing provisions addressing the use or licensing of Intellectual Property shall exclusively govern the use and licensing of certain Intellectual Property identified therein between members of the Parent Group and members of the SpinCo Group, (e) the Trademark License Agreement shall exclusively govern all matters relating to the use and licensing of certain trademarks identified therein between members of the Parent Group and the SpinCo Group and (f) the TSA shall exclusively govern all matters relating to the provision of certain services identified therein to be provided by each Party to the other on a transitional basis following the Distribution. Except as set forth in the immediately preceding sentence in respect of matters governed exclusively by the Ancillary Agreements, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement shall control (unless this Agreement or the Ancillary Agreement explicitly provides otherwise in respect of such conflict).

Section 2.03 Termination of Agreements.

(a) Except as set forth in Section 2.03(b) or Section 2.03(c), in furtherance of the releases and other provisions of Section 6.01, effective as of the Distribution, any and all Contracts, arrangements, commitments and understandings, oral or written, between a member of the Parent Group, on the one hand, and a member of the SpinCo Group, on the other hand, that is in existence as of the Distribution Date ("Intercompany Agreements"), including all intercompany accounts payable or accounts receivable in effect or accrued thereunder as of the Distribution Date ("Intercompany Accounts"), shall be deemed terminated; provided, however, that if more than one member of any Party's Group is party to an Intercompany Agreement, such Intercompany Agreement shall continue in full force and effect as between the members of such Group and shall be terminated only as between such Group members that are party thereto, on the one hand, and the members of the other Party's Group that are party thereto, on the other hand. No such terminated Intercompany Agreement or Intercompany Account (including any provision thereof that purports to survive termination) shall be of any further force or effect after the Distribution Date. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing. The Parties, on behalf of the members of their respective Groups, hereby waive any advance notice provision or other termination requirements or conditions with respect to any Intercompany Agreement.

(b) The provisions of Section 2.03(a) and Section 2.03(c) shall not apply to any of the following Intercompany Agreements or Intercompany Accounts (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other Intercompany

Agreement or Intercompany Account contemplated by this Agreement or any Ancillary Agreement to be entered into by either Party or any other member of its Group, including any Real Estate Separation Document and any Local Transfer Agreement, or created by any Ancillary Agreement); (ii) any Intercompany Agreements to which any third party is a party, including any Shared Contracts; (iii) any other Intercompany Agreements or Intercompany Accounts created by any Ancillary Agreement or that this Agreement, any Ancillary Agreement or such Intercompany Agreement expressly contemplates will survive the Distribution Date; (iv) any Intercompany Agreement entered into in connection with the transactions contemplated hereby for the purpose of surviving the Distribution and governing commercial matters between Parent Group and the SpinCo Group following the Distribution; and (v) those Intercompany Agreements and Intercompany Accounts set forth on Schedule 2.03(b).

(c) In connection with the termination of Intercompany Accounts described in Section 2.03(a), each of Parent and SpinCo shall cause each Intercompany Account between a member of the SpinCo Group, on the one hand, and a member of the Parent Group, on the other hand, outstanding as of the close of business on the business day immediately prior to the date of the Distribution to be settled in the manner provided on Schedule 2.03(c).

(d) With regard to cash accounts, checks and receipts:

(i) Parent and SpinCo shall take, or cause the respective members of their respective Groups to take, prior to the Distribution (or as promptly as reasonably practicable thereafter), all actions necessary to amend all contracts or agreements governing (x) the Parent Accounts so that such Parent Accounts, if linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any SpinCo Account, are de-linked from such SpinCo Accounts and (y) the SpinCo Accounts so that such SpinCo Accounts, if linked to any Parent Account, are de-linked from such Parent Accounts.

(ii) With respect to any outstanding checks issued by, or payments made by, Parent, SpinCo or any of their respective Subsidiaries prior to the Distribution, such outstanding checks shall be honored from and after the Distribution by the Person or Group owning the account on which the check is drawn, without limiting the ultimate allocation of Liability for such amounts under this Agreement or any Ancillary Agreement.

(iii) Except to the extent prohibited by applicable Law or a Final Determination and except as set forth in Section 2.01, the Parties contemplate that, from time to time after the date hereof, a member of the Parent Group or of the SpinCo Group, as applicable, as a convenience to a member of the SpinCo Group or of the Parent Group, as applicable (the "Responsible Party"), may make certain payments that are properly the responsibility of the Responsible Party (whether pursuant to this Agreement or otherwise). Similarly, from time to time after the date hereof, a member of the Parent Group or the SpinCo Group, as applicable, may receive from third parties certain payments to which a member of the SpinCo Group or of the Parent Group, as applicable, is.

(iv) Each of Parent and SpinCo shall, and shall cause each of its Subsidiaries to, take all necessary actions to remove each of SpinCo and SpinCo's Subsidiaries from all Cash

Management Arrangements to which it is a party, in each case prior to the close of business on the business day immediately prior to the Distribution Date.

Section 2.04 Shared Contracts.

(a) The Parties shall, and shall cause the members of their respective Groups to, use their respective commercially reasonable efforts to work together in an effort to divide, partially assign, modify or replicate (in whole or in part) the respective rights and obligations under and in respect of any Shared Contract such that (i) a member of the SpinCo Group is the beneficiary of the rights and is responsible for the obligations related to that portion of such Shared Contract relating to the SpinCo Business (the "SpinCo Portion"), which rights shall be a SpinCo Asset and which obligations shall be a SpinCo Liability, and (ii) a member of the Parent Group is the beneficiary of the rights and is responsible for the obligations related to such Shared Contract not relating to the SpinCo Business (the "Parent Portion"), which rights shall be a Parent Asset and which obligations shall be a Parent Liability. Nothing in this Agreement shall require the division, partial assignment, modification or replication of a Shared Contract unless and until any necessary Consents are obtained or made, as applicable. If the Parties, or their respective Group members, as applicable, are not able to enter into an arrangement to formally divide, partially assign, modify or replicate such Shared Contract prior to the Distribution as contemplated by the immediately preceding sentence, and subject to the other provisions of this Section 2.04, then the Parties shall, and shall cause their respective Group members to, cooperate in any reasonable and permissible arrangement as determined by Parent to provide that, following the Distribution, a member of the SpinCo Group shall receive the interest in the benefits and obligations of the SpinCo Portion under such Shared Contract and a member of the Parent Group shall receive the interest in the benefits and obligations of the Parent Portion under such Shared Contract, it being understood that no Party shall have Liability to the other Party for the failure of any third party to perform its obligations under any such Shared Contract.

(b) Nothing in this Section 2.04 shall require either Party or any member of its Group to contribute capital or pay or grant any consideration or concession in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person (other than reasonable out-of-pocket expenses, attorneys' fees and expenses and recording or similar fees of a third-party counterparty to a Shared Contract that are incurred in connection with the applicable division, partial assignment, modification or replication of such Shared Contract, in each case, if requested by such counterparty); provided that each Party shall be responsible for its own reasonable out-of-pocket expenses and attorneys' fees and expenses and the member of the Party's Group entitled to such Asset or intended to assume such Liability shall be responsible for recording or similar fees. For the avoidance of doubt, reasonable out-of-pocket expenses and recording or similar fees shall not include any purchase price, license fee, or other payment or compensation for the procurement of any asset secured to replace an Asset in the course of a Party's obligation under Section 2.04(a).

Section 2.05 Disclaimer of Representations and Warranties. Each of Parent (on behalf of itself and each other member of the Parent Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) understands and agrees that, except as expressly set forth in this Agreement, any Ancillary Agreement or the Representation Letters, no party to this Agreement,

any Ancillary Agreement or any other agreement or document contemplated by this Agreement or any Ancillary Agreement is representing or warranting in any way as to any Assets or Liabilities transferred or assumed as contemplated hereby or thereby, as to the sufficiency of the Assets or Liabilities transferred, conveyed, accepted or assumed hereby or thereby for the conduct and operations of the SpinCo Business or the Parent Business, as applicable, as to any notices, Governmental Approvals or other Consents required in connection therewith or in connection with any past transfers of the Assets or assumptions of the Liabilities, as to the value or freedom from any Security Interests of, or any other matter concerning, any Assets or Liabilities of such party, or as to the absence of any defenses or rights of set-off or freedom from counterclaim with respect to any claim or other Asset, including any accounts receivable, of any such party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Asset or thing of value upon the execution, delivery and filing hereof or thereof, and each of Parent (on behalf of itself and each other member of the Parent Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) has relied only on the representations and warranties expressly contained in Section 11.01(c), in any Ancillary Agreement or the Representation Letters. Except as may expressly be set forth herein or in any Ancillary Agreement, any such Assets are being transferred on an "as is," "where is," "with all faults" basis, and the respective transferees shall bear the economic and legal risks that (a) any conveyance shall prove to be insufficient to vest in the transferee good and marketable title, free and clear of any Security Interest and (b) any necessary notices, Governmental Approvals or other Consents are not delivered or obtained, as applicable, or that any requirements of Laws or judgments are not complied with. To the extent any Local Transfer Agreement or any instrument, assignment, document or agreement described in Section 2.01 includes representations, warranties, covenants, indemnities or other provisions inconsistent with the purpose of this Section 2.05, each of SpinCo, on behalf of itself and the SpinCo Group, and Parent, on behalf of itself and the Parent Group, hereby waives and agrees not to enforce such provisions.

Section 2.06 Waiver of Bulk-Sale and Bulk-Transfer Laws. SpinCo hereby waives compliance by each and every member of the Parent Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the SpinCo Assets to any member of the SpinCo Group. Parent hereby waives compliance by each and every member of the SpinCo Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Parent Assets to any member of the Parent Group.

Section 2.07 Wrong Pockets. (a) To the extent monies are received by a member of the Parent Group following the Distribution that are due to a member of the SpinCo Group, Parent shall transmit, or cause the applicable member of the Parent Group to transmit, to the appropriate member of the SpinCo Group all such monies received by it as promptly as practicable following receipt thereof, and (b) to the extent monies are received by a member of the SpinCo Group following the Distribution that are due to a member of the Parent Group, SpinCo shall transmit, or cause the applicable member of the SpinCo Group to transmit, to the appropriate member of the Parent Group all such monies received by it as promptly as practicable following receipt

thereof; provided that Parent may elect to have the obligations under this Section 2.07 satisfied through aggregated settlement or set-off payments between Parent and SpinCo or the members of their respective Groups.

Section 2.08 Adjustment Payment. Parent has delivered, or shall deliver prior to the Distribution, to SpinCo a calculation of the amount of a cash adjustment payment to be paid by Parent to SpinCo or by SpinCo to Parent (the "Pre-Spin Cash Adjustment Payment") prior to the Distribution based on estimated amounts of the following adjustments (such adjustments, collectively, the "Cash Adjustments"): (a) the SpinCo Businesses' capital expenditures during 2023 prior to the Distribution Date compared to budgeted amounts of such capital expenditures, (b) certain changes in working capital of SpinCo, (c) financing fees, discounts, ratings agency fees and other debt issuance costs in respect of any indebtedness incurred by SpinCo but paid by Parent in connection with the Spin-Off and (d) the remaining face amount as of the Distribution Date of Delphi Technologies 5.000% Senior Notes due 2025 that will be payable by a member of the SpinCo Group in each case calculated as set forth in Schedule 2.08. No later than 30 days following the Distribution Date, Parent shall deliver to SpinCo a calculation of the amount of a cash adjustment payment to be paid by Parent to SpinCo or by SpinCo to Parent (the "Post-Spin Cash Adjustment Payment") based on Parent's calculation of the differences between the estimated and actual amounts of the Cash Adjustments, in each case calculated as set forth in Schedule 2.08. Within five business days of the Parent's delivery of its calculation of the Adjustment Payment, SpinCo or Parent, as applicable, shall transmit to the other party the Adjustment Payment, provided that Parent may elect by written notice to SpinCo to have the payment obligation under this Section 2.08 satisfied through set-off against amounts otherwise payable pursuant to this Agreement or the Ancillary Agreements. During the 30 days following the Distribution Date, SpinCo shall provide Parent access to SpinCo's accounting records and systems to the extent reasonably necessary for Parent's calculation of the Adjustment Payment. Parent's determination of the Adjustment Payment shall be made by Parent in its sole and absolute discretion; provided that, for the avoidance of doubt, this sentence shall not amend the express terms of any other sentence of this Section 2.08.

ARTICLE III

CREDIT SUPPORT

Section 3.01 Replacement of Parent Credit Support.

(a) SpinCo shall use commercially reasonable efforts to arrange, at its sole cost and expense and effective as soon as reasonably practicable after the date hereof and in any event within 90 days after the Distribution Date, the termination or replacement of all guarantees, bank provided guarantees, covenants, indemnities, surety bonds, letters of credit or similar assurances of credit support ("Credit Support Instruments") provided by, through or on behalf of any member of the Parent Group for the benefit of any member of the SpinCo Group or providing credit support for a SpinCo Contract ("Parent Credit Support Instruments"), with alternate arrangements that do not require any Credit Support Instruments or other credit support from any member of the Parent Group. SpinCo shall use commercially reasonable efforts to obtain from the beneficiaries of such Credit Support Instruments full written releases providing that such member of the Parent Group, as well as all related members of the Parent Group liable, directly

or indirectly, for obligations to a counterparty in connection with such Credit Support Instruments, will have no liability with respect to such Parent Credit Support Instruments. Such alternative arrangements and releases shall, in each case, be in form and substance reasonably satisfactory to Parent. Notwithstanding the foregoing, if any Parent Credit Support Instrument has not been terminated or replaced, or for which release from such Parent Credit Support Instrument pursuant to this Section 3.01(a) has not been obtained within 90 days after the Distribution Date, SpinCo shall continue to use commercially reasonable efforts to arrange, at its sole cost and expense and effective as soon as practicable thereafter, the termination, replacement or assumption (with full release) of such Parent Credit Support Instruments.

(b) In furtherance of Section 3.01(a), to the extent required to obtain the termination or replacement of a removal or release from a Parent Credit Support Instrument, SpinCo or an appropriate member of the SpinCo Group shall execute an agreement substantially in the form of such existing Parent Credit Support Instrument or such other form as is agreed to by the relevant parties to such agreement, except to the extent that such existing Parent Credit Support Instrument contains representations, covenants or other terms or provisions (i) with which SpinCo or the appropriate member of the SpinCo Group would be reasonably unable to comply or (ii) which would be reasonably expected to be breached by SpinCo or the appropriate member of the SpinCo Group.

(c) For any Parent Credit Support Instrument that has not been terminated or replaced, or for which releases from such Parent Credit Support Instrument pursuant to Section 3.01(a) and Section 3.01(b) have not been obtained, (i) without limiting SpinCo's obligations under Article VI, SpinCo shall, from and after the Distribution, (x) pay directly to the guarantor, obligor or surety issuing such Parent Credit Support Instrument any and all losses incurred in connection with such Parent Credit Support Instrument promptly following receipt by a member of the Parent Group of a written demand in respect of such Parent Credit Support Instrument, (y) where a member of the Parent Group is required to pay such losses directly to the counterparty, advance such loss amounts to Parent (or, at Parent's election, another member of the Parent Group) prior to such member of the Parent Group's requirement to pay and (z) indemnify, defend and hold harmless each member of the Parent Group against, and reimburse such member of the Parent Group for, all Liabilities, fees, costs and any other amounts paid by such member of the Parent Group in connection with such Parent Credit Support Instrument, including any premiums due under such Parent Credit Support Instrument and any amounts such member of the Parent Group is obligated to pay the guarantor, obligor, surety issuing such Parent Credit Support Instrument whether or not such Parent Credit Support Instrument is drawn upon or required to be performed, (ii) with respect to any such Parent Credit Support Instrument that is in the form of a letter of credit, surety bond or bank guarantee, SpinCo shall provide the applicable member(s) of the Parent Group with letters of credit or guarantees, in each case issued by a bank reasonably acceptable to Parent, against losses arising from such Parent Credit Support Instrument or, if Parent agrees in writing, cash collateralize the full amount of such Parent Credit Support Instrument with respect to which such release has not been obtained and (iii) except as set forth on Schedule 3.01(d), with respect to such Parent Credit Support Instrument, each of Parent and SpinCo, on behalf of themselves and the members of each of their respective Groups, agrees, except as otherwise expressly required by the terms of a Contract with a third party in

effect as of the Distribution, not to renew or extend the term of (or, in the case of instruments subject to automatic renewal, fail to take such actions as are authorized under such instrument to prevent such automatic renewal), increase any of its obligations under or directly or indirectly transfer (in whole or in part) to a third Person, any loan, guarantee, lease, sublease, license, Contract or other obligation for which the other Party or any member of the other Party's Group is or may be liable under such Parent Credit Support Instrument unless all obligations of the other Party and the other members of the other Party's Group with respect thereto are thereupon terminated with a full release by documentation reasonably satisfactory in form and substance to the other Party.

(d) Notwithstanding anything to the contrary in this Section 3.01, the Parent Credit Support Instruments listed on Schedule 3.01(d) shall be addressed in the manner provided on such Schedule 3.01(d).

Section 3.02 Replacement of SpinCo Credit Support.

(a) Parent shall use commercially reasonable efforts to arrange, at its sole cost and expense and effective prior to the Distribution Date, the termination or replacement of all Credit Support Instruments provided by, through or on behalf of any member of the SpinCo Group for the benefit of any member of the Parent Group or providing credit support for a Contract of Parent or its Subsidiary other than a SpinCo Contract ("SpinCo Credit Support Instruments"), with alternate arrangements that do not require any Credit Support Instruments or other credit support from any member of the SpinCo Group. Parent shall use commercially reasonable efforts to obtain from the beneficiaries of such Credit Support Instruments full written releases providing that such member of the SpinCo Group, as well as all related members of the SpinCo Group liable, directly or indirectly, for obligations to a counterparty in connection with such Credit Support Instruments will have no liability with respect to such SpinCo Credit Support Instruments. Such alternative arrangements and releases shall, in each case, be in form and substance reasonably satisfactory to SpinCo. Notwithstanding the foregoing, if any SpinCo Credit Support Instrument has not been terminated or replaced, or for which release from such SpinCo Credit Support Instrument pursuant to this Section 3.02(a) has not been obtained prior to the Distribution Date, Parent shall continue to use commercially reasonable efforts to arrange, at its sole cost and expense and effective as soon as practicable thereafter, the termination, replacement or assumption (with full release) of such SpinCo Credit Support Instruments.

(b) In furtherance of Section 3.02(a), to the extent required to obtain the termination or replacement of a removal or release from a SpinCo Credit Support Instrument, Parent or an appropriate member of the Parent Group shall execute an agreement substantially in the form of such existing SpinCo Credit Support Instrument or such other form as is agreed to by the relevant parties to such agreement, except to the extent that such existing SpinCo Credit Support Instrument contains representations, covenants or other terms or provisions (i) with which Parent or the appropriate member of the Parent Group would be reasonably unable to comply or (ii) which would be reasonably expected to be breached by Parent or the appropriate member of the Parent Group.

(c) For any SpinCo Credit Support Instrument that has not been terminated or replaced, or for which releases from such SpinCo Credit Support Instrument pursuant to Section

3.02(a) and Section 3.02(b) have not been obtained, (i) without limiting Parent's obligations under Article VI, Parent shall, from and after the Distribution, (x) pay directly to the guarantor, obligor or surety issuing such SpinCo Credit Support Instrument any and all losses incurred in connection with such SpinCo Credit Support Instrument promptly following receipt by a member of the SpinCo Group of a written demand in respect of such SpinCo Credit Support Instrument, (y) where a member of the SpinCo Group is required to pay such losses directly to the counterparty, advance such loss amounts to SpinCo (or, at SpinCo's election, another member of the SpinCo Group) prior to such member of the SpinCo Group's requirement to pay and (z) indemnify, defend and hold harmless each member of the SpinCo Group against, and reimburse such member of the SpinCo Group for, all Liabilities, fees, costs and any other amounts paid by such member of the SpinCo Group in connection with such SpinCo Credit Support Instrument, including any premiums due under such SpinCo Credit Support Instrument and any amounts such member of the SpinCo Group is obligated to pay the guarantor, obligor, surety issuing such SpinCo Credit Support Instrument whether or not such SpinCo Credit Support Instrument is drawn upon or required to be performed, (ii) with respect to any such SpinCo Credit Support Instrument that is in the form of a letter of credit, surety bond or bank guarantee, Parent shall provide the applicable member(s) of the SpinCo Group with letters of credit or guarantees, in each case issued by a bank reasonably acceptable to SpinCo, against losses arising from such SpinCo Credit Support Instrument or, if SpinCo agrees in writing, cash collateralize the full amount of such SpinCo Credit Support Instrument with respect to which such release has not been obtained and (iii) except as set forth on Schedule 3.02(d), with respect to such SpinCo Credit Support Instrument, each of Parent and SpinCo, on behalf of themselves and the members of each of their respective Groups, agrees, except as otherwise expressly required by the terms of a Contract with a third party in effect as of the Distribution, not to renew or extend the term of (or, in the case of instruments subject to automatic renewal, fail to take such actions as are authorized under such instrument to prevent such automatic renewal), increase any of its obligations under or directly or indirectly transfer (in whole or in part) to a third Person, any loan, guarantee, lease, sublease, license, Contract or other obligation for which the other Party or any member of the other Party's Group is or may be liable under such SpinCo Credit Support Instrument unless all obligations of the other Party and the other members of the other Party's Group with respect thereto are thereupon terminated with a full release by documentation reasonably satisfactory in form and substance to the other Party.

(d) Notwithstanding anything to the contrary in this Section 3.02, the SpinCo Credit Support Instruments listed on Schedule 3.02(d) shall be addressed in the manner provided on such Schedule 3.02(d).

ARTICLE IV

ACTIONS PENDING THE DISTRIBUTION

Section 4.01 Actions Prior to the Distribution.

(a) Subject to the conditions specified in Section 4.02 and subject to Section 5.03, Parent and SpinCo shall use reasonable best efforts to consummate the Distribution. Such efforts shall include taking the actions specified in this Section 4.01.

(b) Prior to the Distribution, Parent shall mail the Notice of Internet Availability of the Information Statement or the Information Statement to the Record Holders.

(c) SpinCo shall prepare, file with the Commission and use its reasonable best efforts to cause to become effective any registration statements or amendments thereto required to effect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements.

(d) Parent and SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the Distribution.

(e) SpinCo shall prepare and file, and shall use reasonable best efforts to have approved prior to the Distribution, an application for the listing of the SpinCo Common Stock to be distributed in the Distribution on the Exchange, subject to official notice of distribution.

(f) Prior to the Distribution, Parent, in its capacity as sole stockholder of SpinCo, shall have duly elected to the SpinCo board of directors the individuals listed as members of the SpinCo board of directors in the Information Statement, and such individuals shall be the members of the SpinCo board of directors effective as of immediately after the Distribution; provided, however, that, to the extent required by any Law or requirement of the Exchange or any other national securities exchange, as applicable, one independent director shall be appointed by the existing board of directors of SpinCo prior to the date on which "when-issued" trading of the SpinCo Common Stock begins on the Exchange and begin his or her term prior to the Distribution and shall serve on SpinCo's Audit Committee, Compensation Committee and Corporate Governance Committee.

(g) Prior to the Distribution, Parent shall deliver or cause to be delivered to SpinCo resignations, effective as of immediately after the Distribution, of each individual who will be an employee of any member of the Parent Group after the Distribution and who is an officer or director of any member of the SpinCo Group immediately prior to the Distribution (or shall otherwise cause such individuals to be removed as officers or directors, as applicable, of such SpinCo Group members).

(h) Immediately prior to the Distribution, the Amended and Restated Certificate of Incorporation and the Amended and Restated By-laws of SpinCo, each in substantially the form filed as an exhibit to the Form 10, shall be in effect.

(i) Parent and SpinCo shall, subject to Section 5.03, take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 4.02 to be satisfied and to effect the Distribution on the Distribution Date.

Section 4.02 Conditions Precedent to Consummation of the Distribution. Subject to Section 5.03, as soon as practicable after the date of this Agreement, the Parties shall use reasonable best efforts to satisfy the following conditions prior to the consummation of the Distribution. The

obligations of the Parties to consummate the Distribution shall be conditioned on the satisfaction, or waiver by Parent, of the following conditions:

(a) The board of directors of Parent shall have ratified, authorized and approved the Contribution and Distribution and not withdrawn such authorization and approval and shall have declared the dividend of SpinCo Common Stock to Parent stockholders.

(b) Each Master Ancillary Agreement shall have been executed by each party to such agreement.

(c) The SpinCo Common Stock shall have been accepted for listing on the Exchange or another national securities exchange approved by Parent, subject to official notice of issuance.

(d) The Commission shall have declared effective the Form 10, no stop order suspending the effectiveness of the Form 10 shall be in effect and no proceedings for that purpose shall be pending before or threatened by the Commission.

(e) Parent shall have received the written opinion of Ernst & Young LLP, which shall remain in full force and effect that, subject to the accuracy of and compliance with the relevant Representation Letters, the External Contribution, together with the Distribution will qualify for its Intended Tax Treatment.

(f) The Separation Transactions shall have been completed to the satisfaction of Parent (other than those steps that are expressly contemplated to occur at or after the Distribution).

(g) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other applicable legal restraint or prohibition preventing the consummation of the Distribution shall be in effect, and no other event outside the control of Parent shall have occurred, or failed to occur, that prevents the consummation of the Distribution.

(h) No other events or developments shall have occurred prior to the Distribution that, in the judgment of the board of directors of Parent, in its sole and absolute discretion, makes it inadvisable to effect the Distribution or any other Separation Transaction.

(i) Each Party shall have completed all information and consultations processes with works councils and other employee representative bodies required in connection with the Separation Transactions under applicable Law or Contract.

(j) The actions set forth in Section 4.01(b), (f), (g) and (h) shall have been completed.

The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent board of directors to waive, or not waive, such conditions or in any way limit the right of Parent to terminate this Agreement as set forth in Article X or alter the consequences of any such termination from those specified in such Article. Any determination made by the Parent board of directors prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 4.02 shall be conclusive.

ARTICLE V

THE DISTRIBUTION

Section 5.01 The Distribution.

(a) SpinCo shall cooperate with Parent to accomplish the Distribution and shall, at the direction of Parent, use its reasonable best efforts to promptly take any and all actions reasonably necessary, customary or advisable to effect the Distribution, including any Customary Offering Actions. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation, exchange or distribution agent and financial, legal, accounting, tax and other advisors for Parent in connection with the Distribution. Parent or SpinCo, as the case may be, will provide, or cause the applicable member of its Group to provide, to the Agent all share certificates and any information required to complete the Distribution (provided that any information required to be provided under this Section 5.01(a) shall be subject to Section 7.09).

(b) Subject to the terms and conditions set forth in this Agreement, (i) after completion of the Separation Transactions (other than those steps that are expressly contemplated to occur at or after the Distribution) and on or prior to the Distribution Date, for the benefit of and distribution to the holders of Parent Common Stock as of the Record Date ("Record Holders"), Parent will deliver to the Agent 100% of the issued and outstanding shares of SpinCo Common Stock held by Parent and book-entry authorizations for such shares and (ii) on the Distribution Date, Parent shall instruct the Agent to distribute, by means of a pro rata dividend based on the aggregate number of shares of Parent Common Stock held by each applicable Record Holder, to each Record Holder (or such Record Holder's bank or brokerage firm on such Record Holder's behalf) electronically, by direct registration in book-entry form, the number of shares of SpinCo Common Stock to which such Record Holder is entitled based on a distribution ratio determined by Parent in its sole discretion. The Distribution shall be effective at 5:00 p.m. New York City time on the Distribution Date. Parent shall, on or as soon as practicable after the Distribution Date, instruct the Agent to mail to each Record Holder (or otherwise transmit in accordance with the Agent's regular practices) an account statement indicating the number of shares of SpinCo Common Stock that have been registered in book-entry form in the name of such Record Holder.

Section 5.02 Fractional Shares. Record Holders holding a number of shares of Parent Common Stock on the Record Date that would entitle such holders to receive less than one whole share of SpinCo Common Stock in the Distribution will receive cash in lieu of such fractional share. Fractional shares of SpinCo Common Stock will not be distributed in the Distribution nor credited to book-entry accounts. Parent shall cause the Agent to, as soon as practicable after the Effective Time, (a) determine the number of whole shares and fractional shares of SpinCo Common Stock allocable to each Record Holder and (b) aggregate all fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests. Parent shall cause the Agent to, as soon as practicable after the Distribution Date, distribute to each such holder, or for the benefit of each beneficial owner, such holder's or owner's ratable share of the net proceeds of such sale, based upon the average

gross selling price per share of SpinCo Common Stock after making appropriate deductions for any amount required to be withheld under applicable Tax Law and less any brokers' charges, commissions or transfer Taxes. The Agent, in its sole discretion, will determine the timing and method of selling such fractional shares, the selling price of such fractional shares and the broker-dealer through which such fractional shares will be sold; provided, however, that the designated broker-dealer shall not be an Affiliate of Parent or SpinCo. Neither Parent nor SpinCo will pay any interest on the proceeds from the sale of fractional shares.

Section 5.03 Sole Discretion of Parent. Parent shall, in its sole and absolute discretion, determine the Record Date, the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transactions to effect the Distribution and the timing of and conditions to the consummation thereof. In addition, and notwithstanding anything to the contrary set forth below, Parent may at any time and from time to time until the consummation of all or part of the Distribution decide to abandon the Distribution or modify or change the form, structure or terms of any transactions to effect the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Any determinations regarding the allocation of Assets or Liabilities under this Agreement or under any Ancillary Agreement, including the identification of Assets or Liabilities for allocation hereunder or thereunder, shall be made by Parent in its sole and absolute discretion; provided that, for the avoidance of doubt, this sentence shall not amend the express terms of the Agreement or any Ancillary Agreement after the Distribution Date.

ARTICLE VI

MUTUAL RELEASES; INDEMNIFICATION

Section 6.01 Release of Pre-Distribution Claims.

(a) Except as provided in Section 6.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, SpinCo does hereby, for itself and each other member of the SpinCo Group as of the Distribution (including, for the avoidance of doubt, any member of the SpinCo Group the equity interests of which constitute Consent Delayed Assets), their respective Affiliates as of the Distribution, and to the extent it may legally do so, its and their successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, members, managers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of any member of the SpinCo Group (in each case, in their respective capacities as such), remise, release and forever discharge Parent and the other members of the Parent Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, members, managers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law

or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, or any conditions existing or alleged to have existed on or before the Distribution, including in connection with the Spin-Off and all other activities to implement the Spin-Off.

(b) Except as provided in Section 6.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, Parent does hereby, for itself and each other member of the Parent Group as of the Distribution, their respective Affiliates as of the Distribution, and to the extent it may legally do so, its and their successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge SpinCo, the other members of the SpinCo Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution have been stockholders, fiduciaries, directors, trustees, counsel, officers, employees, agents, insurers, re-insurers, administrators, representatives, including legal representatives, or employee retirement or benefit plans (and the trustees, administrators, fiduciaries, agents, representatives, insurers and re-insurers of such plans) of any member of the SpinCo Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, or any conditions existing, or alleged to have existed, on or before the Distribution, including in connection with the Spin-Off and all other activities to implement the Spin-Off.

(c) Nothing contained in Section 6.01(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any Intercompany Agreement or Intercompany Account that is specified in Section 2.03(b) not to terminate as of the Distribution, in each case in accordance with its terms. Nothing contained in Section 6.01(a) or (b) shall release:

(i) any Person from any Liability provided in or resulting from any Contract among any members of the Parent Group or the SpinCo Group that is specified in Section 2.03(b) as not to terminate as of the Distribution, or any other Liability specified in such Section 2.03(b) as not to terminate as of the Distribution;

(ii) any Person from any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Person from any Liability provided in or resulting from any other Contract that is entered into after the Distribution between one Party (or a member of such

Party's Group), on the one hand, and the other Party (or a member of such Party's Group), on the other hand;

(iv) any Person from any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement for claims brought against the Parties, the members of their respective Groups or any of their respective directors, officers, employees, agents or representatives, by third Persons, which Liability shall be governed by Section 6.02, Section 6.03 and the other applicable provisions of this Article VI or, if applicable, the appropriate provisions of the relevant Ancillary Agreement;

(v) any Party (or any member of its Group) from any Liability that such Party (or any member of its Group) may have to directors, officers, agents or employees under indemnification or similar agreements or arrangements, including under such Party's by-laws; it being understood that, if the underlying obligation giving rise to such Liability is a SpinCo Liability, then SpinCo shall indemnify Parent for such Liability (including Parent's costs to indemnify any such director, officer, agent or employee) in accordance with the provisions set forth in this Article VI; or

(vi) any employee from any Liability relating to, arising out of or resulting from such Person's fraud, embezzlement or misappropriation of Intellectual Property.

(d) SpinCo shall not make, and shall cause each other member of the SpinCo Group not to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent or any other member of the Parent Group, or any other Person released pursuant to Section 6.01(a), with respect to any Liabilities released pursuant to Section 6.01(a). Parent shall not make, and shall cause each other member of the Parent Group not to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against SpinCo or any other member of the SpinCo Group, or any other Person released pursuant to Section 6.01(b), with respect to any Liabilities released pursuant to Section 6.01(b).

(e) It is the intent of each of Parent and SpinCo, by virtue of the provisions of this Section 6.01, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, and all conditions existing or alleged to have existed on or before the Distribution Date, between or among SpinCo or any other member of the SpinCo Group, on the one hand, and Parent or any other member of the Parent Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 6.01, Section 6.02, Section 6.03 or elsewhere in this Agreement or in any Ancillary Agreement. At any time, at the request of the other Party, each Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

Section 6.02 Indemnification by SpinCo. Subject to Section 6.04, SpinCo shall indemnify, defend and hold harmless Parent, each other member of the Parent Group and each of their respective former and then-current directors, officers and employees, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing (collectively, the

"Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees to the extent relating to, arising out of or resulting from any of the following items (without duplication):

(a) the SpinCo Liabilities, including the failure of SpinCo or any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Liability in accordance with its terms;

(b) any breach by SpinCo or any other member of the SpinCo Group of this Agreement, or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein (which shall be controlling); and

(c) any breach by SpinCo of any of the representations and warranties made by SpinCo on behalf of itself and the members of the SpinCo Group in Section 11.01(c) or in the Representation Letters.

Section 6.03 Indemnification by Parent. Subject to Section 6.04, Parent shall indemnify, defend and hold harmless SpinCo, each other member of the SpinCo Group and each of their respective former and then-current directors, officers and employees, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing (collectively, the "SpinCo Indemnitees"), from and against any and all Liabilities of the SpinCo Indemnitees to the extent relating to, arising out of or resulting from any of the following items (without duplication):

(a) the Parent Liabilities, including the failure of Parent or any other member of the Parent Group, or any other Person, to pay, perform or otherwise promptly discharge any Parent Liability in accordance with its terms;

(b) any breach by Parent or any other member of the Parent Group of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein (which shall be controlling);

(c) any breach by Parent of any of the representations and warranties made by Parent on behalf of itself and the members of the Parent Group in Section 11.01(c); and

(d) any matters set forth on Schedule 6.03(d), as and to the extent set forth therein.

Section 6.04 Indemnification Obligations Net of Insurance Proceeds and Third-Party Proceeds.

(a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement will be net of (i) Insurance Proceeds that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability and (ii) other amounts recovered from any third party (net of any out-of-pocket costs or expenses incurred in, or Taxes imposed with respect to, the collection thereof) that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability ("Third-Party Proceeds"). Accordingly, the amount that either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or reimbursement pursuant to this Agreement (an "Indemnitee") will be reduced by any Insurance Proceeds or Third-Party Proceeds theretofore actually recovered by or

on behalf of the Indemnitee from a third party in respect of the related Liability. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an "Indemnity Payment") and subsequently receives Insurance Proceeds or Third-Party Proceeds in respect of such Liability, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if such Insurance Proceeds or Third-Party Proceeds had been received, realized or recovered before the Indemnity Payment was made; provided, that for the avoidance of doubt, such amount shall not exceed the amount of the Indemnity Payment.

(b) An insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of the indemnification provisions hereof, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Subject to Section 6.10, each member of the Parent Group and SpinCo Group shall use commercially reasonable efforts to collect or recover any Insurance Proceeds and any Third-Party Proceeds to which such Person is entitled in connection with any Liability for which such Person seeks indemnification pursuant to this Article VI; provided, however, that such Person's inability to collect or recover any such Insurance Proceeds or Third-Party Proceeds shall not limit the Indemnifying Party's obligations hereunder.

(c) The calculation of any Indemnity Payments required by this Agreement shall be subject to Section 5.2(c) of the TMA.

Section 6.05 Procedures for Indemnification of Third-Party Claims.

(a) If an Indemnitee shall receive notice or otherwise learn of a Third-Party Claim with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Agreement (including Article III), such Indemnitee shall give such Indemnifying Party written notice thereof as soon as reasonably practicable. Any such notice shall describe the Third-Party Claim in reasonable detail and shall include: (i) the basis for, and nature of, such Third-Party Claim, including the facts constituting the basis for such Third-Party Claim; (ii) the estimated amount of losses (to the extent so estimable) that have been or may be sustained by the Indemnitee in connection with such Third-Party Claim; and (iii) copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim; provided, however, that any such notice need only specify such information reasonably known to the Indemnitee as of the date of such notice and shall not limit or prejudice any of the rights or remedies of any Indemnitee on the basis of any limitations on the information included in such notice, including any such limitations made in good faith to preserve the attorney-client privilege, work product doctrine or any other similar privilege or doctrine. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 6.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article VI, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice in accordance with this Section 6.05(a).

(b) The Indemnifying Party shall have the right, exercisable by written notice to the Indemnitee within 30 days after receipt of notice from an Indemnitee in accordance with Section 6.05(a), to assume and conduct the defense of such Third-Party Claim in accordance with the limits set forth in this Agreement with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided, however, that (x) SpinCo shall not be entitled to control the defense of any Third-Party Claim in respect of a Mixed Action (and, for the avoidance of doubt, Parent shall control any such defense), (y) the Indemnifying Party shall not have the right to control the defense of any Third-Party Claim (i) to the extent such Third-Party Claim seeks criminal penalties or injunctive or other equitable relief or (ii) if the Party to this Agreement which is part of such Indemnitee's Group has determined in good faith that the Indemnifying Party controlling such defense would reasonably be expected to have a material adverse impact on the reputation or the business relations of the Indemnitee or its Group, and (z) if the Party to this Agreement which is part of such Indemnitee's Group determines in good faith that the proper defense of the Third-Party Claim requires that the election to assume the defense of such claim be made in fewer than 30 days, the Indemnitee may request that such election be made in such shorter period as the Indemnitee may reasonably determine; provided that such shorter period may not be shorter than 10 days. The Indemnifying Party shall notify the Indemnitee in writing within the time period described in the immediately preceding sentence as to whether or not it will assume the defense of the applicable Third-Party Claim. During such notice period, and prior to an election by the Indemnifying Party to control the defense of the applicable Third-Party Claim, the Indemnitee shall be permitted to take such actions in respect of such Third-Party Claim as the Indemnitee determines in good faith are necessary or appropriate to avoid prejudice to the Indemnitee's interests in respect of such Third-Party Claim during such notice period, provided that the Indemnitee will consult reasonably and in good faith with the Indemnifying Party in respect of such actions in advance of taking such actions to the extent possible.

(c) If the Indemnifying Party elects not to assume the defense of a Third-Party Claim (or is not permitted to assume the defense of such Third-Party Claim) in accordance with this Agreement, or fails to notify an Indemnitee of its election as provided in Section 6.05(b), such Indemnitee may defend such Third-Party Claim with counsel selected by the Indemnitee and reasonably acceptable to the Indemnifying Party. If the Indemnifying Party elects (and is permitted) to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnitee shall, subject to the terms of this Agreement, reasonably cooperate with the Indemnifying Party with respect to the defense of such Third-Party Claim.

(d) If the Indemnifying Party elects (and is permitted) to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnifying Party will not be liable for any additional legal expenses subsequently incurred by the Indemnitee in connection with the defense of the Third-Party Claim; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third-Party Claim, or the nature of such Third-Party Claim changes such that the Indemnifying Party would no longer be entitled to assume the defense of such Third-Party Claim pursuant to Section 6.05(b), the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable and documented costs or expenses paid or incurred in connection with such

defense. The Indemnifying Party or the Indemnitee, as the case may be, shall have the right to participate in (but, subject to the immediately preceding sentence, not control), at its own expense, the defense of any Third-Party Claim that the other is defending as provided in this Agreement. In the event, however, that such Indemnitee reasonably determines that representation by counsel to the Indemnifying Party of both such Indemnifying Party and the Indemnitee could reasonably be expected to present such counsel with a conflict of interest, then the Indemnitee may employ separate counsel to represent or defend it in any such Action and the Indemnifying Party will pay the reasonable and documented fees and expenses of such counsel.

(e) No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any Third-Party Claim with respect to which an Indemnifying Party is obligated to provide indemnification to an Indemnitee pursuant to this Agreement (including Article III) without the prior written consent of the applicable Indemnitee or Indemnitees (not to be unreasonably withheld, conditioned or delayed); provided, however, that such consent shall not be required if the judgment or settlement: (i) contains no finding or admission of liability with respect to any such Indemnitee or Indemnitees; (ii) involves only monetary relief which the Indemnifying Party has agreed to pay; and (iii) includes a full and unconditional release of the Indemnitee or Indemnitees. Notwithstanding the foregoing, the consent of an Indemnitee shall be required for any entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against such Indemnitee (such consent not to be unreasonably withheld, conditioned or delayed).

(f) Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, no Indemnitee shall admit any liability with respect to, or settle, compromise, resolve or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

Section 6.06 Additional Matters.

(a) Any claim on account of a Liability that does not result from a Third-Party Claim shall be asserted by prompt written notice given by the Indemnitee to the applicable Indemnifying Party. Any failure by an Indemnitee to give notice shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) For the avoidance of doubt, Liabilities incurred by an Indemnitee pursuant to a contractual indemnification or similar obligation granted to a third party in respect of Liabilities

otherwise indemnifiable under Section 6.02 or Section 6.03 shall be indemnifiable thereunder to the same extent that the underlying Liabilities would have been indemnifiable under Section 6.02 or Section 6.03.

(d) To the maximum extent permitted by applicable Law, the rights to recovery of each Party's Subsidiaries in respect of any past, present or future Action are hereby delegated to such Party. It is the intent of the Parties that the foregoing delegation shall satisfy any Law requiring such delegation to be effected pursuant to a power of attorney or similar instrument. The Parties and their respective Subsidiaries shall execute such further instruments or documents as may be necessary to effect such delegation.

(e) With respect to any Third-Party Claim or Action pending as of the Distribution Date or commenced following the Distribution Date, in each case that (x) has named as a defendant one or more members of the SpinCo Group but otherwise relates only to the Parent Business or (y) has named as a defendant one or more members of the Parent Group but otherwise relates only to the SpinCo Business, the Parties shall use commercially reasonable efforts, each at its own expense, to cause each such nominal defendant to be removed as a defendant from such Third-Party Claim or Action, as soon as reasonably practicable (including using commercially reasonable efforts to petition the applicable court or counterparty to remove each such nominal defendant).

Section 6.07 Remedies Cumulative. The remedies provided in this Article VI shall be cumulative and, subject to the provisions of Section 6.01, Section 6.10 and Article XI, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 6.08 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring an Action or otherwise assert any claim or defense against any Person, including before any court, arbitrator, mediator or administrative agency anywhere in the world, and further (on behalf of itself, the members of such Party's Group, and any other Person claiming through it) waives and releases any claim or defense against any Person, alleging that: (a) the assumption or retention of any SpinCo Liabilities by SpinCo or a member of the SpinCo Group on the terms and conditions set forth in this Agreement or the Ancillary Agreements is unlawful, a breach of a fiduciary or other duty, void, unenforceable, unconscionable, inequitable, or otherwise improper for any reason; (b) the assumption or retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement or the Ancillary Agreements is unlawful, a breach of a fiduciary or other duty, void, unenforceable, unconscionable, inequitable, or otherwise improper for any reason; (c) the provisions of this Agreement (including this Article VI) or any Ancillary Agreement are unlawful, a breach of a fiduciary or other duty, void, unenforceable, unconscionable, inequitable, or otherwise improper for any reason; or (d) any member of the Parent Group owes fiduciary duties to any member of the SpinCo Group or any equity holder of such member in his, her or its capacity as such with respect to this Agreement, any Ancillary Agreement, any transaction contemplated hereby or thereby or any agreement entered into in connection herewith or therewith.

Section 6.09 Survival of Indemnities. The rights and obligations of each of Parent and SpinCo and their respective Indemnitees under this Article VI shall survive the sale or other transfer by any Party or its Affiliates of any Assets or businesses or the assignment by it of any Liabilities.

Section 6.10 Indemnified Damages. Except as may expressly be set forth in this Agreement or any Ancillary Agreement, none of Parent, SpinCo or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other Parent Indemnitee or SpinCo Indemnitee, as applicable, under this Agreement for any indirect, special, punitive, consequential, exemplary, enhanced or treble damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages; provided, however, that the provisions of this Section 6.10 shall not limit an Indemnifying Party's indemnification obligations hereunder with respect to any Liability any Indemnitee may have to any third party not affiliated with any member of the Parent Group or the SpinCo Group for any indirect, special, punitive, consequential, exemplary, enhanced or treble damages.

Section 6.11 Management of Certain Actions and Internal Investigations. Notwithstanding the procedures set forth in Section 6.05, this Section 6.11 shall govern the management and direction of certain pending (or, as applicable in the case of Section 6.11(e), future) Actions and Internal Investigations involving one or more members of both the Parent Group and the SpinCo Group (including as a result of the allocation of Liabilities set forth in Article II), but shall not alter the allocation of Liabilities set forth in Article II or rights to indemnification pursuant to Section 6.02 or Section 6.03. In the event of any conflict between the provisions of this Section 6.11 and Section 6.05 in respect of a SpinCo Directed Action, Parent Directed Action or Joint Action, the provisions of this Section 6.11 shall govern.

(a) From and after the Distribution, except as otherwise provided in Schedule 6.11(a) and subject to Section 7.08:

(i) the SpinCo Group shall direct the defense, prosecution or conduct (as applicable) of any Actions and Internal Investigations described on Schedule 6.11(a) (the "SpinCo Directed Actions"), including the development and implementation of the legal strategy for each SpinCo Directed Action, the filing of any motions, pleadings or briefs, the conduct of discovery and related fact finding, the conduct of any trial, any presentations to regulators or enforcement officials, any responses to subpoenas, requests or demands for information, any decision to appeal or not to appeal any decisions, judgment or order, and, subject to Section 6.11(d), any decision or consent to a settlement, compromise, resolution or discharge of any SpinCo Directed Action or any aspect thereof;

(ii) SpinCo (or the applicable member of the SpinCo Group) shall be responsible for selecting counsel in connection with the conduct and control of each SpinCo Directed Action;

(iii) Parent (or the applicable member of the Parent Group) shall be entitled to participate in (but not control) the defense, prosecution or conduct (as applicable) of each SpinCo Directed Action, and SpinCo shall provide Parent with the reasonable opportunity to consult, advise and comment with respect to all preparation, planning and strategy regarding any such

SpinCo Directed Action, to the extent that Parent's participation does not waive or jeopardize any attorney-client privilege, attorney work product protection or other similar privilege or doctrine. The Parties and the applicable members of their respective Groups shall cooperate reasonably to preserve any attorney-client privilege, work product protection, joint defense, common interest or other privilege as to third parties as may be available in connection with each Group's participation in a SpinCo Directed Action, including by negotiating and executing joint defense and/or common interest agreements to implement and/or supersede the provisions of this Section 6.11 or Section 7.01 where necessary or useful for this purpose; and

(iv) the costs and expenses incurred by the SpinCo Group and the Parent Group in connection with the conduct of any SpinCo Directed Action shall be advanced, paid and reimbursed in accordance with Schedule 6.11(a).

(b) From and after the Distribution, except as otherwise provided in Schedule 6.11(b) and subject to Section 7.08:

(i) the Parent Group shall direct the defense, prosecution or conduct (as applicable) of any Actions and Internal Investigations described on Schedule 6.11(b) (the "Parent Directed Actions"), including the development and implementation of the legal strategy for each Parent Directed Action, the filing of any motions, pleadings or briefs, the conduct of discovery and related fact finding, the conduct of any trial, any presentations to regulators or enforcement officials, any responses to subpoenas, requests or demands for information, any decision to appeal or not to appeal any decisions, judgment or order, and, subject to Section 6.11(d), any decision or consent to a settlement, compromise, resolution or discharge of any Parent Directed Action or any aspect thereof;

(ii) Parent (or the applicable member of the Parent Group) shall be responsible for selecting counsel in connection with the conduct and control of each Parent Directed Action;

(iii) SpinCo (or the applicable member of the SpinCo Group) shall be entitled to participate in (but not control) the defense, prosecution or conduct (as applicable) of each Parent Directed Action, and Parent shall provide SpinCo with the reasonable opportunity to consult, advise and comment with respect to all preparation, planning and strategy regarding any such Parent Directed Action, to the extent that SpinCo's participation does not waive or jeopardize any attorney-client privilege, attorney work product protection or other similar privilege or doctrine. The Parties and the applicable members of their respective Groups shall cooperate reasonably to preserve any attorney-client privilege, work product protection, joint defense, common interest or other privilege as to third parties as may be available in connection with each Group's participation in a Parent Directed Action, including by negotiating and executing joint defense and/or common interest agreements to implement and/or supersede the provisions of this Section 6.11 or Section 7.01 where necessary or useful for this purpose; and

(iv) the costs and expenses incurred by the SpinCo Group and the Parent Group in connection with the conduct of any Parent Directed Action shall be advanced, paid and reimbursed in accordance with Schedule 6.11(b).

(c) From and after the Distribution, except as otherwise provided in Schedule 6.11(c) and subject to Section 7.08, the Parties shall separately but cooperatively manage and direct the defense, prosecution or conduct (as applicable) of any Actions and Internal Investigations described on Schedule 6.11(c) ("Joint Actions"), including the development and implementation of the legal strategy for each Joint Action, the filing of any motions, pleadings or briefs, the conduct of discovery and related fact finding, the conduct of any trial, any presentations to regulators or enforcement officials, any responses to subpoenas, requests or demands for information, any decision to appeal or not to appeal any decisions, judgment or order, and, subject to Section 6.11(d), any decision or consent to a settlement, compromise, resolution or discharge of any Joint Action or any aspect thereof. The Parties shall cooperate in good faith and take all reasonable actions to provide for any appropriate joinder or change in named parties to such Joint Actions such that the appropriate Party or member of each Party's Group is party thereto. The Parties shall reasonably cooperate and consult with each other and, to the extent feasible, maintain a joint defense in a manner that would preserve for both Parties and their respective Affiliates any attorney-client privilege, work product protection, joint defense, common interest or other privilege with respect to any Joint Action, including by negotiating and executing joint defense and/or common interest agreements to implement and/or supersede the provisions of this Section 6.11 or Section 7.01 where necessary or useful for this purpose. Notwithstanding anything to the contrary herein, the costs and expenses of counsel for each Joint Action shall be paid for by the Party indicated with respect to such Joint Action on Schedule 6.11(c); provided, that in the event that either Party determines to retain new separate counsel with respect to any Joint Action, such Party shall bear the costs and expenses of its separate counsel. The costs and expenses incurred by SpinCo or Parent in connection with the conduct of any Joint Action shall be advanced, paid and reimbursed in accordance with Schedule 6.11(c), in each case to the extent specified therein. In any Joint Action, each of Parent and SpinCo may pursue separate defenses, claims, counterclaims or settlements to those claims relating solely to the Parent Business or the SpinCo Business, respectively; provided that each Party shall in good faith make commercially reasonable efforts to avoid adverse effects on the other Party.

(d) No Party managing an Action (the "Managing Party") pursuant to this Section 6.11 shall consent to entry of any judgment or enter into any settlement of any such Action without the prior written consent of the other Party (the "Non-Managing Party") (not to be unreasonably withheld, conditioned or delayed); provided, however, that such Non-Managing Party, including, in the case of a Joint Action, any co-defendant, shall be required to consent to such entry of judgment or to such settlement that the Managing Party or other co-defendant may recommend with respect to any claim for which such Non-Managing Party (or co-defendant) is the defendant if the judgment or settlement: (i) contains no finding or admission of liability with respect to such Non-Managing Party's (or co-defendant's) Group or its applicable related Persons; (ii) involves only monetary relief which the Managing Party or proposing co-defendant has agreed to pay, and for which the Non-Managing Partner (or co-defendant) is not obligated to indemnify the Managing Party, either directly or indirectly through the application against a quantitative indemnification threshold; and (iii) includes a full and unconditional release of the Non-Managing Party's (or co-defendant's) Group and its applicable related Persons. Notwithstanding the foregoing, the consent of the Non-Managing Party or co-defendant shall be required for any entry of judgment or settlement if the effect thereof is to permit any injunction,

declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against the Non-Managing Party's Group or its applicable related Persons (such consent not to be unreasonably withheld, conditioned or delayed).

(e) Any Action or Government Investigation that (i) is not set forth on Schedule 6.11(a) or Schedule 6.11(b), (ii) Parent determines in good faith involves one or more members of both the Parent Group and the SpinCo Group (including as a result of the allocation of Liabilities set forth in Article II), (iii) relates to conduct that occurred prior to the Distribution Date and (iv) Parent determines in good faith involves, or would reasonably be expected to involve, non-monetary relief sought by a Governmental Authority with respect to a member of the Parent Group, shall be separately but cooperatively managed and directed by the Parties as if it were a Joint Action in accordance with the terms of Section 6.11(c) (subject, for the avoidance of doubt, to Schedule 6.11(c) and Section 6.11(d). If either Party shall receive notice or otherwise learn of an Action or Government Investigation that would reasonably be expected to satisfy the criteria in clauses (i)-(iv) of the first sentence of this Section 6.11(e), then such Party shall give the other Party written notice thereof as soon as reasonably practicable.

ARTICLE VII

ACCESS TO INFORMATION; PRIVILEGE; CONFIDENTIALITY

Section 7.01 Agreement for Exchange of Information; Archives.

(a) Except in the case of an Adversarial Action or threatened Adversarial Action, and subject to Section 7.01(b), each of Parent and SpinCo, on behalf of its Group, shall provide, or cause to be provided, to the other Party, at any time after the Distribution, as soon as reasonably practicable after written request therefor, any Information relating to time periods on or prior to the Distribution Date in the possession or under the control of such respective Group, which Parent or SpinCo, or any member of its respective Group, as applicable: (i) reasonably needs to comply with reporting, disclosure, filing or other requirements imposed on Parent or SpinCo, or any member of its respective Group, as applicable (including under applicable securities Laws), by any national securities exchange or any Governmental Authority having jurisdiction over Parent or SpinCo, or any member of its respective Group, as applicable; (ii) requests for use in any other judicial, regulatory, administrative or other Action or Internal Investigation, including possible Actions or Internal Investigations anticipated in good faith, or to satisfy audit, accounting, regulatory, litigation or other similar requirements; or (iii) reasonably needs to comply with its obligations under this Agreement or any Ancillary Agreement; provided that any request for information pursuant to this Section 7.01 shall be used only for the purposes described in this paragraph.

(b) In the event that either Parent or SpinCo determines in good faith that the disclosure of any Information pursuant to Section 7.01(a) could be commercially detrimental, violate any Law or Contract or waive or jeopardize any attorney-client privilege, attorney work product protection or other similar privilege or doctrine, such Party may restrict such information to viewing by the other Party's attorneys' and experts' eyes only before providing access to or furnishing such Information to the other Party; provided, however, that both Parent and SpinCo shall take all commercially reasonable measures to permit compliance with Section 7.01(a) in a

manner that avoids any such harm or consequence. The Parties and the applicable members of their respective Groups shall cooperate reasonably to preserve any attorney-client privilege, work product protection, joint defense, common interest or other privilege as to third parties as may be available in connection with each Group's participation in an Action, including by negotiating and executing joint defense and/or common interest agreements to implement and/or supersede the provisions of Section 6.11 or this Section 7.01 where necessary or useful for this purpose.

Section 7.02 Ownership of Information. Any Information owned by one Group that is provided to the requesting Party hereunder shall be deemed to remain the property of the providing Party. Except as specifically set forth herein or in any Ancillary Agreement, nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 7.03 Compensation for Providing Information. Parent and SpinCo shall reimburse each other for the reasonable costs, if any, in complying with a request for Information pursuant to this Article VII (whether or not such Information was a SpinCo Asset or a Parent Asset). Except as may be otherwise specifically provided elsewhere in this Agreement, such costs shall be calculated in accordance with calculation of costs in the service sheets attached to the TSA.

Section 7.04 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VII and other provisions of this Agreement, each Party shall use its commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all Information in such Party's possession relating to the other Party or its businesses, Assets or Liabilities, this Agreement or the Ancillary Agreements, in accordance with the policies of Parent as in effect at the Effective Time or such other policies as may be adopted by Parent after the Effective Time (provided that Parent notifies SpinCo in writing of any such policies); provided, however, that in the case of any information relating to Taxes, employee benefits or EHS Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 8.1 of the Tax Matters Agreement shall govern the retention of Tax Records (as defined in the Tax Matters Agreement). Each of Parent and SpinCo shall use their commercially reasonable efforts to maintain and continue their respective Group's compliance with all "litigation holds" listed on Schedule 7.04 in accordance with the provisions set forth on Schedule 7.04 with respect to such listed litigation hold.

Section 7.05 Accounting Information. Without limiting the generality of Section 7.01 but subject to Section 7.01(b):

(a) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards, as determined in good faith by Parent, or as required by Law for Parent to prepare consolidated financial statements or complete a financial statement audit for any period during which the financial results of the SpinCo Group were consolidated with those of Parent), SpinCo shall use its commercially reasonable efforts to enable Parent to meet its timetable for dissemination of its financial statements and to enable Parent's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts and during such period as specified in the immediately preceding sentence, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review

of financial statements or an audit of internal control over financial reporting, (i) SpinCo shall authorize and direct its auditors to make available to Parent's auditors, within a reasonable time prior to the date of Parent's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of SpinCo and (y) work papers to the extent related to such annual audits and quarterly reviews, to enable Parent's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of SpinCo's auditors as it relates to Parent's auditors' opinion or report and (ii) SpinCo shall provide reasonable access during normal business hours for Parent's internal auditors, counsel and other designated representatives to (x) the premises of SpinCo and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of SpinCo and its Subsidiaries and (y) the officers and employees of SpinCo and its Subsidiaries, so that Parent may conduct reasonable audits relating to the financial statements provided by SpinCo and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the SpinCo Group; provided, further, that, any request for access pursuant to this Section 7.05(a) shall be made in good faith and limited to the extent reasonable to satisfy the good faith basis for such request.

(b) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards, as determined in good faith by Parent, or as required by Law), Parent shall use its commercially reasonable efforts to enable SpinCo to meet its timetable for dissemination of its financial statements and to enable SpinCo's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts, and during such period as specified in the immediately preceding sentence, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) Parent shall authorize and direct its auditors to make available to SpinCo's auditors, within a reasonable time prior to the date of SpinCo's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of Parent and (y) work papers to the extent related to such annual audits and quarterly reviews, to enable SpinCo's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of Parent's auditors as it relates to SpinCo's auditors' opinion or report and (ii) until all governmental audits of those financial statements of SpinCo specified in the immediately preceding sentence are complete, Parent shall provide reasonable access during normal business hours for SpinCo's internal auditors, counsel and other designated representatives to (x) the premises of Parent and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of Parent and its Subsidiaries and (y) the officers and employees of Parent and its Subsidiaries, so that SpinCo may conduct reasonable audits relating to the financial statements provided by Parent and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the Parent Group; provided, further, that, any request for access pursuant to this Section 7.05(b) shall be made in good faith and limited to the extent reasonable to satisfy the good faith basis for such request.

(c) To enable the principal executive officer(s) and principal financial officer(s) (as such terms are defined in the rules and regulations of the Commission) of Parent to make any certifications required of them under Section 302 or 906 of the Sarbanes-Oxley Act of 2002,

SpinCo shall, within a reasonable period of time following a request from Parent in anticipation of filing such reports, cause its principal executive officer(s) and principal financial officer(s) to provide Parent with certifications of such officers in support of the certifications of Parent's principal executive officer(s) and principal financial officer(s) required under Section 302 or 906 of the Sarbanes-Oxley Act of 2002 with respect to (i) Parent's Quarterly Report on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs (unless such quarter is Parent's fourth fiscal quarter), (ii) to the extent applicable, each subsequent fiscal quarter through the third fiscal quarter of the year in which the Distribution Date occurs and (iii) Parent's Annual Report on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs. Such certifications shall be provided in substantially the same form and manner as such SpinCo officers provided prior to the Distribution (reflecting any changes in certifications necessitated by the Spin-Off or any other transactions related thereto) or as otherwise agreed upon between Parent and SpinCo.

Section 7.06 No Implied Warranties. Each of Parent (on behalf of itself and each other member of the Parent Group) and SpinCo (on behalf of itself and each other member of the SpinCo Group) understands and agrees that neither Party is representing or warranting in any way as to the accuracy or sufficiency of any Information exchanged or disclosed under this Agreement, including any Information that constitutes an estimate or forecast or is based upon an estimate or forecast.

Section 7.07 Production of Witnesses; Records; Cooperation.

(a) Without limiting any of the rights or obligations of the Parties pursuant to Section 7.01 or Section 7.04, after the Distribution Date, except in the case of an Adversarial Action or threatened or contemplated Adversarial Action, and subject to Section 7.01(b), each of Parent and SpinCo shall use their commercially reasonable efforts to make reasonably available, upon written request: (i) the former, current and future directors, officers, employees, other personnel and agents of the Persons in its respective Group (whether as witnesses or otherwise); and (ii) subject to Section 7.01(b), Information contemplated by Section 7.01(a), in each case of clauses (i) and (ii), to the extent that such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action, Internal Investigation, Commission comment or review or threatened or contemplated Action, Internal Investigation, Commission comment or review (including preparation for any such Action, Internal Investigation, Commission comment or review) in which either Parent or SpinCo or any Person or Persons in its Group, as applicable, may from time to time be involved, regardless of whether such Action, Internal Investigation, Commission comment or review or threatened or contemplated Action, Internal Investigation, Commission comment or review is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all reasonable out-of-pocket costs and expenses in connection therewith.

(b) Without limiting the foregoing, Parent and SpinCo shall use their commercially reasonable efforts to cooperate and consult with each other to the extent reasonably necessary with respect to any Actions, Internal Investigations or threatened or contemplated Actions or Internal Investigations (including in connection with preparation for any such Action or Internal

Investigation), other than an Adversarial Action or threatened or contemplated Adversarial Action.

(c) The obligation of Parent and SpinCo, pursuant to this Section 7.07, to use their commercially reasonable efforts to make available former, current and future directors, officers, employees and other personnel and agents or provide witnesses and experts, except in the case of an Adversarial Action or threatened or contemplated Adversarial Action, is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to make available employees and other officers without regard to whether such individual or the employer of such individual could assert a possible business conflict. Without limiting the foregoing, each of Parent and SpinCo agrees that neither it nor any Person or Persons in its respective Group will take any adverse action against any employee of its Group based on such employee's provision of assistance or information to each other pursuant to this Section 7.07.

Section 7.08 Privileged Matters.

(a) Solely for purposes of asserting privileges which may be asserted under applicable Law, and without limiting the provisions of Section 7.10: (x) the Parties recognize that legal and other professional services that have been and will be provided prior to the Distribution (whether by outside counsel, in-house counsel, other legal professionals, or other professionals acting at the direction of counsel) have been and will be rendered for the collective benefit of Parent and its Subsidiaries (in such capacity) and (y) each of the members of the Parent Group and the SpinCo Group shall be deemed to have been the client in connection with such services with respect to periods prior to the Distribution. The Parties recognize that legal and other professional services will be provided following the Distribution, which services will be rendered solely for the benefit of the Parent Group or the SpinCo Group, as the case may be.

(b) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to the Parent Business or the Distribution and not to the SpinCo Business, whether or not the privileged Information is in the possession or under the control of any member of the Parent Group or any member of the SpinCo Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to any Parent Assets or Parent Liabilities, and not any SpinCo Assets or SpinCo Liabilities, in connection with any Actions or Internal Investigations that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the Parent Group or any member of the SpinCo Group. For the avoidance of doubt, Information shall not be deemed to relate to the Parent Business solely by virtue of the fact that personnel associated with the corporate function of Parent were involved in the production or evaluation of such Information or otherwise involved in the Actions or Internal Investigations relating to such Information.

(c) SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any privileged Information that relates solely to the SpinCo Business and not to the Parent Business or the Distribution, whether or not the privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Parent Group. SpinCo shall also be entitled, in perpetuity, to control the assertion

or waiver of all privileges and immunities in connection with any privileged Information that relates solely to any SpinCo Assets or SpinCo Liabilities and not any Parent Assets or Parent Liabilities in connection with any Actions or Internal Investigations that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Parent Group. For the avoidance of doubt, Information shall not be deemed to relate to the SpinCo Business solely by virtue of the fact that SpinCo personnel were involved in the production or evaluation of such Information or otherwise involved in the Actions or Internal Investigations relating to such Information.

(d) Subject to the remaining provisions of this Section 7.08, Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with privileged Information not otherwise allocated pursuant to this Section 7.08 in connection with any Actions or Internal Investigations, or threatened or contemplated Actions or Internal Investigations, or other matters that involve both Parties (or one or more members of their respective Groups), whether or not such privileged Information is in the possession or under the control of a member of the SpinCo Group or a member of the Parent Group.

(e) To the extent that an issue regarding a privilege controlled by one Party under this Section 7.08 arises in connection with an Action or Internal Investigation the defense, prosecution or conduct (as applicable) of which the other Party is entitled to direct pursuant to Section 6.11, the Party entitled to control such privilege shall cooperate in good faith with the Party directing such Action or Internal Investigation to facilitate the efficient administration of such Action or Internal Investigation. If any dispute arises between the Parties or any members of their respective Group regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party or any member of their respective Groups, each Party agrees that it shall: (i) negotiate with the other Party in good faith and (ii) endeavor to minimize any prejudice to the rights of the other Party and the members of its Group.

(f) Upon receipt by either Party, or by any member of its respective Group, of any subpoena, discovery or other request (or of written notice that it will receive or has received such subpoena, discovery or other request) that may reasonably be expected to result in the production or disclosure of privileged Information subject to a shared privilege or immunity or as to which the other Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge or becomes aware that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests (or have received written notice that they will receive or have received such subpoena, discovery or other requests) that may reasonably be expected to result in the production or disclosure of such privileged Information, such Party shall promptly notify the other Party of the existence of any such subpoena, discovery or other request and shall provide the other Party a reasonable opportunity to review the privileged Information and to assert any rights it or they may have, under this Section 7.08 or otherwise, to prevent the production or disclosure of such privileged Information; provided that if such Party is prohibited by applicable Law from disclosing the existence of such subpoena, discovery or other request, such Party shall provide written notice of such related information for which disclosure is not prohibited by applicable Law and use commercially reasonable efforts to inform the other Party of any related

information such Party reasonably determines is necessary or appropriate for the other Party to be informed of to enable the other Party to review the privileged Information and to assert its rights, under this Section 7.08 or otherwise, to prevent the production or disclosure of such privileged Information.

(g) Their respective rights to any access to Information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise. Further: (i) the exchange by one Party to the other Party of any Information that should not have been exchanged pursuant to the terms of Section 7.09 shall not be deemed to constitute a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise with respect to such privileged Information; and (ii) the Party receiving such privileged Information shall promptly return such privileged Information to the Party who has the right to assert the privilege or immunity.

Section 7.09 Confidential Information.

(a) During the Restricted Period, each of Parent and SpinCo, on behalf of itself and each Person in its respective Group, shall hold, and cause its respective directors, officers, employees, agents, accountants, subcontractors, counsel and other advisors and representatives (each, a "Representative") to hold, in strict confidence, not release or disclose and protect with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own confidential and proprietary information pursuant to policies in effect as of the Distribution Date, all confidential or proprietary Information concerning the Parent Business or the Parent Group (in the case of SpinCo or a member of its Group) or the SpinCo Business or the SpinCo Group (in the case of Parent or a member of its Group) (such Group's "Specified Confidential Information") that is either in its possession (including such Specified Confidential Information in its possession prior to the Distribution) or furnished by the other Group or its respective Representatives at any time pursuant to this Agreement or any Ancillary Agreement, and shall not use any such Specified Confidential Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Specified Confidential Information is: (x) in the public domain through no fault of any member of the Parent Group or the SpinCo Group, as applicable, or any of its respective Representatives; (y) later lawfully acquired from other sources by any of Parent, SpinCo or its respective Group or Representatives, as applicable, which sources are not themselves bound by a confidentiality obligation to the knowledge of any of Parent, SpinCo or Persons in its respective Group, as applicable; or (z) independently generated after the date hereof without reference to any Specified Confidential Information of the Parent Group or the SpinCo Group, as applicable. Notwithstanding the foregoing, each of Parent and SpinCo may release or disclose, or permit to be released or disclosed, any such Specified Confidential Information of the other Group (i) to their respective Representatives who need to know such Specified Confidential Information (who shall be advised of the obligations hereunder with respect to such Specified Confidential Information), (ii) to any nationally recognized statistical rating organization as it reasonably deems necessary, solely for the purpose of obtaining a rating of securities or other debt

instruments upon normal terms and conditions, (iii) if such Party or its respective Group is required or compelled to disclose any such Specified Confidential Information by judicial or administrative process (including any proceeding brought by a Governmental Authority) or by other requirements of Law or stock exchange rule, in each case, to the extent such Party is advised by counsel that it is advisable to do so, (iv) as required in connection with any legal or other proceeding by one Party against the other Party or in respect of claims by one Party against the other Party brought in a proceeding, (v) as necessary to permit a Party to prepare and disclose its financial statements or other required disclosures under applicable Law or in connection with the Distribution, other than required for Tax Returns, which requirements will be governed by the TMA, (vi) as necessary for a Party to enforce its rights or perform its obligations under this Agreement or any Ancillary Agreement and (vii) to Governmental Authorities in accordance with applicable procurement regulations and contract requirements; provided, however, that, with respect to clause (i): (A) such Representatives shall keep such Specified Confidential Information confidential and will not disclose such Specified Confidential Information to any other Person and (B) each Party agrees that it is responsible to the other Party for any action or failure to act that would constitute a breach or violation of this Section 7.09(a) by any such Representative; with respect to clause (ii), the Party whose Specified Confidential Information is being disclosed or released to such rating organization is promptly notified thereof in writing in advance of such disclosure or release; with respect to public disclosures pursuant to clause (iii), that the Party required to disclose such Specified Confidential Information gives the other Party a reasonable opportunity to review and comment on the portion of such disclosure containing or reflecting Specified Confidential Information prior to the disclosure thereof; and, in the case of disclosure required by judicial or administrative process pursuant to clause (iii) or disclosure pursuant to clause (iv), that the Party required to disclose such Specified Confidential Information gives the other Party prompt and, to the extent reasonably practicable and legally permissible, prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially reasonable efforts to cooperate, at the expense of the requesting Party, in seeking any reasonable protective arrangements requested by such Party. In the event that such appropriate protective order or other remedy is not obtained, the Party that is required to disclose such Specified Confidential Information of the other Group shall furnish, or cause to be furnished, only that portion of such Specified Confidential Information that is legally required to be disclosed and shall use commercially reasonable efforts to ensure that confidential treatment is accorded such Specified Confidential Information. "Restricted Period" shall mean the five-year period beginning at the Effective Time, except with respect to Specified Confidential Information constituting Trade Secrets under the laws of any jurisdiction, for which the "Restricted Period" shall mean the period beginning at the Effective Time and continuing until such time, if ever, that such Specified Confidential Information loses its trade secret protection other than due to an act or omission of the Party receiving such Specified Confidential Information or its Representatives.

(b) Each Party acknowledges that it or members of its Group may currently have and, after the Distribution, may gain access to or possession of confidential or proprietary Information of, or legally protected personal Information relating to, third parties: (i) that was received under confidentiality or non-disclosure agreements entered into between such third parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the

Distribution or (ii) that, as between the two Parties, was originally collected by the other Party or such other Party's Group and that may be subject to and protected by privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary Information of, or legally protected personal Information relating to, third parties in accordance with privacy, data protection or other applicable Laws and the terms of any Contracts that were either entered into before the Distribution or affirmative commitments or representations that were made before the Distribution by, between or among the other Party or members of the other Party's Group, on the one hand, and such third parties, on the other hand.

(c) Notwithstanding anything in this Agreement to the contrary, the receiving Party may disclose, disseminate, or use the ideas, concepts, know-how and techniques, in each case that are related to the receiving Party's business activities and that are contained in the disclosing Party's Specified Confidential Information and retained in the unaided memories of the receiving Party's employees who have had access to the disclosing Party's Specified Confidential Information, who have not intentionally memorized such Specified Confidential Information, and in each case without the specific intent to use or disclose such Specified Confidential Information. For the avoidance of doubt, nothing in this Section 7.09(c) grants either Party any right or license in or to any Patents or Copyrights (as each such term is defined in the Intellectual Property Assignment Agreements, without regard to whether such intellectual property is listed in Schedules 1 or 3 under such agreements).

Section 7.10 Conflicts Waiver. Each of the Parties acknowledges, on behalf of itself and each other member of its Group, notwithstanding anything to the contrary contained herein or imposed by operation of law, that Parent has retained Foley & Lardner LLP, Freshfields Bruckhaus Deringer LLP, Simpson Thacher & Bartlett LLP and the legal counsel set forth on Schedule 7.10 (collectively, the "Known Counsel") to act as its counsel in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby. SpinCo hereby agrees on behalf of itself and each member of its Group that, notwithstanding anything to the contrary contained herein or imposed by operation of law, in the event that a dispute (whether or not related to this Agreement, the Ancillary Agreements, or the transactions contemplated hereby and thereby) arises between or among (x) any member of the SpinCo Group, any SpinCo Indemnitee or any of their respective Affiliates, on the one hand, and (y) any member of the Parent Group, any Parent Indemnitee or any of their respective Affiliates, on the other hand: (a) any Known Counsel may represent any member of the Parent Group, any Parent Indemnitee or any of their respective Affiliates in such dispute even though the interests of such Person may be directly adverse to, or conflict with the legal or economic interests of, any Person described in clause (x), and even though such Known Counsel may have represented or provided advice to a Person described in clause (x) in a matter substantially related to such dispute at or prior to the Distribution, or may be handling ongoing matters for a Person described in clause (x) as of the Distribution Date that continue following the Distribution, and even though such Known Counsel may have or previously have had confidential or privileged information of a Person described in clause (x) that may be related to such dispute, (b) SpinCo hereby waives, on behalf of itself and each other Person described in clause (x), as applicable, any conflict of

interest or claim to confidentiality in connection with such representation by such Known Counsel, and (c) SpinCo hereby agrees, on behalf of itself and each other Person described in clause (x), as applicable, not to seek to disqualify such Known Counsel in connection with such representation. SpinCo, on behalf of itself and each other member of its Group, irrevocably authorizes any Known Counsel to disclose or provide any of its confidential or privileged information existing as of the date hereof to Parent or any other member of Parent's Group and to otherwise use or disclose that information in accordance with Parent's direction. Each of SpinCo and Parent, on behalf of itself and each other member of its Group, agrees to take, and to cause their respective then-Affiliates to take, all steps necessary to implement the intent of this Section 7.10. Each of SpinCo and Parent, on behalf of itself and each other member of its Group, further agrees that each Known Counsel and its respective partners and employees are third-party beneficiaries of this Section 7.10 and may seek to enforce, without limitation, this Section 7.10.

ARTICLE VIII

INSURANCE

Section 8.01 Maintenance of Insurance and Termination of Coverage.

(a) Until the Distribution, Parent shall (i) cause the members of the SpinCo Group and their respective employees, officers and directors to continue to be covered as insured parties under Parent's policies of insurance in a manner which is no less favorable than the coverage provided for the Parent Group and (ii) permit the members of the SpinCo Group and their respective employees, officers and directors to submit claims, whether made before or after the Distribution, relating to, arising out of or resulting from facts, circumstances, events or matters that occurred prior to the Distribution to the extent permitted under such policies.

(b) Except as otherwise expressly permitted in this Article VIII, Parent and SpinCo acknowledge that, as of immediately prior to the Distribution, Parent intends to take such action as it may deem necessary or desirable to remove the members of the SpinCo Group and their respective employees, officers and directors as insured parties under any policy of insurance issued to any member of the Parent Group by any insurance carrier effective immediately prior to the Distribution, and on or following the Distribution, the SpinCo Group shall cease to be in any manner insured by, entitled to any benefits or coverage under, or entitled to seek benefits or coverage from or under any Parent insurance policies other than any insurance policy issued exclusively in the name and for the benefit of any member of the SpinCo Group. SpinCo Group will not be entitled at or following the Distribution to make any claims for insurance thereunder to the extent such claims are based upon facts, circumstances, events, matters or claims occurring or made at or after the Distribution. No member of the Parent Group shall be deemed to have made any representation or warranty as to the availability of any coverage, insurability, or satisfaction of any terms and conditions under any such insurance policy. At and after the Distribution, the SpinCo Group shall procure all contractual and statutorily obligated insurance related to the operation of the SpinCo Business.

Section 8.02 Claims under Parent Insurance Policies.

(a) At and after the Distribution, the members of each of the Parent Group and the SpinCo Group shall, subject to the terms of this Section 8.02, have the right to assert Parent Policy Pre-Separation Insurance Matters under the applicable Parent insurance policies up to the full extent of the applicable and available limits of liability of such policy subject to the terms and conditions of such policies. No other claims shall be permitted under Parent's insurance policies.

(i) Members of the SpinCo Group shall be solely responsible for notifications, and updates to the applicable insurance companies, compliance with all policy terms and conditions, and for the handling, pursuit and collection of such claims.

(ii) Members of the SpinCo Group shall not, without the written consent of Parent, amend, modify, waive or release any rights of Parent under any such insurance policies and programs. Parent shall have primary control over any joint Parent Policy Pre-Separation Insurance Matters, subject to the terms and conditions of the relevant policy of insurance governing such control.

(b) Each of Parent and SpinCo shall, and shall cause each member of the Parent Group and SpinCo Group, respectively, to, reasonably cooperate with and assist the applicable member of the SpinCo Group and the Parent Group, as applicable, with respect to claims reported to insurance companies pursuant to Section 8.02(a). With respect to coverage claims or requests for benefits asserted by members of the SpinCo Group under the insurance policies of the Parent Group, Parent shall have the right but not the duty to monitor or associate with such claims.

(c) Notwithstanding anything contained herein, except as provided in Section 8.07, (i) nothing in this Agreement shall limit, waive or abrogate in any manner any rights of any member of the Parent Group to insurance coverage for any matter, whether relating to the rights of the SpinCo Group or otherwise, and (ii) Parent shall retain the exclusive right to control the insurance policies of the Parent Group, and the benefits and amounts payable thereunder, including the right to settle, release, commute, buy-back or otherwise resolve disputes with respect to any of such insurance policies and to amend, modify or waive any rights under any such insurance policies, notwithstanding whether any such insurance policies apply to any past, present or future Liabilities of or claims by any member of the SpinCo Group, including coverage claims with respect to any claim, act, omission, event, circumstance, occurrence or loss for which the SpinCo Group may make a claim under an insurance policy pursuant to this Section 8.02. SpinCo, on behalf of itself and each member of the SpinCo Group, hereby gives consent for Parent to inform any affected insurer of this Agreement and to provide such insurer, as reasonably necessary, with all or any portion of a copy hereof.

Section 8.03 Claims under SpinCo Insurance Policies.

(a) At and after the Distribution, the members of each of the Parent Group and the SpinCo Group shall, subject to the terms of this Section 8.03, have the right to assert SpinCo Policy Pre-Separation Insurance Matters under the applicable SpinCo insurance policies up to the

full extent of the applicable and available limits of liability of such policy subject to the terms and conditions of such policies.

(i) Members of the Parent Group shall be solely responsible for notifications, and updates to the applicable insurance companies, compliance with all policy terms and conditions, and for the handling, pursuit and collection of such claims.

(ii) Members of the Parent Group shall not, without the written consent of SpinCo, amend, modify, waive or release any rights of SpinCo under any such insurance policies and programs. SpinCo shall have primary control over any joint SpinCo Policy Pre-Separation Insurance Matters, subject to the terms and conditions of the relevant policy of insurance governing such control.

(b) Each of Parent and SpinCo shall, and shall cause each member of the Parent Group and SpinCo Group, respectively, to, reasonably cooperate with and assist the applicable member of the SpinCo Group and the Parent Group, as applicable, with respect to claims reported to insurance companies pursuant to Section 8.03(a). With respect to coverage claims or requests for benefits asserted by members of the Parent Group under the insurance policies of the SpinCo Group, SpinCo shall have the right but not the duty to monitor or associate with such claims.

(c) Notwithstanding anything contained herein, except as provided in this Article VIII, (i) nothing in this Agreement shall limit, waive or abrogate in any manner any rights of any member of the SpinCo Group to insurance coverage for any matter, whether relating to the rights of the Parent Group or otherwise and (ii) SpinCo shall retain the exclusive right to control the insurance policies of the SpinCo Group, and the benefits and amounts payable thereunder, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of such insurance policies and to amend, modify or waive any rights under any such insurance policies, notwithstanding whether any such insurance policies apply to any past, present or future Liabilities of or claims by any member of the Parent Group, including coverage claims with respect to any claim, act, omission, event, circumstance, occurrence or loss for which the Parent Group may make a claim under an insurance policy pursuant to this Section 8.03. Parent, on behalf of itself and each member of the Parent Group, hereby gives consent for SpinCo to inform any affected insurer of this Agreement and to provide such insurer, as reasonably necessary, with all or any portion of a copy hereof.

Section 8.04 Policy Limits. Claims under the Parent insurance policies and the SpinCo insurance policies shall be paid and payable on a first-come first-served basis, absent any agreement between Parent and SpinCo to modify this first come-first served method of payment; provided, however, no member of the SpinCo Group or the Parent Group shall, or shall seek to, accelerate or delay either the notification and submission of claims, on the one hand, or the demand for coverage for and receipt of insurance payments, on the other hand, in a manner that would differ from that which each would follow in the ordinary course when acting without regard to sufficiency of limits. Further, in the event that either SpinCo or Parent becomes aware of information that would lead it reasonably to expect that the policy limits of a Parent insurance policy or a SpinCo insurance policy (in either case, under which members of the Parent Group and the SpinCo Group are both insured) are likely to be exhausted based on existing insurance

claims, it shall promptly notify the other in writing of that expectation and the basis therefor, and the Parties shall cooperate to ensure that the purposes and intent of the first sentence of this Section 8.04 are properly effectuated.

Section 8.05 Insurance Proceeds. Any Insurance Proceeds received by the Parent Group for the benefit of members of the SpinCo Group or by the SpinCo Group for the benefit of members of the Parent Group shall be transferred, respectively, to the SpinCo Group (in the former case) or the Parent Group (in the latter case). Any Insurance Proceeds received for the benefit of both the Parent Group and the SpinCo Group shall be distributed pro rata based on the respective share of the underlying loss.

Section 8.06 Claims Not Reimbursed. Neither Party shall be liable to the other Party for claims, or portions of claims, not reimbursed by insurers under any policy for any reason, including coinsurance provisions, deductibles, quota share deductibles, self-insured retentions, reimbursement obligations, bankruptcy or insolvency of any insurance carrier(s), policy limitations or restrictions (including exhaustion of limits), any coverage disputes, any failure to timely file a claim by any member of the Parent Group or any member of the SpinCo Group or any defect in such claim or its processing. Nothing in this Section 8.06 shall be construed to limit or otherwise alter in any way the obligations of the Parties, including those created by this Agreement, by operation of Law or otherwise.

Section 8.07 D&O Policies. At and after the Distribution, Parent shall not, and shall cause the members of the Parent Group not to, take any action that would limit the coverage of the individuals who acted as directors or officers of SpinCo (or members of the SpinCo Group) prior to the Distribution under any directors and officers liability insurance policies or fiduciary liability insurance policies (collectively, "D&O Policies") maintained by the members of the Parent Group in respect of claims made against and known by Parent prior to the Distribution. Parent shall, and shall cause the members of the Parent Group to, reasonably cooperate with the individuals who acted as directors or officers of SpinCo (or members of the SpinCo Group) prior to the Distribution in their pursuit of any such coverage claims under such D&O Policies which could inure to the benefit of such individuals. Parent shall allow SpinCo and its agents and representatives, upon reasonable prior notice and during regular business hours, to examine the relevant D&O Policies maintained by Parent and members of the Parent Group. Parent shall provide, and shall cause other members of the Parent Group to provide, such cooperation as is reasonably requested by SpinCo for SpinCo to have in effect at and after the Distribution new D&O Policies with respect to claims reported at or after the Distribution including for claims relating to acts or omissions prior to the Distribution. Each of SpinCo and Parent shall, and shall cause each member of the SpinCo Group and the Parent Group, respectively, to have in effect at and after the Distribution such D&O Policies as are appropriate in their respective judgments to cover any claims reported at or after the Distribution for which they respectively have written indemnity obligations to directors, officers and employees, including for claims relating to acts or omissions prior to the Distribution.

ARTICLE IX

FURTHER ASSURANCES AND ADDITIONAL COVENANTS

Section 9.01 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, but subject to the express limitations of this Agreement and of the Ancillary Agreements, each of the Parties shall, subject to Section 5.03, use commercially reasonable efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws and agreements to consummate, and make effective, the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, but subject to the express limitations and other provisions of this Agreement and of the Ancillary Agreements, prior to, on and after the Distribution Date, each Party shall cooperate with the other Party, without any further consideration, but at the expense of the requesting Party: (i) to execute and deliver, or use commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all instruments, including any instruments of conveyance, assignment and transfer as such Party may reasonably be requested to execute and deliver by the other Party; (ii) to deliver all required notices and make, or cause to be made, all filings with, and to obtain, or cause to be obtained, all Consents of any Governmental Authority or any other Person under any permit, license, Contract or other instrument; (iii) to obtain, or cause to be obtained, any Governmental Approvals or other Consents required to effect the Spin-Off; and (iv) to take, or cause to be taken, all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, to effectuate the provisions and purposes of this Agreement, the Ancillary Agreements and any transfers of Assets or assignments and assumptions of Liabilities hereunder and the other transactions contemplated hereby.

ARTICLE X

TERMINATION

Section 10.01 Termination. This Agreement may be terminated by Parent at any time, in its sole discretion, prior to the Distribution.

Section 10.02 Effect of Termination. In the event of any termination of this Agreement prior to the Distribution, neither Party (nor any member of their Group or any of their respective directors or officers) shall have any Liability or further obligation to the other Party or any member of its Group under this Agreement or the Ancillary Agreements.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

(b) This Agreement, the Ancillary Agreements and the Appendices, Exhibits and Schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein. In the event of conflict or inconsistency between the provisions of this Agreement or any Master Ancillary Agreement, on the one hand, and the provisions of any Local Transfer Agreement (including any provision of a Local Transfer Agreement providing for dispute resolution mechanisms inconsistent with those provided herein), on the other hand, the provisions of this Agreement and any such Master Ancillary Agreement shall prevail and remain in full force and effect, unless otherwise stated in such Master Ancillary Agreement or required by non-waivable local Law. Each Party hereto shall, and shall cause each of its Subsidiaries to, implement the provisions of and the transactions contemplated by the Local Transfer Agreement in accordance with the immediately preceding sentence.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary to execute, deliver and perform each of this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been (or, in the case of any Ancillary Agreement, will be on or prior to the Distribution Date) duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms hereof or thereof.

Section 11.02 Jurisdiction. The Parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the Chancery Court of the State of Delaware and any state appellate court therefrom within the State of Delaware (or if the Chancery Court of the State of Delaware declines to accept jurisdiction over a particular matter,

any federal or state court sitting in the State of Delaware and any federal or state appellate court therefrom), and each of the Parties hereto hereby irrevocably consents to the exclusive jurisdiction of such courts in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 6.01 shall be deemed effective service of process on such Party.

Section 11.03 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.04 Specific Performance. Subject to Section 11.02 and Section 11.03, except as provided below, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any applicable Ancillary Agreement, the affected Party shall have the right to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement or any applicable Ancillary Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived. Any requirements for the securing or posting of any bond or similar security with such remedy are hereby waived.

Section 11.05 No Set-Off. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) amounts payable pursuant to this Agreement or any Ancillary Agreement or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

Section 11.06 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of Section 11.02, Section 11.03, or Section 11.04 with respect to all matters not subject to such dispute resolution.

Section 11.07 Governing Law. This Agreement and any disputes relating to, arising out of or resulting from this Agreement, including to its execution, performance, or enforcement, shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware,

regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof or of any other jurisdiction.

Section 11.08 Assignability. Except as otherwise provided for in this Agreement, neither this Agreement nor any right, interest or obligation arising under this Agreement shall be assignable (including by means of a divisional or divisive merger or similar transaction), in whole or in part, directly or indirectly, by either Party without the prior written consent of the other Party, and any attempt to assign any rights, interests or obligations arising under this Agreement without such consent shall be void; provided, that (i) a Party may assign any or all of its rights, interests and obligations hereunder to a member of such Party's Group, so long as such assignee agrees pursuant to an agreement in writing reasonably satisfactory to the other Party to be bound by the terms of this Agreement as if named a "Party" hereto and (ii) a Party may assign this Agreement or any or all of the rights, interests and obligations hereunder in connection with a merger, divisive merger, reorganization or consolidation transaction in which such Party is a constituent party but not the surviving entity or the sale by such Party of all or substantially all of its Assets, so long as the surviving entity of such merger, reorganization or consolidation transaction or the transferee of such Assets shall assume all the obligations of the relevant Party by operation of law or pursuant to an agreement in writing, reasonably satisfactory to the other Party, to be bound by the terms of this Agreement as if named as a "Party" hereto; provided, further, that no assignment permitted by clauses (i) or (ii) of this Section 11.08 shall release the assigning Party from liability for the full performance of its obligations under this Agreement, unless agreed to in writing by the non-assigning Party. In the case of any assignment permitted by this Section 11.08, the assigning Party shall provide prompt written notice of such assignment to the non-assigning Party.

Section 11.09 Third-Party Beneficiaries.

Except as expressly set forth in Section 7.10, the rights of the members of each Party's Group as set forth herein, and for the indemnification rights under this Agreement of any Parent Indemnitee or SpinCo Indemnitee in his, her or its capacity as such, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 11.10 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) when delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service, (c) upon written confirmation of receipt after transmittal by electronic mail or (d) upon the earlier of confirmed receipt or the fifth business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Parent, to:

BorgWarner Inc.
3850 Hamlin Road

Auburn Hills, MI 48326
Attn: Tonit M. Calaway
Email: [***]

with a copy to:

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202
Attn: Patrick G. Quick
Mark T. Plichta
Email: [***]
[***]

If to SpinCo, to:

PHINIA Inc.
3000 University Drive
Auburn Hills, MI 48326
Attn: Robert Boyle
Email: [***]

Either Party may, by notice to the other Party, change the address and identity of the Person to which such notices and copies of such notices are to be given. Each Party agrees that nothing in this Agreement shall affect the other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

Section 11.11 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such arbitrator or court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 11.12 Publicity. From and after the Distribution, each of Parent and SpinCo shall consult with the other and shall, subject to the requirements of Section 7.09, provide the other Party the opportunity to review and comment upon any press releases or other public statements in connection with the Spin-Off or any of the other transactions contemplated hereby and any filings with any Governmental Authority or national securities exchange with respect thereto, in each case prior to the issuance or filing thereof, as applicable (including the Information Statement, the Parties' respective Current Reports on Form 8-K to be filed on the Distribution

Date, the Parties' respective Quarterly Reports on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs, or if such quarter is the fourth fiscal quarter, the Parties' respective Annual Reports on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs (each such Quarterly Report on Form 10-Q or Annual Report on Form 10-K, a "First Post-Distribution Report")). Each Party's obligations pursuant to this Section 11.12 shall terminate on the date on which such Party's First Post-Distribution Report is filed with the Commission.

Section 11.13 Expenses. Except as expressly provided in this Agreement or in any Ancillary Agreement, (i) all third-party fees, costs and expenses incurred by either the Parent Group or the SpinCo Group in connection with effecting the Spin-Off prior to or on the Distribution Date (but excluding, for the avoidance of doubt, any financing fees, discounts, ratings agency fees, other debt issuance costs or interest payable in respect of any indebtedness incurred by SpinCo in connection with the Spin-Off), will be borne and paid by Parent and (ii) all third-party fees, costs and expenses incurred by either the Parent Group or the SpinCo Group in connection with effecting the Spin-Off following the Distribution Date, will be borne and paid by the Party incurring such fee, cost or expense. For the avoidance of doubt, this Section 11.13 shall not affect each Party's responsibility to indemnify Parent Liabilities or SpinCo Liabilities, as applicable, arising from the transactions contemplated by the Distribution.

Section 11.14 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.15 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the Liabilities for the breach of any obligations in this Agreement shall survive the Spin-Off and shall remain in full force and effect.

Section 11.16 Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 11.17 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

Section 11.18 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement. Article, Section or Schedule references are to the Articles, Sections and Schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in any Schedule to this Agreement or to any Ancillary Agreement but

not otherwise defined therein shall have the meaning as defined in this Agreement or the Ancillary Agreement to which such Schedule is attached, as applicable. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 11.18). The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." All references to "$" or dollar amounts are to the lawful currency of the United States of America. References herein to any Law shall be deemed to refer to such law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder. Except as expressly set forth in this Agreement, the Parties (or their respective Group members) shall make, or cause to be made, any payment that is required to be made pursuant to this Agreement as promptly as practicable and without regard to any local currency constraints or similar restrictions. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

[*Remainder of page left intentionally blank; signature pages follow*.]

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed as of the date first noted above by their duly authorized representatives.

BORGWARNER INC.

By: _____
Name:
Title:

PHINIA INC.

By: _____
Name:
Title:

[*Signature page to Separation and Distribution Agreement*]

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF PHINIA INC.

PHINIA Inc. (the "Corporation"), existing pursuant to the General Corporation Law of the State of Delaware, as amended (the "DGCL"), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on February 9, 2023 (the "Original Certificate of Incorporation") under the name PHINIA Inc.

2. This Amended and Restated Certificate of Incorporation, which restates and amends the Original Certificate of Incorporation of the Corporation, has been duly adopted in accordance with Sections 242 and 245 of the DGCL by the Board of Directors and approved in accordance with Section 245 of the DGCL by the sole stockholder of the Corporation, acting by written consent in lieu of a meeting in accordance with Section 228 of the DGCL.

3. This Amended and Restated Certificate of Incorporation (as amended and restated, the "Certificate of Incorporation") shall become effective at 12:01 a.m. (Eastern Time) on [●], 2023.

4. The Original Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

NAME

The name of the corporation (hereinafter called the "Corporation") is PHINIA Inc.

ARTICLE II

REGISTERED OFFICE

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

PURPOSE

The purpose or purposes for which the Corporation is organized are to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the "DGCL").

ARTICLE IV

CAPITAL STOCK

SECTION 1. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 201,000,000 shares, consisting of 200,000,000 shares of Common Stock, par value $0.01 per share ("Common Stock"), and 1,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"). The Board of Directors shall have authority by resolution to issue the shares of Preferred Stock from time to time on such terms as it may determine and to divide the Preferred Stock into one or more series and, in connection

with the creation of any such series, to determine and fix by the resolution or resolutions providing for the issuance of shares thereof:

(a) the distinctive designation of such series, the number of shares which shall constitute such series, which number may be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors, and the stated value thereof, if different from the par value thereof;

(b) the dividend rate, the times of payment of dividends on the shares of such series, whether dividends shall be cumulative, and, if so, from what date or dates, and the preference or relation which such dividends will bear to the dividends payable on any shares of stock of any other class or any other series of this class;

(c) the price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed;

(d) whether or not the shares of such series shall be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of such shares and, if so entitled, the amount of such fund and the terms and provisions relative to the operation thereof;

(e) whether or not the shares of such series shall be convertible into, or exchangeable for, any other shares of stock of the Corporation or any other securities and, if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and any adjustments thereof, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange;

(f) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;

(g) whether or not the shares of such series shall have priority over or parity with or be junior to the shares of any other class or series in any respect, or shall be entitled to the benefit of limitations restricting (i) the creation of indebtedness of the Corporation, (ii) the issuance of shares of any other class or series having priority over or being on a parity with the shares of such series in any respect, or (iii) the payment of dividends on, the making of other distributions in respect of, or the purchase or redemption of shares of any other class or series on a parity with or ranking junior to the shares of such series as to dividends or assets, and the terms of any such restrictions, or any other restriction with respect to shares of any other class or series on a parity with or ranking junior to the shares of such series in any respect;

(h) whether such series shall have voting rights, in addition to any voting rights provided by law and, if so, the terms of such voting rights, which may be general or limited; and

(i) any other powers, designations, preferences and relative, participating, optional, or other special rights of such series, and the qualifications, limitations or restrictions thereof, to the full extent now or hereafter permitted by law.

The powers, designations, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be cumulative.

SECTION 2. A statement of the powers, designations, preferences, rights, qualifications, limitations and restrictions in respect of the shares of Common Stock is as follows:

(a) The holders of Common Stock shall be entitled to dividends only if, when and as the same shall be declared by the Board of Directors and as may be permitted by law and the preferences of any outstanding Preferred Stock.

(b) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, after payment shall have been made to the holders of Preferred Stock of the full amount to which they shall be entitled, the holders of Common Stock shall be entitled, to the exclusion of the holders of Preferred Stock, to share, ratably according to the number of shares of Common Stock held by them, in all remaining assets of the Corporation available for distribution to its stockholders.

(c) Except as otherwise provided in this Certificate of Incorporation or by applicable law, the holders of Common Stock shall be entitled to vote on each matter on which the stockholders of the Corporation shall be entitled to vote, and each holder of Common Stock shall be entitled to one vote for each share of Common Stock held by such holder.

ARTICLE V

BOARD OF DIRECTORS

SECTION 1. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. Unless and except to the extent that the By-Laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

SECTION 2. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Certificate of Incorporation to elect directors under specified circumstances, the number of directors of the Corporation shall be fixed, and may be increased or decreased from time to time, by resolution of the Board of Directors adopted by the affirmative vote of not less than a majority of the total number of directors that the Corporation would have if there were no vacancies (the "Whole Board").

SECTION 3. The directors, other than those who may be elected by the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Certificate of Incorporation, shall be elected annually for terms of one year expiring at the next annual meeting of stockholders and shall continue to hold office until such director's successor shall have been elected and qualified.

SECTION 4. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Certificate of Incorporation to elect directors under specified circumstances, any director may be removed from office at any time, with or without cause, but only by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, voting together as a single class. For the purpose of this Certificate of Incorporation, "Voting Stock" shall mean the shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 5. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Certificate of Incorporation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of stockholders and shall continue to hold office until such director's successor shall have been

elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE VI

MAKING AND AMENDMENT OF BY-LAWS

SECTION 1. Power of Directors. The Board of Directors, in furtherance and not in limitation of the powers conferred by the laws of the State of Delaware and by this Certificate of Incorporation, is expressly authorized to make, amend or repeal the By-Laws of the Corporation; provided, however, that any such making, amendment or repeal must be approved by resolution of the Board of Directors adopted by the affirmative vote of not less than a majority of the Whole Board.

ARTICLE VII

STOCKHOLDER ACTIONS

SECTION 1. Written Consent Prohibition. No action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of the stockholders may be effected by consent of stockholders in lieu of a meeting.

ARTICLE VIII

ELIMINATION OF CERTAIN LIABILITY OF DIRECTORS AND OFFICERS

A director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability (i) for any breach of the director or officer's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) applicable to directors under Section 174 of the DGCL, (iv) applicable to officers for any action by or in the right of the Corporation, or (v) for any transaction from which the director or officer derived an improper personal benefit. Any amendment or repeal of this Article VIII shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal. If the DGCL is amended after the date of this Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. For purposes of this Article VIII, "officer" shall have the meaning provided in Section 102(b)(7) of the DGCL.

ARTICLE IX

INDEMNIFICATION

SECTION 1. Indemnification. The Corporation shall indemnify to the full extent authorized or permitted by law any person made, or threatened to be made, a party to any action or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation or by reason of the fact that such director or officer, at the request of the Corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity. Nothing contained herein shall affect any rights to indemnification to which employees other than directors and officers may be entitled by law.

SECTION 2. Rights Not Exclusive. The right of indemnification provided in this Article IX shall not be exclusive, and shall be in addition to any other right to which any person may otherwise be entitled by law, statute, under the By-Laws of the Corporation, or under any agreement, vote of stockholders or disinterested directors, or otherwise. Any amendment, repeal or

modification of this Article IX shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE X

AMENDMENTS

Except as may be expressly provided in this Certificate of Incorporation, the Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation or any certificate of designation of any series of Preferred Stock, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed herein or by applicable law, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article X.

Exhibit 3.2

AMENDED AND RESTATED

BY-LAWS

OF

PHINIA INC.

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of the Corporation shall be established and maintained at the office of The Corporation Trust Company, at 1209 West Orange Street in the City of Wilmington, County of New Castle, State of Delaware, and said corporation shall be the registered agent of this Corporation in charge thereof.

SECTION 2. OTHER OFFICES. The Corporation may have other offices, either within or outside the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. Annual meetings of stockholders for the election of directors, and for such other business as may be stated in the notice of the meeting, shall be held at such place, either within or outside the State of Delaware, or by means of remote communication, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of the meeting. If the date of the annual meeting shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

SECTION 2. OTHER MEETINGS. Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or outside the State of Delaware, or by means of remote communication, as shall be stated in the notice of the meeting.

SECTION 3. SPECIAL MEETINGS. Subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders for any purpose or purposes may be called by the Board of Directors by resolution of the Board of Directors adopted by the affirmative vote of not less than a majority of the total number of directors that the Corporation would have if there were no vacancies (the “Whole Board”) or by any person or committee

expressly so authorized by the Board of Directors by resolution of the Board of Directors adopted by the affirmative vote of not less than a majority of the Whole Board.

SECTION 4. VOTING. Each stockholder shall be entitled to vote in accordance with the terms of the Corporation's Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") and in accordance with the provisions of these By-Laws, in person or by proxy, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least 10 days prior to the meeting, at the Corporation's election, either (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation.

SECTION 5. QUORUM. Except as otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of stockholders holding a majority of the stock of the Corporation entitled to vote shall constitute a quorum at all meetings of the stockholders.

SECTION 6. NOTICE OF MEETINGS; POSTPONEMENTS AND ADJOURNMENTS. Written notice, stating the place, if any, date and time of the meeting, and the nature of the business to be considered, shall be given by the Corporation to each stockholder entitled to vote at such meeting at his, her or its address as it appears on the records of the Corporation, not less than 10 nor more than 60 days before the date of the meeting, except as otherwise provided herein or required by law. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote at such meeting. Any previously scheduled annual meeting of the stockholders may be postponed, and any previously scheduled special meeting of the stockholders may be postponed or cancelled, by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Any annual meeting or special meeting may be adjourned from time to time, whether or not there is a quorum, (i) at any time, by a majority in interest of the stockholders entitled to vote at such meeting, present in person or by proxy, or (ii) at any time prior to the transaction of any business at such meeting, by the Chairman of the Board or pursuant to a resolution of the Board of Directors. When a meeting is adjourned to another time or place or means of remote communication, notice need not be given of the adjourned meeting if the time and place, if any, or means of remote communication, if any, are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is

more than 30 days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, means of remote communication, if any, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted that might have been transacted at the original meeting.

SECTION 7. NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(A) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting delivered pursuant to Section 6 of this Article II, (b) by or at the direction of the Chairman or the Board of Directors, or (c) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in clauses (2) and (3) of this paragraph (A) and this Section 7 and who was a stockholder of record at the time such notice is delivered to the Secretary, this clause (c) shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act") and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 7, the stockholder must have given timely notice in writing to the Secretary and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before, or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director: (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (ii) such person's written consent to being named in any proxy statement and applicable proxy cards as a nominee and to serving as a director if elected; (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial

owner, if a proposal is being made on the behalf of such an owner, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; (iv) a statement whether such person, if elected, intends to tender, promptly following such person's election or re-election, an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon acceptance of such resignation by the Board of Directors, in accordance with the Corporation's Corporate Governance Guideline on Director Elections; and (v) a completed and signed questionnaire, representation and agreement required by Article II, Section 8 of these By-Laws and any other information the Corporation may require to determine the eligibility of such person to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such person; (b) as to any other business that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, any material interest in such business of such stockholder, the beneficial owner, if any, on whose behalf the proposal is made and (ii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made: (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, if any, (ii) (1) the class and number of shares of the Corporation that are directly or indirectly owned beneficially and of record by such stockholder and such beneficial owner, (2) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (3) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Corporation, (4) any short interest in any security of the Corporation (for purposes of this Section 7, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (5) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the corporation, (6) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited

partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (7) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (iv) a written representation of the stockholder or beneficial owner that the stockholder or beneficial owner intends, or is part of a group that intends, to deliver a proxy statement and form of proxy to solicit the holders of, (A) in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or (B) in the case of a nomination or nominations, at least 67% of the voting power of shares entitled to vote on the election of directors in support of nominees other than the Board of Directors' nominees in accordance with Rule 14a-19 under the Exchange Act ("Rule 14a-19").

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 7 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased by the Corporation and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholders notice required by this Section 7 shall also be considered timely, but only, with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 6 of this Article II. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the procedures set forth in these By-Laws and who is a stockholder of record at the time such notice is delivered to the Secretary. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice as required by paragraph (A)(2) of this Section 7 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting

and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(C) General. (1) Only persons who are nominated in accordance with the procedures set forth in this Section 7 or in Section 11 of this Article II shall be eligible to serve as director and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 7. In no event may a stockholder provide notice with respect to a greater number of director candidates (as alternates or otherwise) than are subject to election by stockholders at the applicable meeting. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 7 and, if any proposed nomination or business is not in compliance with this Section 7, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Article II, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Section 7, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or this By-Law.

(4) Notwithstanding the foregoing provisions of this Section 7, unless otherwise required by law, (a) no stockholder shall solicit proxies in support of director nominees other than the Corporation's nominees unless such stockholder has complied with Rule 14a-19 in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner, and (b) if any stockholder provides notice pursuant to Rule 14a-19(b) and subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3), including the provision to the Corporation of related notices required under Rule 14a-19 in a timely manner, or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such stockholder has met the requirements of Rule 14a-19(a)(3) in accordance with clause (z) of the following sentence, then the Corporation shall treat any proxies or votes solicited for such stockholder's candidates as abstentions rather than votes for such stockholder's candidates. If any stockholder provides notice pursuant to Rule 14a-19(b), then such stockholder shall (x) promptly notify the Corporation if it subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3), (y) if Rule 14a-19(c) applies, comply with Rule 14a-19(c) by notifying the Secretary in writing at the

principal executive offices of the Corporation within two business days of the change of intention and (z) if it has not provided a notice to the Corporation under clause (x) or (y), deliver to the Corporation, no later than seven business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3).

SECTION 8. SUBMISSION OF QUESTIONNAIRE, REPRESENTATION AND AGREEMENT. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 7 of this Article II of these By-Laws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) beneficially owns, or agrees to acquire within one year if elected as a director of the Corporation, not less than 1,000 common shares of the Corporation ("Qualifying Shares") (subject to adjustment for any stock splits or stock dividends occurring after date of such representation or agreement), will not dispose of such minimum number of shares so long as such person is a director, and has disclosed therein whether all or any portion of the Qualifying Shares were purchased with any financial assistance provided by any other person and whether any other person has any interest in the Qualifying Shares, and (D) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

SECTION 9. PROCEDURE FOR ELECTION OF DIRECTORS; VOTE REQUIRED. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by written ballot. Except as otherwise set forth in the Certificate of Incorporation with respect to the right of the holders of any series of Preferred Stock or any other series or class of stock to elect directors under specified circumstances, a nominee for director shall be elected to the Board of Directors if the votes cast "for" such nominee's election exceed the votes cast "against" such nominee's election; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (a) the Secretary receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth

in Article II, Section 7(A) of these By-Laws and (b) such nomination has not been withdrawn by such stockholder on or prior to the 10th day before the date the Corporation first mails its notice of meeting for such meeting to the stockholders. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote "against" a nominee. The Corporate Governance Committee has established procedures under which any director who is not elected shall tender his or her resignation to the Board of Directors. The Corporate Governance Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results.

Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, all matters other than the election of directors submitted to the stockholders at any meeting shall be decided by a majority of the votes cast affirmatively or negatively with respect thereto.

SECTION 10. INSPECTORS OF ELECTIONS; OPENING AND CLOSING THE POLLS.

(A) The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware.

(B) The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 11. INCLUSION OF DIRECTOR NOMINATIONS BY STOCKHOLDERS IN THE CORPORATION'S PROXY STATEMENT.

(A) Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 11, the Corporation shall include in its proxy statement for such annual meeting, in addition to any persons nominated for election by or at the direction of the Board of Directors, the name, together with the Required Information (as defined below), of any person nominated for election (a "Stockholder Nominee") to the Board of Directors by an Eligible Stockholder (as defined in Section 11(D)) who expressly elects at the time of providing the notice required by this Section 11 to have such nominee included in the Corporation's proxy statement pursuant to this Section 11. For purposes of this Section 11, the "Required Information" that the Corporation will include in its proxy statement is (i) the information provided to the Secretary concerning the

Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder, and (ii) if the Eligible Stockholder so elects and subject to Section 11(H), a Statement (as defined in Section 11(H)). For the avoidance of doubt, nothing in this Section 11 shall limit the Corporation's ability to solicit against any Stockholder Nominee or include in its proxy materials the Corporation's own statements or other information relating to any Eligible Stockholder or Stockholder Nominee, including any information provided to the Corporation pursuant to this Section 11. Subject to the provisions of this Section 11, the name of any Stockholder Nominee included in the Corporation's proxy statement for an annual meeting of stockholders shall also be set forth on the form of proxy distributed by the Corporation in connection with such annual meeting.

(B) To nominate a Stockholder Nominee, the Eligible Stockholder must provide a notice that expressly elects to have its Stockholder Nominee included in the Corporation's proxy statement pursuant to this Section 11 (the "Notice of Proxy Access Nomination"). To be timely, a Notice of Proxy Access Nomination must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not earlier than the one hundred fiftieth (150th) calendar day and no later than the close of business on the one hundred twentieth (120th) calendar day prior to the anniversary of the date the Corporation commenced mailing of its proxy materials in connection with the most recent annual meeting of Stockholders (the last day on which a Notice of Proxy Access Nomination may be delivered, the "Final Proxy Access Nomination Date"). In no event shall the adjournment or postponement of the annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination pursuant to this Section 11. In addition to other requirements set forth in this Section 11, the Notice of Proxy Access Nomination must include the name and address of the Eligible Stockholder (including each Stockholder and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder).

(C) The maximum number of Stockholder Nominees nominated by all Eligible Stockholders that will be included in the Corporation's proxy statement with respect to an annual meeting of stockholders shall not exceed the greater of (i) two or (ii) 20% of the number of directors in office as of the Final Proxy Access Nomination Date or, if such amount is not a whole number, the closest whole number below 20% (such number, as it may be adjusted pursuant to this Section 11(C), the "Permitted Number"). In the event that one or more vacancies for any reason occurs on the Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In addition, the Permitted Number shall be reduced by (i) the number of individuals who will be included in the Corporation's proxy statement as nominees recommended by the Board of Directors pursuant to an agreement, arrangement or other understanding with a stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of stock from the Corporation by such stockholder or group of stockholders) and (ii) the number of

directors in office as of the Final Proxy Access Nomination Date who were included in the Corporation's proxy statement as Stockholder Nominees for any of the two preceding annual meetings of stockholders (including any persons counted as Stockholder Nominees pursuant to the immediately succeeding sentence) and whom the Board of Directors decides to nominate for re-election to the Board of Directors. For purposes of determining when the Permitted Number has been reached, any individual nominated by an Eligible Stockholder for inclusion in the Corporation's proxy statement pursuant to this Section 11 whose nomination is subsequently withdrawn or whom the Board of Directors decides to nominate for election to the Board of Directors shall be counted as one of the Stockholder Nominees. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation's proxy statement pursuant to this Section 11 shall rank such Stockholder Nominees based on the order in which the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy statement in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 11 exceeds the Permitted Number. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 11 exceeds the Permitted Number, the highest ranking Stockholder Nominee who meets the requirements of this Section 11 from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy statement until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of stock of the Corporation each Eligible Stockholder disclosed as owned in its Notice of Proxy Access Nomination. If the Permitted Number is not reached after the highest ranking Stockholder Nominee who meets the requirements of this Section 11 from each Eligible Stockholder has been selected, then the next highest ranking Stockholder Nominee who meets the requirements of this Section 11 from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy statement, and this process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached. Notwithstanding anything to the contrary contained in this Section 11, the Corporation shall not be required to include any Stockholder Nominees in its proxy statement pursuant to this Section 11 for or any meeting of stockholders for which the Secretary receives notice that a stockholder intends to nominate one or more persons for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees set forth in Section 7 of this Article II.

(D) An "Eligible Stockholder" is a stockholder or group of no more than twenty-five (25) stockholders (counting as one stockholder, for this purpose, any two or more funds that are part of the same Qualifying Fund Group (as defined below)) that (i) has owned (as defined in Section 11(E)) continuously for at least three years (the "Minimum Holding Period") a number of shares of stock of the Corporation that represents at least three (3) percent of the voting power of all shares of stock of the Corporation issued and outstanding and entitled to vote in the election of directors as of the date the Notice of Proxy Access Nomination is received by the Secretary at the principal executive offices of the Corporation in accordance with this Section 11 (the "Required Shares"), (ii) continues to own the Required Shares through the date of the annual meeting and (iii) satisfies all other requirements of, and complies with all applicable procedures set forth in, this Section 11. A "Qualifying Fund Group" means two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by the same employer or (C) a "group of investment

companies" as such term is defined in Section 11(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended. Whenever the Eligible Stockholder consists of a group of stockholders (including a group of funds that are part of the same Qualifying Fund Group), (x) each provision in this Section 11 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each stockholder (including each individual fund) that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (except that the members of such group may aggregate the shares that each member has owned continuously for the Minimum Holding Period in order to meet the three percent ownership requirement of the "Required Shares" definition) and (y) a breach of any obligation, agreement or representation under this Section 11 by any member of such group shall be deemed a breach by the Eligible Stockholder. No person may be a member of more than one group of stockholders constituting an Eligible Stockholder with respect to any annual meeting.

(E) For purposes of calculating the Required Shares, "ownership" shall be deemed to consist of and include only the outstanding shares as to which a person possesses both (i) the full voting and investment rights pertaining to the Shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such Shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding stock of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such stockholder's or its affiliates' full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such stockholder or affiliate. A stockholder shall "own" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder's ownership of shares shall be deemed to continue during any period in which (i) the stockholder has loaned such shares, provided that the stockholder has the power to recall such loaned shares on five business days' notice and includes in the Notice of Proxy Access Nomination an agreement that it (A) will promptly recall such loaned shares upon being notified that any of its Stockholder Nominees will be included in the Corporation's proxy statement and (B) will continue to hold such recalled shares through the date of the annual meeting or (ii) the stockholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the stockholder. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of stock of the Corporation are "owned" for these purposes shall be determined by the Board of Directors. For purposes of this Section 11, the term "affiliate" or

"affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(F) To be in proper written form, the Notice of Proxy Access Nomination must include or be accompanied by the following:

i. a written statement by the Eligible Stockholder certifying as to the number of shares it owns and has owned continuously for the Minimum Holding Period, and the Eligible Stockholder's agreement to provide (A) within five business days following the later of the record date for the annual meeting or the date notice of the record date is first publicly disclosed, a written statement by the Eligible Stockholder certifying as to the number of shares it owns and has owned continuously through the record date and (B) immediate notice if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the annual meeting;

ii. one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period) verifying that, as of a date within seven calendar days prior to the date the Notice of Proxy Access Nomination is delivered to or mailed and received by the Secretary, the Eligible Stockholder owns, and has owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder's agreement to provide, within five business days following the later of the record date for the annual meeting or the date notice of the record date is first publicly disclosed, one or more written statements from the record holder and such intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date;

iii. a copy of the Schedule 14N that has been or is concurrently being filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

iv. the information, statements, representations (except for the representation required by Section 7(2)(c)(iv)(B)), agreements and other documents that would be required to be set forth in or included with a stockholder's notice of a nomination pursuant to Section 7 of this Article II, together with the written consent of each Stockholder Nominee to being named as a nominee and to serve as a director if elected;

v. a representation that the Eligible Stockholder (A) will continue to hold the Required Shares through the date of the annual meeting, (B) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (C) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) it is nominating pursuant to this Section 11, (D) has not engaged and

will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (E) has not distributed and will not distribute to any stockholder of the Corporation any form of proxy for the annual meeting other than the form distributed by the Corporation, (F) has complied and will comply with all laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting and (G) has provided and will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

vi. a statement indicating whether the Eligible Stockholder intends to continue to own the Required Shares for at least one year following the annual meeting;

vii. an undertaking that the Eligible Stockholder agrees to (A) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation, (B) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 11 or any solicitation or other activity in connection therewith and (C) file with the Securities and Exchange Commission any solicitation or other communication with the stockholders of the Corporation relating to the meeting at which its Stockholder Nominee(s) will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act;

viii. in the case of a nomination by a group of stockholders together constituting an Eligible Stockholder, the designation by all group members of one member of the group that is authorized to receive communications, notices and inquiries from the Corporation and to act on behalf of all members of the group with respect to all matters relating to the nomination under this Section 11 (including withdrawal of the nomination); and

ix. in the case of a nomination by a group of stockholders that include funds that are part of the same Qualifying Fund Group counted as one

stockholder for purposes of qualifying as an Eligible Stockholder, documentation reasonably satisfactory to the Corporation that demonstrates that the funds are part of the same Qualifying Fund Group.

(G) At the request of the Corporation, each Stockholder Nominee must: (i) provide an executed agreement, in a form deemed satisfactory by the Board of Directors or its designee, that (A) the Stockholder Nominee has read and agrees, if elected, to serve as a member of the Board of Directors, to adhere to the Corporation's Guidelines on Corporate Governance Issues and Code of Conduct and any other Corporation policies and guidelines applicable to directors, and (B) that the Stockholder Nominee is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a director of the Corporation, or any agreement, arrangement or understanding with any person or entity as to how the Stockholder Nominee would vote or act on any issue or question as a director, in each case that has not been disclosed to the Corporation; (ii) submit all completed and signed questionnaires required of the Corporation's Board of Directors and the representation and agreement required by Article II, Section 8 of these By-Laws within five (5) business days of receipt of each such questionnaire from the Corporation; and (iii) provide within five (5) business days of the Corporation's request such additional information as the Corporation determines may be necessary to permit the Board of Directors to determine (A) if such Stockholder Nominee is independent under the listing standards of each principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission, and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors, (B) if such Stockholder Nominee has any direct or indirect relationship with the Corporation, and (C) if such Stockholder Nominee is not and has not been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the Securities and Exchange Commission. In the event that any information or communications provided by the Eligible Stockholder or the Stockholder Nominee to the Corporation or its Stockholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct.

(H) The Eligible Stockholder may provide to the Secretary, at the time the information required by this Section 11 is provided, a written statement for inclusion in the Corporation's proxy statement for the applicable annual meeting of Stockholders, not to exceed 500 words, in support of the Eligible Stockholder's Stockholder Nominee (the "Statement"). Notwithstanding anything to the contrary contained in this Section 11, the Corporation may omit from its proxy statement any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

(I) Notwithstanding anything to the contrary set forth in this Section 11, the Corporation shall not be required to include, pursuant to this Section 11, a Stockholder Nominee in its proxy statement for any meeting of Stockholders, or, if the proxy statement already has

been filed, to allow the nomination of a Stockholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation: (i) if the Stockholder Nominee or the Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of Stockholders other than its Stockholder Nominee(s) or a nominee of the Board of Directors; (ii) if another person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of Stockholders other than a nominee of the Board of Directors; (iii) who is not independent under the listing standards of each principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission, and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation's directors, in each case as determined by the Board of Directors; (iv) who does not meet the audit committee independence requirements under the rules of any stock exchange on which the Corporation's securities are traded, is not a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule), (v) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these By-Laws, the Certificate of Incorporation, the rules and listing standards of the principal U.S. securities exchanges upon which the common stock of the Corporation is listed, or any applicable state or federal law, rule or regulation; (vi) who is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914; (vii) whose then-current or within the preceding ten (10) years' business or personal interests place such Stockholder Nominee in a conflict of interest with the Corporation or any of its subsidiaries that would cause such Stockholder Nominee to violate any fiduciary duties of directors established pursuant to the General Corporation Law of the State of Delaware, including but not limited to, the duty of loyalty and duty of care, as determined by the Board of Directors; (ix) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten (10) years; (x) if such Stockholder Nominee or the applicable Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) shall have provided information to the Corporation in connection with such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make any statement made, in light of the circumstances under which it was made, not misleading, as determined by the Board of Directors or any committee thereof; (xi) the Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) does not appear at the applicable annual meeting of Stockholders to present the Stockholder Nominee for election; (xii) the Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) or applicable Stockholder Nominee otherwise breaches or fails to comply with its representations or obligations pursuant to these By-Laws, including, without limitation, this Section 11; or (xiii) the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to not owning the Required Shares through the date of the applicable annual meeting. For the purpose of this paragraph, clauses (iii) through (xiii) will result in the exclusion from the proxy materials pursuant to this Section 11 of the specific

Stockholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of the Stockholder Nominee; however, clauses (i) and (ii) will result in the exclusion from the proxy materials pursuant to this Section 11 of all Stockholder Nominees from the applicable annual meeting of Stockholders, or, if the proxy statement already has been filed, the ineligibility of all Stockholder Nominees.

(J) This Section 11 provides the exclusive method for a stockholder to include nominees for election to the Board of Directors in the Corporation's proxy statement.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. Subject to the rights of the holders of any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of not less than a majority of the Whole Board, but shall consist of not more than 11 nor less than three directors. Each director shall hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, (i) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the next annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (ii) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

SECTION 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this By-Law as soon as practicable after each annual meeting of stockholders at such location as is convenient and established by the Board of Directors or by means of remote communication. The Board of Directors may, by resolution, provide the time and place, if any, or means of remote communication, if any, for the holding of additional regular meetings without other notice than such resolution.

Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in any meeting of the Board of Directors or any committee thereof by means of remote communication by which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the President or any three members of

the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place, if any, or means of participation by conference telephone or other communications equipment, if any, and time of the meetings.

SECTION 5. NOTICE. Notice of any special meeting shall be given to each director at his or her business or residence in writing, by electronic transmission or by telephone. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by electronic transmission, such notice shall be transmitted at least 24 hours before such meeting. If by telephone, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these By-Laws as provided under Article VIII hereof. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing, either before or after such meeting.

SECTION 6. QUORUM. A majority of the directors shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the Certificate of Incorporation or these By-Laws require the vote of a greater number.

SECTION 7. VACANCIES. Subject to the rights of the holders of any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation, to elect directors under specified circumstances, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and any director so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

SECTION 8. REMOVAL. Subject to the rights of the holders of any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation, to elect directors under specified circumstances, any director, or the entire Board of Directors, may be removed from office at any time, with or without cause, but only by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, voting together as a single class, at an annual meeting or a special meeting called expressly for this purpose. For purposes of these By-Laws, "Voting Stock" shall mean the shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 9. RESIGNATIONS. Any director, member of a committee or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 10. COMMITTEES. The Board of Directors may, by resolution or resolutions passed by a majority of the Whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in subsection (a) of Section 151 of the General Corporation Law of the State of Delaware, fix the designation and any of the preferences and any of the rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of any shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless the resolution, these By-Laws or the Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one third of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee.

If as a result of a catastrophe or other emergency condition a quorum of any committee of the Board of Directors having power to act in the premises cannot readily be convened and a quorum of the Board of Directors cannot readily be convened, then all the

powers and duties of the Board of Directors shall automatically vest and continue, until a quorum of the Board of Directors can be convened, in an Emergency Management Committee, which shall consist of all readily available members of the Board of Directors and two of whose members shall constitute a quorum. The Emergency Management Committee shall call a meeting of the Board of Directors as soon as circumstances permit for the purpose of filling any vacancies on the Board of Directors and its committees and taking such other action as may be appropriate.

SECTION 11. COMPENSATION. Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the board an annual retainer and a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

SECTION 12. ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

SECTION 1. OFFICERS. The officers of the Corporation shall be a Chief Executive Officer, a Chairman of the Board of Directors, a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect one or more Vice-Presidents and such Assistant Secretaries and Assistant Treasurers as they may deem proper. None of the officers of the Corporation need be directors. More than one office may be held by the same person.

SECTION 2. OTHER OFFICERS AND AGENTS. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 3. CHAIRMAN. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall have and perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 4. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the head of the Corporation and shall have the general powers and duties of supervision and management usually vested in the office of Chief Executive Officer of a corporation. He or she shall preside at all meetings of the stockholders at which he or she is present, and in the absence or non-election of the Chairman of the Board of Directors, at all meetings of the Board of Directors, and shall have general supervision, direction and control of the business of the

Corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he or she shall execute bonds, mortgages and other contracts in behalf of the Corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer; and, except as otherwise provided by law or the Board of Directors, he or she may authorize the President or any Vice President or other officer or agent of the Corporation to execute such documents in his or her place and stead.

SECTION 5. PRESIDENT. The President shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

SECTION 6. VICE-PRESIDENT. Each Vice-President shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

SECTION 7. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He or she shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, the Chief Executive Officer or the President, taking proper vouchers for such disbursements. He or she shall render to the Chief Executive Officer, the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he or she shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board shall prescribe.

SECTION 8. SECRETARY. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-Laws, and in case of his or her absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chief Executive Officer, the President, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He or she shall record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him or her by the Board of Directors, the Chief Executive Officer or the President. He or she shall have custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, the Chief Executive Officer or the President, and attest the same.

SECTION 9. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. Assistant Treasurers and Assistant Secretaries, if any, shall be elected by the Board of Directors or appointed by the Chief Executive Officer and shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the Board of Directors

SECTION 10. REMOVAL. Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

ARTICLE V

MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK. A certificate of stock, signed by the Chief Executive Officer, or the President or a Vice-President, and the Secretary or an Assistant Secretary, shall be issued to each stockholder certifying the number and class or series of shares owned by him or her in the Corporation; provided that the Board of Directors may provide by resolution or resolutions that some or all of any class or series shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock. Any or all of the signatures may be facsimiles. Certificates of stock of the Corporation shall be of such form and device as the Board of Directors may from time to time determine.

SECTION 2. LOST CERTIFICATES. A new certificate of stock or uncertificated shares may be issued in the place of any certificate theretofore issued by the Corporation, alleged to have been lost or destroyed, and the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or such owner's legal representatives, to give the Corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate or uncertificated shares.

SECTION 3. TRANSFER OF SHARES. The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and in the case of certificated shares, upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled, and new certificates or uncertificated shares shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

SECTION 4. STOCKHOLDERS RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the

resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or postponement of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned or postponed meeting.

SECTION 5. DIVIDENDS. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the Corporation as and when they deem expedient. Before declaring any dividend there may be set apart, out of any funds of the Corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for such other purposes as the directors shall deem conducive to the interests of the Corporation.

SECTION 6. SEAL. The corporate seal shall be circular in form and shall contain the name of the Corporation, the year of its creation and the words "CORPORATE SEAL DELAWARE." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise imprinted upon the subject document or paper.

SECTION 7. FISCAL YEAR. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

SECTION 8. CHECKS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 9. NOTICE AND WAIVER OF NOTICE. Whenever any notice is required by these By-Laws to be given to the stockholders of the Corporation, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in the United States mail, postage prepaid, addressed to the person entitled thereto at his, her or its address as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by law.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

SECTION 10. VOTING OF SHARES IN OTHER CORPORATIONS. Shares in other corporations that are held by the Corporation may be represented and voted by the Chairman, the Chief Executive Officer, the President, a Vice President or the Treasurer, or by proxy or proxies appointed by one of them. The Board of Directors may, however, appoint some other person to vote the shares.

ARTICLE VI

INDEMNIFICATION AND INSURANCE

SECTION 1. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, claim or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was, at any time during which these By-Laws are in effect (whether or not such person continues to serve in such capacity at the time any indemnification or payment of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 3 of this Article VI, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Article VI shall be a contract right that vests at the time of such person's service to or at the request of the Corporation and such rights shall continue as to an indemnitee who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. The right to indemnification shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article VI or otherwise.

SECTION 2. To obtain indemnification under this Article VI, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 2, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change of Control" as defined in the PHINIA Inc. 2023 Stock Incentive Plan (as such plan existed as of the date of adoption of these Amended and Restated By-Laws), in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

SECTION 3. If a claim under Section 1 of this Article VI is not paid in full by the Corporation within 30 days after a written claim pursuant to Section 2 of this Article VI has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct that makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

SECTION 4. If a determination shall have been made pursuant to Section 2 of this Article VI that the claimant is entitled to indemnification, the Corporation shall be bound by

such determination in any judicial proceeding commenced pursuant to Section 3 of this Article VI.

SECTION 5. The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 3 of this Article VI that the procedures and presumptions of this Article VI are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Article VI.

SECTION 6. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article VI shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of stockholders or Disinterested Directors or otherwise. No repeal or modification of this Article VI shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification, and such rights cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination. Any amendment, modification, alteration or repeal of this Article VI that in any way diminishes, limits, restricts, adversely affects or eliminates any right of an indemnitee or his or her successors to indemnification, advancement of expenses or otherwise shall be prospective only and shall not in any way diminish, limit, restrict, adversely affect or eliminate any such right with respect to any actual or alleged state of facts, occurrence, action or omission then or previously existing, or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such actual or alleged state of facts, occurrence, action or omission.

SECTION 7. The Corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in Section 8 of this Article VI, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage there under for any such director, officer, employee or agent.

SECTION 8. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any current or former employee or agent or class of employees or agents of the Corporation (including the heirs, executors, administrators or estate of each such person) to the fullest extent of the provisions of this Article VI with respect to the indemnification and advancement of expenses of current or former directors and officers of the Corporation.

SECTION 9. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and

enforceability of the remaining provisions of this Article VI (including, without limitation, each portion of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VI (including, without limitation, each such portion of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 10. For purposes of this Article VI:

(a) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(b) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and which, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this Article VI.

SECTION 11. Any notice, request or other communication required or permitted to be given to the Corporation under this Article VI shall be in writing and either delivered in person or sent by facsimile, electronic mail or other electronic transmission, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary

ARTICLE VII

FORUM FOR ADJUDICATION OF DISPUTES[1]

SECTION 1. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for:

(A) any derivative action or proceeding brought on behalf of the Corporation;

(B) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, or stockholder of the Corporation to the Corporation or the Corporation's stockholders;

(C) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware, the Certificate of Incorporation, or these By-Laws or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery of the State of Delaware; or

(D) any action asserting a claim governed by the internal affairs doctrine.

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[1] Note to draft: BW and Foley to discuss whether to include forum selection provisions as proposed in this Article VII. BW's By-Laws do not include such provisions, and some investors may object.

If any action the subject matter of which is within the scope of this Section 1 is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to: (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce this Section 1 (an "Enforcement Action"); and (ii) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 1.

SECTION 2. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 2.

ARTICLE VIII

AMENDMENTS

These By-Laws may be altered, amended or repealed, and any new By-Laws may be enacted, at any annual meeting of the stockholders or at any special meeting thereof if notice of the proposed alteration or repeal of the By-Laws, or of the By-Laws to be enacted, is contained in the notice of such meeting, by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, or by the affirmative vote of a majority of the Whole Board, at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration or repeal, or of the By-Laws to be enacted, is contained in the notice of such special meeting.

ARTICLE IX

ELECTRONIC TRANSMISSIONS

When used in these By-Laws, the terms "written" and "in writing" shall include any "electronic transmission" (as defined in Section 232 of the General Corporation Law of the State of Delaware), including, without limitation, any facsimile transmission or communication by electronic mail.

Exhibit 10.1

TRANSITION SERVICES AGREEMENT

dated as of [•], 2023

by and

between

BorgWarner Inc.

and

PHINIA Inc.

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (the "Agreement") is made as of [●] (the "Effective Date") by and between BorgWarner Inc., a Delaware corporation ("Parent"), and PHINIA Inc., a Delaware corporation ("SpinCo") (each a "Party" to this Agreement, and together the "Parties").

WHEREAS, Parent and SpinCo have entered into a Separation and Distribution Agreement, dated [●] (the "Separation Agreement"), which governs the principal transactions required to effect the spin-off of the SpinCo Business (as defined in the Separation and Distribution Agreement) into PHINIA Inc., and provides for certain other agreements that will govern certain matters relating to such spin-off and the relationship of BorgWarner Inc., PHINIA Inc. and their respective subsidiaries following such spin-off.

WHEREAS, in connection with the transaction contemplated by the Separation Agreement, each Party desires that the other Party provide or cause certain of its Affiliates to provide, it and its Affiliates with certain transition services on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 For the purpose of this Agreement, the terms listed in this Article I, when used in their capitalized form in this Agreement, shall have the meaning set forth below. Unless expressly provided otherwise herein, all capitalized terms not specifically defined in this Agreement have the meaning ascribed to them in the Separation Agreement.

Section 1.02 In this Agreement:

"Confidential Information" means all information of a confidential nature disclosed (by whatever means, directly or indirectly) by, or on behalf of, either Party to the other Party, whether before, on or after the Effective Date, including the terms of this Agreement, any information relating to Intellectual Property rights, products, software, operations, processes, technical methods, plans, documentation, market opportunities or business affairs (including all information of a financial nature) of the Disclosing Party, as well as any information relating to the Services, the Service Provider Materials and the Service Recipient Materials;

"Control" means, with respect to any entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by Contract or otherwise; provided, however, that, from and after the Distribution Date, (i) SpinCo and the other members of the SpinCo Group shall not be considered Affiliates of Parent or any of the other members of the

Parent Group and (ii) Parent and the other members of the Parent Group shall not be considered Affiliates of SpinCo or any of the other members of the SpinCo Group;

"Dependencies" has the meaning specified in Section 4.02;

"Disclosing Party" has the meaning specified in Section 10.01;

"Dispute" has the meaning specified in Section 11.09(b);

"Dispute Notice" has the meaning specified in Section 11.09(b);

"Due Date" has the meaning specified in Section 3.06;

"Effective Date" has the meaning specified in Section 8.01;

"Excluded Services" has the meaning specified in Section 2.03;

"Extended Service Term" has the meaning specified in Section 8.03;

"Force Majeure Event" means the occurrence of an event or circumstance beyond the reasonable control of a Party; provided that (i) the non-performing Party is without fault in causing or failing to prevent such occurrence; and (ii) such event may not be avoided by the use of reasonable precautions, it being specified that the Force Majeure Events shall also comprise labor strikes of any nature and pandemic and epidemic diseases as well as any internet suspension, revolutions, riots and curfews;

"Forward Services" means the services to be provided by Parent and its Affiliates to SpinCo and its Affiliates;

"Indemnified Person" has the meaning specified in Section 7.03;

"Indemnifying Person" has the meaning specified in Section 7.03;

"Intellectual Property" means, collectively, (i) patents, patent applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations, and renewals thereof; (ii) all marks, names, trade dress, whether registered or unregistered, and all issuances, extensions, and renewals thereof, together with the goodwill of the business connected with the use of, and symbolized by the foregoing; (iii) copyright registrations and applications for registration, and all issuances, extensions, and renewals thereof, including any unregistered copyrights in and to all works based upon, derived from, or incorporating such copyrights; (iv) trade secrets and proprietary confidential information; (v) domain names; and (vi) any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages;

"IT Separation Costs" has the meaning specified in Section 3.05;

"Law" means any law, ordinance, regulation, statute, code or other rule enacted or promulgated by any governmental authority, including any governmental order;

"Negotiation Period" has the meaning specified in Section 11.09(b);

"Non-Compliance" has the meaning specified in Section 7.04;

"Operational Change" has the meaning specified in Section 2.04;

"Party" and "Parties" has the meaning specified in the recitals;

"Permitted User" has the meaning specified in Section 10.02;

"Receiving Party" has the meaning specified in Section 10.01;

"Reverse Services" means the services to be provided by SpinCo and its Affiliates to Parent and its Affiliates;

"Sales Tax" has the meaning specified in Section 3.08;

"Security Policy" has the meaning specified in Section 9.01;

"Separation Agreement" has the meaning specified in the recitals;

"Services" means the Forward Services and the Reverse Services to be performed under this Agreement, as applicable, as set out in the Service Sheets in Appendix 1 and Appendix 2;

"Service Charges" means the cost for the Services as detailed in the Service Sheets plus five percent (5%) of such detailed cost;

"Service Level" has the meaning specified in Section 2.06;

"Service Provider" means (i) Parent, including its Affiliates, with respect to the Forward Services and (ii) SpinCo, including its Affiliates, with respect to the Reverse Services;

"Service Provider Materials" means all materials that are owned or licensable by the Service Provider and provided in connection with the provision of Services;

"Service Recipient" means (i) Parent, including its Affiliates, with respect to the Reverse Services and (ii) SpinCo, including its Affiliates, with respect to the Forward Services;

"Service Recipient Materials" means materials owned or licensable by the Service Recipient and provided in connection with the receipt of Services;

"Services Representative" has the meaning specified in Section 6.01;

"Service Sheets" has the meaning specified in Section 2.01;

"Service Term" has the meaning specified in Section 8.02;

"SpinCo" has the meaning specified in the recitals;

"Systems" means information technology or communications systems, including networks and interfaces;

"Term" has the meaning specified in Section 8.01;

"Third Party" means, in respect of a Party, any other entitiy who is not an Affiliate of that Party;

"Third Party Consents" has the meaning specified in Section 2.05;

"Third Party Supplier" has the meaning specified in Section 2.05; and

"Transaction" has the meaning specified in the recitals.

Section 1.03 In this Agreement:

(a) (i) "include", "includes" or "including" shall be deemed to be followed by "without limitation"; (ii) "hereof", "herein", "hereby", "hereto" and "hereunder" shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (iii) "extent" in the phrase "to the extent" shall mean the degree to which a subject or other item extends and shall not simply mean "if"; (iv) "USD" shall mean United States Dollars; (v) the singular includes the plural and vice versa; (vi) reference to a gender includes the other gender; (vii) "any" shall mean "any and all"; (viii) "or" is used in the inclusive sense of "and/or"; (ix) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented, modified and in effect from time to time in accordance with its terms; and (x) reference to any Law means such Law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder;

(b) the table of contents, articles, titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to "Articles", "Sections", "Annexes" and "Appendices" are intended to refer to Articles and Sections of this Agreement and Appendixes and Appendices to this Agreement. Appendices and Annexes shall form part of this Agreement and any reference to this Agreement shall include the Appendices and Annexes, unless reference is specifically made to an Appendix or Annex or the front-end of this Agreement, respectively; and

(c) in case of conflicts, the front-end of this Agreement shall prevail over its Appendices and Annexes, unless otherwise stipulated in the front-end of this Agreement.

ARTICLE II
PROVISION OF SERVICES

Section 2.01 On the terms and subject to the conditions herein, (a) Parent agrees to provide, or to cause one or more of its [Affiliates] to provide, to SpinCo (or its Affiliates) the Forward Services specified in Appendix 1 and (b) SpinCo agrees to provide, or to cause one or more of its Affiliates to provide, to Parent (or to its Affiliates) the Reverse Services specified in Appendix 2 (Appendix 1 and Appendix 2, collectively, the "Service Sheets"). Each Party, as

Service Recipient, shall use the Services received by it solely in connection with the operation and conduct of the Parent Business or the SpinCo Business (as applicable) and shall ensure that the Services are not otherwise made available to any Third Party (except where the Service provided constitutes Third Party interaction), or used for any other purpose unless mutually agreed upon by the Parties in writing.

Section 2.02 During the period commencing on the Effective Date and ending three (3) months after the Effective Date, the Service Recipient may identify and request the Service Provider to provide additional transitional services, which are not set out in the Service Sheets, that: (a) were used and are reasonably necessary for the operation of the Parent Business or the SpinCo Business, as applicable; (b) were provided to or by (as applicable) Parent or its Affiliates before the Effective Date; and (c) are not Excluded Services (clauses (a) through (c) together, the "Omitted Services"). If the Service Provider is reasonably capable of providing any such Omitted Services requested by the Service Recipient, the Service Provider shall consider in good faith such request and the provision of such Omitted Services. The Service Provider shall have sole discretion in considering such request and if the Service Provider agrees to provide any such Omitted Services requested by the Service Recipient, each of the Parties shall use its commercially reasonable efforts to negotiate in good faith and execute, as appropriate, a new Service Sheet or an amendment to an existing Service Sheet, in either case with respect to such Omitted Services and addressing, among other things, the scope, start date, duration, and charges in respect thereof. Upon execution of such new or amended Service Sheet, the Service Provider shall provide the agreed-upon Omitted Services described in such new or amended Service Sheet, and such Omitted Services shall become a Service under this Agreement.

Section 2.03 Notwithstanding anything in this Agreement to the contrary, the Service Provider shall not be obligated to provide any services that are not contemplated in the Service Sheets (subject to Section 2.02), including the services listed in Appendix 3 (the "Excluded Services") or any Service if the provision of such Service would, in its sole reasonable discretion: (a) violate, breach or otherwise result in a non-compliance with any applicable Law or with any of the Service Provider's internal policy requirements which are established generally by the Service Provider; (b) require a third party consent that has not been obtained; or (c) violate, conflict with, result in the loss of any benefit under or increase the costs under any existing contract or agreement with a third party.

Section 2.04 The Service Provider may from time to time unilaterally and subject to the Service Level: (a) change operational aspects of the Services or the way in which they are provided, or substitute such Services with equivalent services; or (b) substitute, change, update or enhance the Systems or materials used to provide the Services, (in each case under (a) and (b), an "Operational Change"); provided that, prior to making any Operational Change, the Service Provider shall: (x) ensure that the Service Recipient is given reasonable advance notice of the planned Operational Change, except in case of an emergency or where the Service Recipient will not be materially affected by the Operational Change; (y) ensure that the Service Recipient's business is not disrupted to a material extent as a result of the Operational Change; and (z) using commercially reasonable efforts, ensure that the Operational Change will not result in a substantial increase to the Service Charges, unless the Operational Change is made pursuant to a change request as mutually agreed upon between the Parties.

Section 2.05 The Service Provider may, directly or through one or more Affiliates, unilaterally decide to involve or replace Affiliates or Third Parties as sub-contractors or otherwise as suppliers of goods, licenses or services for the provision of all or any part of the Services hereunder (such Third Party, each a "Third Party Supplier"). The Service Recipient shall at all times comply with all obligations, including use restrictions and non-disclosure provisions, in any agreements between the Service Provider and a Third Party Supplier. The Parties acknowledge that the Service Provider may require the consent of a Third Party Supplier to be able to provide certain Services to the Service Recipient and the Service Recipient may require such consent of the Third Party Supplier to receive certain Services ("Third Party Consents"). To the extent not yet obtained at the Effective Date, the Service Provider shall endeavor to obtain such Third Party Consents and shall not be obliged to provide the relevant Services as long as any Third Party Consent for such Service has not been granted. To the extent that Third Party Consents are refused, only granted subject to conditions (including the condition of additional payments), revoked, terminated or expires during a relevant Service Term, the Parties shall use their best efforts to identify, agree and implement the commercially most favorable solution (in the aggregate) by which provision of the Services can be enabled, either by fulfilling the relevant condition or by implementing a work-around at the Service Recipient's sole expense.

Section 2.06 Subject to Section 2.04, Section 2.05, Section 7.05 and Section 7.06, the Service Provider shall perform the Services in the scope and volumes, in the way and manner and with the quality and performance levels similar to the respective Services were provided by the Service Provider to the Service Recipient immediately prior to the Distribution Date, unless otherwise specified in the Service Sheet with respect to such Service (the "Service Level" for such Service).

Section 2.07 The Parties acknowledge that neither Party is a professional services provider with regard to the Services contemplated under this Agreement, and therefore should not expect the other Party to perform its obligations hereunder in the same manner and pursuant to the same standards as those applicable in the relevant industries practices.

ARTICLE III

SERVICE CHARGES

Section 3.01 In consideration of the Services provided by the Service Provider to the Service Recipient, the Service Recipient shall pay to the Service Provider the Service Charges set forth on the Service Sheets.

Section 3.02 Service Charges are subject to increase to account for increases in labor and other costs, with thirty (30) calendar days' notice to the Service Recipient.

Section 3.03 Service Recipient shall bear any and all costs, expenses and other fees (excluding recoverable Sales Tax) that are invoiced to the Service Provider by any Third Party Supplier, to the extent such costs, expenses and other fees relate to Services provided by the Service Provider hereunder (the "Third Party Supplier Pass Through Costs"). If any Third Party Supplier Pass Through Costs increase or decrease at any time during the Term, the Service

Provider shall, by written notice to the Service Recipient, increase or decrease (as applicable) the Service Charges to appropriately reflect such increase or decrease.

Section 3.04 At the end of each calendar month, the Service Provider shall invoice the (a) Service Charges, (b) Third Party Supplier Pass Through Costs, (c) any reasonable expenses related to travel (including long-distance and local transportation, accommodation and meal expenses and other incidental expenses) by Service Provider's or its Affiliates' personnel in connection with performing the Services and any reasonable other out-of-pocket, third party costs for assets or services procured to provide the Services to be made by the Service Recipient under this Agreement in USD to the Service Recipient for that month (provided that any such travel and out-of-pocket costs described in this Section 3.04(c) exceeding $20,000 in the aggregate in any one-month period shall be subject to the Service Recipient's prior approval), and (d) applicable Sales Taxes (if any).

Section 3.05 Responsibility for the IT-related deliverables and corresponding specific, one-time costs in conjunction with the separation of SpinCo operations and the Parties' exit from the Services (the "IT Separation Costs") shall be set forth on Appendix 4. The Service Charges do not reflect the IT Separation Costs or any other one-time expenses or other payments (including contract or license transfer fees and termination fees) that will incur as a result of the exit of any Services by the Service Recipient. For such one-time expenses and other payments, including any IT Separation Costs borne by Service Provider but for which Service Recipient shall be responsible as set forth on Appendix 4, the Service Provider shall invoice the Service Recipient at the time of occurrence. Notwithstanding the foregoing, the Service Recipient shall not be responsible for any employee termination or severance costs that will incur as a result of the exit of any Services.

Section 3.06 The Service Recipient shall pay the Service Charges invoiced by the Service Provider in USD within thirty (30) calendar days after the date of the invoice (the "Due Date") to the Service Provider's bank account as notified to the Service Recipient from time to time. Any payment under this Section 3.06 shall be made in immediately available funds by electronic transfer on or prior to the Due Date.

Section 3.07 If the Service Recipient fails to pay all or part of any invoice on or before the Due Date, then without prejudice to its other rights and remedies, among which is the right to suspend in whole or in part the Services, the Service Provider may charge interest on such unpaid amount at a rate of the lesser of ten percent (10%) per annum or the maximum rate allowed by applicable Law.

Section 3.08 All amounts payable under this Agreement by the Service Recipient shall be exclusive of any sales, use, value added or other similar tax ("Sales Tax") (if any) which shall be paid by the Service Recipient at the rate and in the manner prescribed by the applicable Sales Tax laws in addition to and on the conditions of the relevant Service Charge. The Service Provider shall provide the Service Recipient with an invoice in accordance with applicable Sales Tax law; Section 3.11 shall remain unaffected. The Parties shall cooperate with each other in good faith in order to enable each Party to comply with the formal requirements imposed on such Party under applicable Sales Tax laws. Such cooperation includes, without limitation, that the

Parties provide each other with all available information that is reasonably required for the other Party to comply with any reporting obligations under applicable Sales Tax laws (for example, the filing of Sales Tax declarations and the request of Sales Tax refunds).

Section 3.09 All payments of Service Charges shall be made free and clear of any deduction or withholding of any kind (including taxes) other than any deduction or withholding required by applicable Laws. In case a payment of Service Charges under this Agreement is subject to any withholding or deduction prescribed by applicable Laws, then such amounts shall be borne by the Service Recipient, and any payment by the Service Recipient shall be grossed-up to ensure that the Service Provider receives the full Service Charge as specified in the Service Sheets without any deduction and withholding. Where a relief, waiver or reduction of the withholding tax is possible in accordance with Law, the Service Provider and the Service Recipient shall cooperate as far as reasonably practicable to achieve such tax exemption from the competent tax authorities. The Service Recipient shall provide the Service Provider with sufficient proof of the deduction or withholding made, in particular provide certificates or other documents in a manner as prescribed by Law. Section 3.11 shall remain unaffected by the provision of this Section 3.09.

Section 3.10 Any claims pursuant to Section 3.08 and Section 3.09 shall be time-barred upon expiration of a period of six (6) months after the respective assessment of the tax has become un-appealable and final or – if there has been no tax assessment insofar – the tax has been paid, but if and to the extent an assessment against the other Party is concerned, only at the earliest six (6) months after the former Party has notified the other Party in reasonable details about the existence of such claim.

Section 3.11 Invoices shall be sent, and payments shall be made, between the Parties, unless otherwise agreed in writing by the Parties.

ARTICLE IV
OBLIGATIONS OF THE SERVICE RECIPIENT

Section 4.01 The Service Recipient shall, at its own expense, actively cooperate with and support the Service Provider to facilitate the provision of the Services and the implementation of any Operational Changes.

Section 4.02 Without limiting any other obligations of Service Recipient set forth in this Agreement, the Service Recipient undertakes, and shall cause its Affiliates, to:

(a) provide the Service Provider with any resources (in particular, materials and premises), personnel, information and data that the Service Provider reasonably deems necessary to allow it to perform the Services and all the tasks and responsibilities set out in the Agreement and the Appendices;

(b) provide the Service Provider with access to its personnel, premises, materials and Systems to the extent required for the provision of Services;

(c) make decisions as to matters, as reasonably requested by the Service Provider, in good time;

(d) upgrade, enhance or otherwise modify any computer hardware, software or network environment used in connection with any Services provided by the Service Provider, at the Service Recipient's expense, such that the computer hardware, software or network environment are reasonably necessary to allow Service Provider to provide the Services;

(e) at its own expense, actively cooperate with and support the Service Provider to facilitate the provision of the Services and the implementation of any Operational Changes; and

(f) comply with the Service Provider's internal policy requirements which are established generally by the Service Provider (rather than directed towards the arrangements contemplated by this Agreement) as communicated to the Service Recipient from time to time (sections (a) through (f) together, the "Dependencies").

ARTICLE V
INTELLECTUAL PROPERTY RIGHTS

Section 5.01 All Intellectual Property rights belonging to a Party on or prior to the Effective Date (whether developed by that Party or acquired by it from a third party) or developed or acquired by it independently from the performance of its obligations under this Agreement after the Effective Date shall remain vested in that Party. Any and all Intellectual Property rights developed in the course of the provision of the Services shall be solely owned by the Service Provider; provided that Intellectual Property rights resulting from a development that has been specifically commissioned and identified in writing and paid for by the Service Recipient shall be owned by the Service Recipient. Each Party grants to the other Party a non-exclusive, non-assignable, worldwide, royalty-free, non-transferable, and non-sublicensable (except to the Third Party Suppliers of the other Party acting as a Service Provider) license for the Term to use such Party's Service Provider Materials and Service Recipient Materials (as applicable) solely as necessary for the other Party to use or provide the Services, as applicable, and to otherwise perform its obligations hereunder.

ARTICLE VI
GOVERNANCE

Section 6.01 During the Term, the Parties shall each appoint an individual (the "Services Representative") who shall: (1) have the overall responsibility for managing and coordinating the provision and receipt of the Services; (2) be the primary contact for the other Party under this Agreement; (3) meet regularly with the other Party's Services Representative; and (4) have the authority to make decisions with respect to actions to be taken with regard to the Services in the ordinary course of day-to-day management of this Agreement, it being understood that the exercise of contractual rights and the assumption of contractual obligations shall be reserved to duly authorized representative(s) of the respective Party and no act or omission by the Services Representative shall be deemed as exercise of rights or assumption of obligations.

Section 6.02 The Parties' Services Representatives shall meet on a monthly basis, to generally review and discuss: (a) the provision of Services, including any anticipated Operational Changes and maintenance schedules; (b) performance objectives for applicable Services; (3) and Services Charges, expenses and payments under Section 3.05 and other payments that shall be due from the prior calendar month. If the Parties mutually agree, the Parties may offset the Service Charges and other payments due to the other, as specified in Section 3.04.

ARTICLE VII
NO WARRANTIES; LIMITATION OF LIABILITY

Section 7.01 NO WARRANTIES. THE SERVICE PROVIDER DOES NOT PROVIDE ANY GUARANTEE OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES, INCLUDING, WITHOUT LIMITATION, A WARRANTY FOR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR FOR COMPLIANCE OF THE SERVICES WITH REGULATORY REQUIREMENTS.

Section 7.02 LIMITATION OF LIABILITY. NO PARTY SHALL BE LIABLE TO OR OTHERWISE RESPONSIBLE TO ANY OTHER PARTY HERETO OR ANY AFFILIATE OF ANY OTHER PARTY HERETO FOR ANY INCIDENTAL, SPECIAL, CONSEQUENTIAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES THAT ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE PERFORMANCE OR BREACH HEREOF, WHETHER SUCH DAMAGES OR OTHER RELIEF ARE SOUGHT BASED ON BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY AND WHETHER OR NOT THE PARTY WAS AWARE OR ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE SERVICE PROVIDER SHALL NOT BE RESPONSIBLE FOR ANY FAILURE OF ANY THIRD PARTY SUPPLIER TO MEET ITS OBLIGATIONS.

SUBJECT TO APPLICABLE LAW AND ANY RIGHTS AND REMEDIES PROVIDED UNDER THE SEPARATION AGREEMENT OR ANY OTHER ANCILLARY AGREEMENT AND WITHOUT LIMITING THE FOREGOING, SERVICE PROVIDER'S SOLE LIABILITY, AND SERVICE RECIPIENT'S SOLE AND EXCLUSIVE REMEDY, IN CONNECTION WITH ANY CLAIM UNDER THIS AGREEMENT SHALL BE RECOVERY OF ANY FEES PAID BY SERVICE RECIPIENT FOR THE SERVICES PROVIDED HEREUNDER, SUBJECT TO THE CAP STATED BELOW. WITHOUT LIMITING THE FOREGOING, IN NO CIRCUMSTANCES WILL SERVICE RECIPIENT BE ENTITLED TO SPECIFIC PERFORMANCE OR OTHER EQUITABLE RELIEF IN CONNECTION WITH ANY BREACH OR ALLEGED BREACH HEREUNDER OR OTHER CLAIM ARISING HEREUNDER. EXCEPT TO THE EXTENT LIABILITY RESULTS FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SERVICE PROVIDER OR ITS WILLFUL AND INTENTIONAL REFUSAL OR FAILURE TO PROVIDE THE SERVICES (EXCEPT WHERE SUCH WILLFUL AND INTENTIONAL FAILURE OR REFUSAL TO PROVIDE THE SERVICES IS OTHERWISE EXCUSED UNDER THIS AGREEMENT), IN NO EVENT WILL THE TOTAL, CUMULATIVE, AGGREGATE LIABILITY OF SERVICE PROVIDER, WHETHER BASED UPON AN ACTION OR CLAIM IN CONTRACT, TORT (INCLUDING NEGLIGENCE), WARRANTY, MISREPRESENTATION, EQUITY OR OTHERWISE,

EXCEED FIFTY PERCENT (50%) OF THE AMOUNTS PAID BY SERVICE RECIPIENT TO SERVICE PROVIDER FOR THE SERVICES PROVIDED THAT ARE THE SUBJECT OF SUCH CLAIM DURING THE TWELVE (12) MONTHS PRECEDING THE DATE THAT SUCH CLAIM FIRST AROSE.

Section 7.03 Indemnification. Each Party (the "Indemnifying Person") shall defend, indemnify and hold harmless the other Party and its Affiliates (the "Indemnified Persons"), against any and all losses owing to third parties with respect to third-party claims arising from or relating to (a) in the case of Service Provider as Indemnifying Person, any willful and intentional refusal or failure to provide the Services (except to the extent such refusal or failure to provide the Services is otherwise excused under this Agreement), or (b) the Indemnifying Person's or its Affiliate's willful misconduct, gross negligence or fraud. If the Indemnified Persons receives notice or knowledge of a claim as described in this Section 7.03, it shall promptly notify the Indemnifying Person in writing and give the Indemnifying Person all necessary information and assistance, and the exclusive authority to evaluate and settle such claim; provided, however, the Indemnifying Person may not settle such claim in a manner that would have a material adverse impact on the business of the Indemnified Persons without receiving the Indemnified Persons' prior written consent.

Section 7.04 Non-Compliance. In the event that the Service Provider fails to perform any of its obligations under this Agreement ("Non-Compliance"), the Service Provider shall, without undue delay after receipt of a notice from the Service Recipient, use commercially reasonable efforts to discontinue the Non-Compliance or to remedy the Non-Compliance; provided that the Service Provider has not been excused pursuant to Section 7.05. The remedies provided in relation to Non-Compliance shall be exclusive and the Service Recipient shall not be entitled to claim for any further remedies relating to any Non-Compliance. Any claims for failure or delay by the Service Provider under or in connection with this Agreement, irrespective of which nature, amount or legal basis, are hereby expressly waived and excluded, in particular, without limitation, post-performance or claims for reimbursement of expenses incurred as a result of a substitute performance, claims due to a disruption of the contractual basis, claims under pre-contractual fault, and/or the right to reduce the Services Fees or to terminate or rescind this Agreement. The right to terminate pursuant to Article VIII and/or to claim, subject to Article VII, damages for breach of contract shall, remain unaffected.

Section 7.05 Excused Obligations.

(a) Any failure or delay by the Service Provider to perform an obligation under this Agreement as a consequence of the following shall release the Service Provider from the affected obligation and the Service Provider shall have no liability whatsoever for the failure or delay by the Service Provider to perform such obligation: (i) any failure of the Service Recipient to satisfy a Dependency or to perform any other obligation under this Agreement; (ii) the Service Recipient or a Third Party Supplier of the Service Provider having obstructed, hampered, impeded or otherwise adversely affected (whether by act or omission) the performance of the Services; or (iii) any matter constituting a Force Majeure Event.

(b) If performance is excused under Section 7.05(a), then the Service Provider shall: (i) notify the Service Recipient of its failure to satisfy the Dependency, or other act or omission, and all events or circumstances causing or contributing to the failure or mal-performance, as soon as and to the extent reasonably practicable after it becomes aware of them; (ii) continue to perform those of its obligations under this Agreement which are unaffected by such events; and (iii) use reasonable efforts (it being understood that the Service Provider shall not be obliged to incur additional cost, unless the Service Recipient has agreed to indemnify the Service Provider for such cost before incurred) to minimize and mitigate the likely impact of the failure or mal-performance on the Service Recipient.

Section 7.06 Maintenance Shutdown. The Service Provider shall have the right to shut down temporarily for maintenance or similar purposes the operation of any facilities, equipment or systems used for providing any Service whenever, in the Service Provider's reasonable judgment, such action is necessary or advisable for general maintenance or emergency purposes; provided that the Service Provider will use its commercially reasonable efforts to schedule non-emergency maintenance impacting the Services so as not to materially disrupt the operation of the Service Recipient's business and the Service Provider will use commercially reasonable efforts to give the Service Recipient advance notice of any planned shutdown. With respect to the Services dependent on the operation of such facilities, equipment or systems, the Service Provider shall be released from its obligations hereunder to provide such Services during the period that such facilities, equipment or systems are shut down. The Service Recipient acknowledges that certain Services may be subject to network, supply, transportation logistics or other delays outside of the Service Provider's direct control and that the Services may be affected by such network, supply, transportation logistics or other delays in the same manner.

ARTICLE VIII
TERM AND TERMINATION

Section 8.01 Term of Agreement. This Agreement shall be conditional on the Distribution and enter into force on the Distribution Date (the "Effective Date"). This Agreement shall commence on the Effective Date and expire when the last Service Term or Extended Service Term has ended (the "Term"), unless terminated earlier or extended by mutual agreement between the Parties.

Section 8.02 Service Term. Each Service shall commence on the Effective Date (unless a later date is specified in the Service Sheet) and have the duration as specified in the relevant Service Sheet, unless terminated earlier, but shall not exceed twelve (12) months following the Effective Date (the "Service Term") unless extended pursuant to Section 8.03.

Section 8.03 Service Term Extensions. Service Recipient or Service Provider may request upon at least forty-five (45) calendar days' prior written notice (in advance of the expiration of the then-current term of a Service) to extend the term of any Service Term on a Service-by-Service basis. Upon such request, the Parties shall negotiate in good faith on an extension of the Service Term for individual Services, subject to (a) the requesting Party solely bearing the cost of any Third Party Consents required to extend such Service and, (b) unless otherwise specified on the Service Sheet for such Service, an increase in Service Charges and

Third Party Supplier Pass Through Costs of twenty-five percent (25%) for each month such Service is extended beyond the initial Service Term (an "Extended Service Term") and shall amend the Service Term in the respective Service Sheet if and once they have reached mutual consent on such extension; provided that such Extended Service Term shall not exceed the shorter of (x) six (6) months and (y) half the length of the original Service Term. If the Service Recipient desires to extend the provision of Services beyond the Extended Service Term, the Parties may negotiate in good faith on such extensions, but the Service Provider shall not be obligated to grant such extensions.

Section 8.04 Termination of Individual Services by Service Recipient for Convenience. Service Recipient may, at any time after the Effective Date, terminate any individual Service provided under this Agreement on a Service-by-Service basis upon sixty (60) days' prior notice (unless a longer notice period is specified for the applicable Service category in the Services Sheets) to Service Provider identifying the particular Service to be terminated and the effective date of termination, which date shall not be later than the end of the applicable Service Term or earlier than sixty (60) days after Service Provider's receipt of such notice of termination (or such longer notice period as set forth in the Service Sheets), unless Service Provider otherwise agrees in writing. Notwithstanding the foregoing, Service Recipient shall not be able to terminate any individual Service if any non-terminated Services are dependent upon the provision of the Services that Service Recipient is seeking to terminate, unless all such interdependent Services are simultaneously terminated. Service Recipient shall be responsible for all wind-down costs (excluding any employee termination and severance costs of affected personnel), and third-party breakage or termination fees as a result of its early termination of a Service or this Agreement; provided, that, Service Provider shall provide notice of any such costs within fifteen (15) days or receipt of notice of early termination and Service Recipient has not withdrawn its termination notice within five (5) days of receipt of such notice from Service Provider.

Section 8.05 Termination for Cause.

(a) If either Party materially breaches any of its obligations under this Agreement and such Party does not cure such breach within thirty (30) days after receiving notice thereof from the non-breaching Party, the non-breaching Party may terminate this Agreement, in whole or in part (with respect to the Services to which the breach relates), immediately by providing notice of termination to the Party in breach. Notwithstanding the foregoing, if Service Recipient fails to pay any undisputed amounts for Services provided hereunder when due, and Service Recipient fails to cure its failure to pay such undisputed amounts within fifteen (15) days of receipt of notice thereof from Service Provider, Service Provider may terminate this Agreement, in whole, including the provision of Services pursuant hereto, immediately by providing notice of termination to Service Recipient; provided that Service Provider may not terminate this Agreement or the provision of any Services pursuant hereto for Service Recipient's failure to pay any amount that is disputed by Service Recipient in good faith. Further, this Agreement may be terminated, effective immediately upon notice, by Service Provider, on the one hand, or by Service Recipient, on the other hand, if the other Party files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency law or makes or seeks to make a general assignment for the benefit of its

creditors or applies for or consents to the appointment of a trustee, receiver or custodian for it or a substantial part of its property.

(b) Parent may terminate this Agreement in whole by delivering written notice thereof to SpinCo not less than one (1) calendar month prior to the proposed effective date of such termination, such proposed effective date of termination always to be the end of a calendar month, if SpinCo undergoes a change of control, meaning that a Third Party acquires Control over SpinCo or SpinCo has transferred or assigned this Agreement or any rights or obligations thereunder other than in accordance with Section 11.02.

(c) Where any Force Majeure Event subsists for sixty (60) or more consecutive calendar days, each Party shall be entitled to forthwith terminate the Service Sheet impacted by the Force Majeure Event by giving written notice to the other Party.

Section 8.06 The rights to terminate this Agreement set forth in this Article VIII shall not prejudice any other right or remedy of either Party (including statutory rights) in respect of the breach concerned (if any) or any other breach, to the extent not excluded under other terms of this Agreement.

Section 8.07 Consequences of Termination.

(a) Upon expiry or termination of this Agreement in whole or in part (with respect to any terminated Services), (i) the Service Recipient shall immediately cease to use the Services affected by such termination or expiry and, (ii) except to the extent required for the performance of its remaining obligations under this Agreement, the Service Provider and the Service Recipient shall at the Service Recipient's costs: return or deliver to the Service Provider or the Service Recipient, as applicable, all records and documents, including any Service Provider Materials or Service Recipient Materials, as applicable; and expunge all data from any Systems in its possession or control or that of any of its Affiliates containing Confidential Information of the Service Provider or the Service Recipient, as applicable, or, at the Service Provider's or the Service Recipient's direction, shall destroy it, and certify that the destruction has taken place. The Service Provider or the Service Recipient returning, expunging or destroying the Confidential Information may retain (A) a copy of the Confidential Information for the purposes of fulfilling, and so long as required by, retention obligations as imposed by any Law or its internal compliance procedures, and (B) copies of any computer records and files containing any Confidential Information that have been created pursuant to automatic archiving and back-up procedures.

(b) Upon termination or expiry of the Agreement, the Service Recipient shall pay to the Service Provider all the amounts remaining due (and in case of partial termination the amounts remaining due with respect to the Services terminated), whether invoiced or not. Termination of this Agreement shall not release either Party from any other liability which at the time of termination has already accrued to the other Party, nor affect in any way the survival of any other right, duty or obligation of the Parties which is expressly stated elsewhere in this Agreement to survive termination.

ARTICLE IX
DATA

Section 9.01 If the Service Recipient is given access to any of the Service Provider's Systems or physical facilities in connection with the receipt of the Services, the Service Recipient shall cause the compliance with all of the Service Provider's Systems security policies, procedures, technical standards and requirements ("Security Policy"). The Service Recipient will use commercially reasonable efforts to ensure that no security or audit measures employed by the Service Provider will be tampered with, compromised or circumvented, it being understood and agreed that if despite use of such commercially reasonable efforts the Service Recipient fails to comply with the Security Policy, then the Service Provider may suspend the Service Recipient's access to the affected Systems to the extent necessary to preserve the security of the Systems until such time as such non-compliance is cured. The Service Recipient shall ensure that only those Systems of the Service Provider are accessed and used for which the right to access and use has been granted, and that such Systems are only accessed and used to the extent reasonably necessary in connection with the receipt of the Services. The Service Recipient shall ensure that only such personnel that is specifically authorized to have access to the Systems or physical facilities of the Service Provider gain such access, and to prevent unauthorized access, use, destruction, alteration or loss of information or other property contained therein, including notifying its personnel of the restrictions set forth in this Agreement. The Service Recipient shall promptly notify the Service Provider under the circumstances, but in no event later than the earlier of: (a) when required by Law; or (b) two (2) business days after discovering any unauthorized access or acquisition or suspected unauthorized acquisition of the Service Provider non-public information, or security incident which could result in the misuse or reasonable belief of misuse of identification numbers and passwords by a Service Recipient accessing the Service Provider's computer systems.

Section 9.02 The Data Protection Agreement in Section 9.02 shall govern processing of personal data under the Agreement and made a part of this Agreement for all purposes as if fully set forth herein.

Section 9.03 The Service Provider shall have no obligation to check, modify or correct the data processed through materials and it shall be the sole responsibility of the Service Recipient to ensure that data as well as the results of the processing carried out through the materials are accurate.

ARTICLE X
CONFIDENTIALITY

Section 10.01 Each Party ("Receiving Party") undertakes to the other Party ("Disclosing Party") to treat as confidential all Confidential Information received under or in connection with this Agreement, which the Receiving Party receives, from or through the Disclosing Party either directly or from any other Person which concerns the business, operations, customers or users of the Disclosing Party.

Section 10.02 The Receiving Party may only use the Confidential Information for the purposes of, and in accordance with, the Agreement. The Receiving Party may only provide its

employees, directors, subcontractors, professional advisers and Affiliates ("Permitted Users") with access to the Confidential Information on a strict "need-to-know" basis. The Receiving Party shall ensure that each of its Permitted Users is bound to hold all Confidential Information in confidence to the standard required under the Agreement. Where a Permitted User is not an employee or director of the Receiving Party (and is not under a professional duty to protect confidentiality) the Receiving Party shall ensure that the Permitted User shall, prior receiving the Confidential Information, enter into a written confidentiality undertaking with the Receiving Party on substantially equivalent terms to the Agreement, copy of which shall be provided to the Disclosing Party upon request.

Section 10.03 This Section shall not apply to any information which: (a) is already known to the Receiving Party at the time of disclosure and is not subject to a confidentiality obligation (other than any information that is transferred to Service Recipient as a transferred asset under the Separation Agreement) or thereafter is independently developed by the Receiving Party without breach of this Agreement; (b) is already in the public domain at the time of disclosure, or thereafter becomes publicly known other than as the result of a breach by the Receiving Party of its obligations under this Agreement; or (c) is received from a third party without breach of this Agreement or a confidentiality obligation to the Disclosing Party known to the Receiving Party.

Section 10.04 Each Permitted User may disclose Confidential Information where that Permitted User (or, where the Permitted User is an individual, his or her employer) is required to do so by Law or by any competent court or by any competent regulatory authority. In these circumstances the Recipient shall to the extent permitted by law give the Disclosing Party prompt advance written notice of the disclosure (where lawful and practical to do so) so that the Disclosing Party has sufficient opportunity (where possible) to prevent or control the manner of disclosure by appropriate legal means.

Section 10.05 On termination or expiry of the Agreement, this Article shall remain in full force and effect for three (3) years as from the expiry or the termination of the Agreement and, unless otherwise stated in the Agreement, each Party agrees that it must continue to keep the other Party's Confidential Information confidential in accordance with this Article X.

ARTICLE XI
GENERAL

Section 11.01 Relationship of the Parties. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind among or between the Parties, each Party being individually responsible only for its obligations as set forth in this Agreement. Service Provider and its Affiliates shall provide the Services hereunder in the capacity of an independent contractor and not as an employee, agent or joint venture counterparty of Service Recipient. Without limiting the foregoing, Service Recipient shall not have any power or authority to bind Service Provider to any contract, undertaking or other engagement with any third party.

Section 11.02 Assignment. Neither Party may assign, delegate or otherwise transfer, in whole or in part, directly or indirectly, by operation of law or otherwise (including by merger,

contribution, spin-off or otherwise) any of its rights, interests or obligations hereunder, without the prior written consent of the other Party; provided, that Parent may, without the prior written consent of SpinCo, assign its rights under this Agreement, in whole or in part, to one or more of its Affiliates or to any acquiror or successor to any business or assets used in the provision of the Services; provided, further, that no such assignment shall relieve Parent of its obligations hereunder. Any purported assignment, delegation or transfer in violation of this Section 11.02 shall be null and void.

Section 11.03 Expenses.

(a) Except as otherwise provided in this Agreement or the Ancillary Agreements, the Parties shall bear their respective direct and indirect costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby.

(b) Unless otherwise indicated, all dollar amounts stated in this Agreement are stated in U.S. currency, and all payments required under this Agreement shall be paid in U.S. currency by wire transfer of immediately available funds.

Section 11.04 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by email transmission (so long as confirmation of transmission is electronically or mechanically generated), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Persons at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.04):

(a) if to Parent:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attention: Legal
Email: [****]

with a copy, which shall not constitute notice, to:

Freshfields Bruckhaus Deringer US LLP
601 Lexington Avenue, 31st Floor
New York, NY 10022
Attention: Menachem Kaplan
Email: [****]

(b) if to SpinCo:

PHINIA Inc.
[●]
[●]
Attention: [●]
Email: [●]

Section 11.05 Amendment; Waiver. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 11.06 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such arbitrator or court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 11.07 Separation Agreement. Neither the making nor the acceptance of this Agreement shall enlarge, restrict or otherwise modify the terms of the Separation Agreement or constitute a waiver or release by Parent or SpinCo of any liabilities, obligations or commitments imposed upon them by the terms of the Separation Agreement, including the representations, warranties, covenants, agreements and other provisions of the Separation Agreement. In the event of any conflict between the provisions of this Agreement, on the one hand, and the provisions of the Separation Agreement, on the other hand, the Separation Agreement shall control.

Section 11.08 Entire Agreement. This Agreement, together with the Ancillary Agreements, constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the Parent and SpinCo with respect to the subject matter hereof.

Section 11.09 Governing Law; Dispute Resolution; Jurisdiction.

(a) This Agreement and all matters, claims, controversies, disputes, suits, Actions or proceedings arising out of or relating to this Agreement and the negotiation, execution or performance of this Agreement or any of the transactions contemplated hereby, including all rights of the Parties (whether in contract, tort, common or statutory law, equity or otherwise) in connection therewith, shall be interpreted, construed and governed by and in accordance with the Laws of [●] without giving effect to any choice or conflict of law provision or rule that would cause the application of the Law of any jurisdiction other than those of Delaware.

(b) In the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of or related to this Agreement or the transactions contemplated hereby or thereby, including any Action based on contract, tort, equity, statute, regulation or constitution (a "Dispute"), the Party raising the Dispute shall give written notice (which shall include a detailed description) of the Dispute (the "Dispute Notice"). Following the service of such Dispute Notice, the Parties' Services Representatives shall attempt to resolve the dispute in good faith within thirty (30) Business Days from and including the date of receipt of the Dispute Notice. If the dispute cannot be resolved by the Parties' Services Representatives within such thirty (30) Business Day period, the dispute shall be escalated to the executive officers designated by the Parties, who shall then attempt to resolve the dispute in good faith within further twenty (20) Business Days from the escalation (the period commencing from receipt of the Dispute Notice until the expiration of such escalation, the "Negotiation Period"). Neither Party shall commence any Action in accordance with Section 11.09(c) until after having attempted to resolve the Dispute pursuant to this Section 11.09(b). However, in the event of any Action in accordance with Section 11.09(c), (i) the Parties shall not assert the defenses of statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (ii) any contractual time period or deadline under this Agreement relating to such Dispute occurring after the Dispute Notice is received shall not be deemed to have passed until such proceeding has been resolved.

(c) Subject to Section 11.09(b), any Action by a Party seeking any relief whatsoever arising out of, relating to or in connection with, this Agreement shall be brought only in the court of Delaware, and such Party (i) agrees to submit to the exclusive jurisdiction of such courts for purposes of all legal proceedings arising out of, or in connection with, this Agreement, (ii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any claim that any such Action brought in such a court has been brought in an inconvenient forum, (iii) agrees that mailing of process or other papers in connection with any such Action in the manner provided in Section 11.04 or any other manner as may be permitted by Law shall be valid and sufficient service thereof, and (iv) agrees that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 11.10 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.11 Specific Performance. Subject to Section 11.09 and Section 11.10, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived. Any requirements for the securing or posting of any bond or similar security with such remedy are hereby waived.

Section 11.12 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.13 No Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 11.14 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

- Signature Page follows -

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above.

BorgWarner Inc.

By: _____

Name:

Title:

PHINIA Inc.

By: _____

Name:

Title:

Exhibit 10.2

TAX MATTERS AGREEMENT

by and between

BORGWARNER INC.

and

PHINIA INC.

Dated as of [●], 2023

TABLE OF CONTENTS

Schedules

TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (including the schedules hereto, this "Agreement"), is entered into as of [●], 2023 between BorgWarner Inc., a Delaware corporation ("Parent"), and PHINIA Inc., a Delaware corporation ("SpinCo" and, together with Parent, the "Parties").

RECITALS

WHEREAS, the board of directors of Parent has determined that it is appropriate, desirable and in the best interests of Parent and its stockholders to separate the Parent Business from the SpinCo Business in the manner described in the Separation and Distribution Agreement, dated as of [●], 2023, between the Parties (such agreement, the "Separation Agreement" and such separation the "Separation") and, following the Separation, to undertake the Distribution;

WHEREAS, SpinCo has been incorporated for these purposes and has not engaged in activities except those incidental to its formation and in preparation for the Distribution;

WHEREAS, Parent has effected or will effect certain restructuring transactions for purposes of aggregating the SpinCo Business in the Parent Group prior to the Distribution (collectively, the "Restructuring");

WHEREAS, Parent will contribute SpinCo Assets to SpinCo in exchange for SpinCo Common Stock and the assumption of SpinCo Liabilities (the "External Contribution");

WHEREAS, Parent intends to effect the Spin-Off Transaction in a transaction that qualifies as tax-free for U.S. federal income tax purposes under Sections 368(a)(1)(D), 355 and 361 of the Code;

WHEREAS, certain members of the Parent Group, on the one hand, and certain members of the SpinCo Group, on the other hand, file certain Tax Returns on a consolidated, combined or unitary basis for certain federal, state, local and Non-U.S. Tax purposes; and

WHEREAS, the Parties desire to (a) provide for the payment of Tax Liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in, the filing of Tax Returns, and provide for certain other matters relating to Taxes and (b) set forth certain covenants and indemnities relating to the preservation of the Intended Tax Treatment of the Transactions.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I – DEFINITIONS

1.1 General. For the purposes of this Agreement, the following terms shall have the following meanings:

"Accounting Firm" shall have the meaning set forth in Section 9.1.

"Active Business" shall mean, as shown on Schedule A, the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by SpinCo and its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) and any SpinCo Group member that is a party to a transaction intended to qualify under Section 355 of the Code and such Affiliate's "separate affiliated group" of the SpinCo Business, in each case, as conducted immediately prior to the Distribution or any other relevant distribution.

"Adjustment" shall mean an adjustment of any item of income, gain, loss, deduction, credit or any other item affecting Taxes of a taxpayer.

"Affiliate" shall have the meaning set forth in the Separation Agreement.

"Agreement" shall have the meaning set forth in the preamble hereto.

"Ancillary Agreements" shall have the meaning set forth in the Separation Agreement.

"Capital Stock" shall mean classes or series of capital stock of a Person, including (i) common stock, (ii) all options, warrants and other rights to acquire such capital stock and (iii) all instruments properly treated as stock in such Person for U.S. federal income tax purposes.

"Chosen Court Claim" shall have the meaning set forth in Section 9.5.

"Chosen Courts" shall have the meaning set forth in Section 9.5.

"Code" shall mean the U.S. Internal Revenue Code of 1986 (as amended).

"Controlling Party" shall mean, with respect to a Tax Contest, the Party entitled to control such Tax Contest pursuant to Section 6.2, Section 6.3 or Section 6.4.

"Delayed Asset" shall have the meaning set forth in the Separation Agreement.

"Dispute" shall have the meaning set forth in Section 9.2.

"Distribution" shall have the meaning set forth in the Separation Agreement.

"Distribution Date" shall have the meaning set forth in the Separation Agreement.

"Distribution Taxes" shall mean any Taxes incurred solely as a result of the failure of any of the Transactions to qualify for the Intended Tax Treatment of such Transaction.

"Due Date" shall mean (a) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Tax Law or, in the case of a Joint Return for a U.S. jurisdiction filed by Parent pursuant to Section 2.1(a), such earlier date on which such Tax Return is filed as determined by Parent and (b) with respect to a payment of Taxes, the date on which such payment is required to be made, which shall in any case be no later than the payment date required to avoid the incurrence of interest, penalties and additions to Tax.

"EMA" shall have the meaning set forth in the Separation Agreement.

"External Contribution" shall have the meaning set forth in the recitals hereto

"Final Determination" shall mean the final resolution of any Tax Liability, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a state, local or non-U.S. taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for Refund or the right of the Taxing Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or Section 7122 of the Code, or a comparable agreement under the Laws of a state, local or non-U.S. taxing jurisdiction; (d) by any allowance of a Refund, but only after the expiration of all periods during which such Refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a competent authority proceeding or determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"Gain Recognition Agreement" shall mean any agreement to recognize gain that is described in Treasury Regulations Section 1.367(a)-8(i) which is entered into in connection with the Transactions and (ii) to which any member of the Parent Group or the SpinCo Group is a party.

"Group" shall mean either the Parent Group or the SpinCo Group, as the context requires.

"Indemnifying Party" shall have the meaning set forth in Section 5.2.

"Indemnitee" shall have the meaning set forth in Section 5.2.

"Informational Tax Returns" shall have the meaning set forth in Section 3.6.

"Intended Tax Treatment" shall mean (x) the qualification of (i) the External Contribution (and Parent's receipt or deemed receipt of the SpinCo Common Stock in connection therewith) and the Distribution, taken together, as a reorganization described in Sections 368(a)(1)(D) and 355(a) of the Code, with each of Parent and SpinCo being a party to the reorganization, in which no income or gain is recognized by Parent, SpinCo, the Parent Group, the SpinCo Group or the holders of Parent Common Stock pursuant to Sections 355, 357, 361 and 1032 of the Code, other than in respect of intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code, and (ii) the Distribution as a transaction in which the stock distributed thereby is "qualified property" for purposes of Section 361(c) of the Code (and neither Section 355(d) nor Section 355(e) of the Code causes such stock to be treated as other than "qualified property" for such purposes), and (y) the qualification of each of the transactions undertaken pursuant to the Restructuring identified on Schedule B for the tax treatment specified for such transaction therein under applicable Tax Law. The term "Intended Tax Treatment" will, as applicable, also include the qualification of each transaction described in clauses (x) and (y) under comparable provisions of state or local Tax Law, or, in the case of clause (y), Non-U.S. Tax Law.

"IRS" shall mean the United States Internal Revenue Service or any successor thereto, including its agents, representatives, and attorneys.

"Joint Return" shall mean any Tax Return that includes, by election or otherwise, one or more members of the Parent Group together with one or members of the SpinCo Group (including, for the avoidance of doubt, the following Tax Returns (and any related claims or elections) for UK Tax purposes: a joint amended return pursuant to the Corporation Tax (Simplified Arrangements for Group Relief) Regulations 1999, an interest restriction return for the purposes of the corporate interest restriction in Part 10 and Schedule 7A to the Taxation (International and Other Provisions) Act 2010, and a group allowance allocation statement for the purposes of the loss restriction in Part 7ZA of the Corporation Tax Act 2010, in each case to the extent that the return or statement covers one or more members of the Parent Group together with one or members of the SpinCo Group).

"Law" shall have the meaning set forth in the Separation Agreement.

"Negotiation Period" shall have the meaning set forth in Section 9.1.

"Non-Controlling Party" shall mean, with respect to a Tax Contest, the Party that is not entitled to (or elects not to) control such Tax Contest pursuant to Section 6.2, Section 6.3 or Section 6.4.

"Non-U.S. Tax" shall mean any Tax imposed by any non-U.S. country or any possession of the United States, or by any political subdivision of any non-U.S. country or possession of the United States.

"Notified Action" shall have the meaning set forth in Section 4.3(a).

"Parent" shall have the meaning set forth in the preamble hereto.

"Parent Business" shall have the meaning set forth in the Separation Agreement.

"Parent Common Stock" shall have the meaning set forth in the Separation Agreement.

"Parent Group" shall have the meaning set forth in the Separation Agreement.

"Parent Separate Return" shall mean any Tax Return of or including any member of the Parent Group (including any consolidated, combined, or unitary return) that does not include any member of the SpinCo Group.

"Parties" shall have the meaning set forth in the preamble hereto.

"Past Practices" shall have the meaning set forth in Section 3.4.

"Person" shall have the meaning set forth in the Separation Agreement.

"Post-Distribution Period" shall mean any Tax Period (or portion thereof) beginning after the Distribution Date, including, for the avoidance of doubt, the portion of any Straddle Period with respect to the Distribution Date beginning after the Distribution Date.

"Post-Distribution Ruling" shall have the meaning set forth in Section 4.2(c).

"Pre-Distribution Period" shall mean any Tax Period (or portion thereof) ending on or before the Distribution Date, including, for the avoidance of doubt, the portion of any Straddle Period with respect to the Distribution Date ending at the end of the day on the Distribution Date.

"Preparing Party" shall have the meaning set forth in Section 3.3.

"Privilege" shall mean any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

"Prohibited Acts" shall mean any act or failure to act by SpinCo described in Section 4.2(a) or Section 4.2(b) (regardless of whether the conditions set forth in Section 4.2(c) are satisfied).

"Proposed Acquisition Transaction" shall mean a transaction or series of transactions (or any agreement, understanding or arrangement within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by SpinCo management or stockholders, is a hostile acquisition, or otherwise, as a result of which SpinCo (or any successor thereto) would merge or consolidate with any other Person or as a result of which one or more Persons would (directly or indirectly) acquire, or have the right to acquire, from SpinCo (or any successor thereto) and/or one or more holders of SpinCo Capital Stock, respectively, any amount of stock of SpinCo, that would, when combined with any other direct or indirect changes in ownership of the stock of SpinCo pertinent for purposes of Section

355(e) of the Code and the Treasury Regulations promulgated thereunder, comprise 40% or more of (i) the value of all outstanding shares of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all outstanding shares of voting stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by SpinCo of a customary stockholder rights plan or (ii) issuances by SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging stockholders. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted and applied accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

"Refund" shall mean any refund, reimbursement, offset, credit or other similar benefit in respect of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied against other Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, that the amount of any refund of Taxes shall be net of any costs and expenses (including Taxes imposed by any Taxing Authority) related to, or attributable to, the receipt of or accrual of such refund (including any Taxes imposed by way of withholding or offset).

"Relevant Items" shall have the meaning set forth in Section 2.6.

"Representation Letters" shall mean the representation letters of officers of Parent and/or SpinCo provided to Ernst & Young LLP in connection with any Tax Opinion issued in connection with the Transactions.

"Responsible Party" shall mean, with respect to any Tax Return, the Party having responsibility for preparing and filing such Tax Return pursuant to this Agreement.

"Restricted Period" shall mean the period beginning on the Distribution Date and ending on the two (2)-year anniversary of the day after the Distribution Date.

"Restructuring" shall have the meaning set forth in the recitals hereto.

"Reviewing Party" shall have the meaning set forth in Section 3.3.

"Section 4.2(b)(v) Acquisition Transaction" shall have the meaning set forth in Section 4.2(b)(v).

"Separate Return" shall mean a Parent Separate Return or a SpinCo Separate Return, as the case may be.

"Separation" shall have the meaning set forth in the recitals hereto.

"Separation Agreement" shall have the meaning set forth in the recitals hereto.

"Spin-Off Transaction" shall mean the External Contribution and the Distribution, , taken together.

"SpinCo" shall have the meaning set forth in the preamble hereto.

"SpinCo Assets" shall have the meaning set forth in the Separation Agreement.

"SpinCo Business" shall have the meaning set forth in the Separation Agreement.

"SpinCo Capital Stock" means the Capital Stock of SpinCo, including the SpinCo Common Stock.

"SpinCo Common Stock" shall have the meaning set forth in the Separation Agreement.

"SpinCo Disqualifying Action" shall mean (a) any action (or the failure to take any action) by any member of the SpinCo Group after the Distribution (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions), (b) any event (or series of events) after the Distribution involving the SpinCo Capital Stock or any stock or assets of any member of the SpinCo Group or (c) any breach by any member of the SpinCo Group after the Distribution of any representation, warranty or covenant made by them in this Agreement, that, in each case, would adversely affect, jeopardize or prevent the Intended Tax Treatment; provided, however, that the term "SpinCo Disqualifying Action" shall not include any action required by the Separation Agreement or any Ancillary Agreement (other than this Agreement) or that is undertaken pursuant to the Separation or the Distribution.

"SpinCo Group" shall have the meaning set forth in the Separation Agreement.

"SpinCo Separate Return" shall mean any Tax Return of or including any member of the SpinCo Group (including any consolidated, combined, or unitary return) that does not include any member of the Parent Group.

"State Tax" shall mean any Tax imposed by any State of the United States or by any political subdivision of any such State.

"Straddle Period" shall mean any Tax Period beginning on or before the Distribution Date and ending after the Distribution Date.

"Subsidiary" shall have the meaning set forth in the Separation Agreement.

"Tax" or "Taxes" shall mean (i) all taxes, charges, fees, duties, levies, imposts, rates or other assessments or charges of any kind imposed by any Taxing Authority, including income, gross income, gross receipts, profits, employment, estimated, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, property, sales, use, license, lease, capital stock, transfer, import, export, franchise, registration, payroll, withholding, social security, workers' compensation, unemployment, disability, ad valorem, service, value-added, alternative or add-on minimum, estimated, unclaimed property or escheat, or other taxes, whether disputed or not, and including any fee, assessment, duty, or other charge in the nature of or in lieu of any tax, and including any interest, penalties, charges or additions to tax or additional amounts in respect of the foregoing, (ii) liability for the payment of any amount of the type described in clause (i) arising as a result of being (or having been) a member of any consolidated, combined, unitary or similar group or being (or having been) included or required to be included in any Tax Return related thereto and (iii) liability for the payment of any amount of the type described in clause (i) or (ii) as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person. For the avoidance of doubt, Tax includes any increase in Tax as a result of a Final Determination.

"Tax Advisor" shall mean a U.S. Tax counsel or other Tax advisor of recognized national standing acceptable to Parent, in its sole and absolute discretion.

"Tax Advisor Dispute" shall have the meaning set forth in Section 9.1.

"Tax Advisor Dispute Notice" shall have the meaning set forth in Section 9.1.

"Tax Attribute" shall mean net operating losses, capital losses, research and experimentation credit carryovers, investment tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, overall domestic losses, previously taxed earnings and profits, separate limitation losses and any other losses, deductions, credits or other comparable items that could affect a Tax Liability for a past, current or future Tax Period, other than the basis or adjusted basis of any property or any depreciation, amortization or other deductions or offsets attributable thereto.

"Tax Benefit" shall mean any reduction in Taxes paid or payable actually realized by a Person as a result of any loss, deduction, Refund, credit, offset or other Tax Item.

"Tax Contest" shall have the meaning set forth in Section 6.1.

"Tax Item" shall mean any item of income, gain, loss, deduction, or credit.

"Tax Law" shall mean the law of any Taxing Authority or political subdivision thereof relating to any Tax.

"Tax Liability" shall mean any liability or obligation for Taxes.

"Tax Materials" shall have the meaning set forth in Section 4.1(a).

"Tax Matter" shall have the meaning set forth in Section 7.1(a).

"Tax Opinion" shall mean any written opinion or memorandum of any law or accounting firm, regarding certain tax consequences of certain transactions executed as part of the Transactions.

"Tax Period" shall mean, with respect to any Tax, the period for which the Tax is reported or required to be reported as provided under the Code or other applicable Tax Law.

"Tax Records" shall have the meaning set forth in Section 8.1.

"Tax Related Costs and Expenses" shall mean, with respect to Taxes, all out-of-pocket accounting, legal and other professional fees, and court costs incurred in connection with such Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes.

"Tax Related Losses" shall mean (i) Tax Related Costs and Expenses and (ii) with respect to Taxes, all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Parent (or any of its Affiliates) or SpinCo (or any of its Affiliates) in respect of the liability of stockholders, whether paid to stockholders or to the IRS or any other Taxing Authority, in each case, resulting from the failure of any of the Transactions to qualify for the Intended Tax Treatment or the defense against any challenge by the IRS or any other Taxing Authority to the Intended Tax Treatment of any Transaction, even if such Transaction ultimately is determined to so qualify.

"Tax Return" shall mean any return, report, certificate, form or similar statement or document (including any related supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or other adjustment or declaration of estimated tax) supplied to or filed with, or required to be supplied to or filed with, a Taxing Authority, or any bill for or notice related to ad valorem or other similar Taxes received from a Taxing Authority, in each case, in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

"Taxing Authority" shall mean any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

"Transaction Related Tax Contest" shall mean any Tax Contest in which the IRS, another Taxing Authority or any other party asserts a position that could reasonably be expected to (a) adversely affect, jeopardize or prevent (i) the Intended Tax Treatment of the Spin-Off Transaction or (ii) the Intended Tax Treatment of any other Transaction as set forth in a Tax Opinion (or, if not set forth in a Tax Opinion, as set forth in Schedule B) or (b) otherwise affect the amount of Taxes imposed with respect to any of the Transactions, as determined in each case by Parent.

"Transaction Taxes" shall mean all Taxes (including Taxes imposed on any member of the Parent Group under Sections 951 or 951A of the Code) imposed on or with respect to the

Transactions other than any Taxes resulting from the failure of any of the Transactions to qualify for the Intended Tax Treatment, as determined by Parent.

"Transactions" shall mean the Separation (including the Restructuring and the External Contribution), the Distribution and any related transactions.

"Treasury Regulations" shall mean the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"Unqualified Tax Opinion" shall mean an unqualified "will" opinion of a Tax Advisor, and on which Parent may rely, to the effect that a transaction will not affect the Intended Tax Treatment or otherwise cause any Transaction to fail to qualify for the Intended Tax Treatment; provided that any tax opinion obtained in connection with a proposed acquisition of SpinCo Capital Stock entered into during the Restricted Period shall not qualify as an Unqualified Tax Opinion unless such tax opinion concludes that such proposed acquisition will not be treated as "part of a plan (or series of related transactions)," within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Distribution; provided, further, that any such opinion must assume that the External Contribution and the Distribution, taken together, would have qualified for the Intended Tax Treatment if the transaction in question did not occur.

ARTICLE II – PAYMENTS AND TAX REFUNDS

2.1 Responsibility for SpinCo Group Taxes and Certain Parent Group Taxes. Except as otherwise expressly provided in this Agreement (including Schedule A):

(a) Parent shall be responsible for all Taxes reported, or required to be reported, on any Joint Return; provided, however, that to the extent any such Joint Return includes any Tax Item attributable to any member of the SpinCo Group or the SpinCo Business in respect of any Post-Distribution Period, SpinCo Group shall be allocated all Taxes attributable to such Tax Items in accordance with Section 2.3.

(b) Responsibility for Taxes related to Separate Returns.

(i) Parent shall be responsible for all Taxes reported, or required to be reported, on (x) a Parent Separate Return and (y) a SpinCo Separate Return with respect to a Pre-Distribution Period.

(ii) SpinCo shall be responsible for all Taxes reported, or required to be reported, on a SpinCo Separate Return with respect to a Post-Distribution Period.

(iii) Where a SpinCo Separate Return relates to a Straddle Period, the responsibility for Taxes between Parent and SpinCo will be determined in accordance with Section 2.3.

(c) Taxes Not Reported on Tax Returns.

(i) Parent shall be responsible for any Tax attributable to any member of the Parent Group that is not required to be reported on a Tax Return, as determined by Parent in its sole and absolute discretion.

(ii) Any Tax attributable to any member of the SpinCo Group that is not required to be reported on a Tax Return shall be, as determined by Parent in its sole and absolute discretion in accordance with Section 2.3, the responsibility of, (x) if with respect to a Pre-Distribution Period, Parent and, (y) if with respect to a Post-Distribution Period, SpinCo.

(d) Parent shall be responsible for all Taxes (i) imposed under Treasury Regulations Section 1.1502-6 or under any comparable or similar provision of state, local or non-U.S. Law on any member of the SpinCo Group solely as a result of such company being a member of a consolidated, combined, affiliated or unitary group with, or as a successor to, any member of the Parent Group during any Tax Period; and (ii) imposed on any member of the SpinCo Group for any Pre-Distribution Period as a result of any express or implied obligation to indemnify any other Person, or any successor or transferee liability, except to the extent such Taxes are otherwise not the responsibility of Parent pursuant to clauses (a) through (c) of this Section 2.1, as determined by Parent in its sole and absolute discretion.

2.2 Transaction Taxes and Distribution Taxes. Notwithstanding anything to the contrary in Section 2.1, and except as otherwise provided herein (including Schedule A):

(a) Parent shall be responsible for any Transaction Taxes; and

(b) SpinCo shall be responsible for any Distribution Taxes and Tax Related Losses for which SpinCo has an indemnification obligation pursuant to Section 5.1(b)(v).

2.3 Allocation of Taxes.

(a) If any member of the SpinCo Group is permitted but not required under applicable U.S. federal, state, local or Non-U.S. Tax Law to treat the Distribution Date as the last day of a Tax Period with respect to any member of the SpinCo Group, then the Parties and their Affiliates shall treat such day as the last day of the applicable Tax Period under such applicable Law, and shall file any elections necessary or appropriate for such treatment; provided that, for the avoidance of doubt, this Section 2.3 shall not be construed to require Parent to change its taxable year or treat the Distribution Date as the last day of a Tax Period of any member of the Parent Group.

(b) Any Tax Item arising from transactions occurring, or actions taken, on the Distribution Date but after the Distribution outside the ordinary course of business by, or with respect to, any member of the SpinCo Group shall be deemed subject to the "next day rule" of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) and under any comparable or similar provision under state, local or non-U.S. Laws or regulations; provided that, if there is no comparable or similar provision under state, local or non-U.S. Laws or regulations or such

treatment is not permitted by any comparable or similar provision under state, local or non-U.S. Laws or regulations, then the transaction or action will be deemed subject to the "next day rule" of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B)) for the purposes of this Agreement and as such shall for purposes of this Agreement be treated (and consistently reported by the Parties and their Affiliates) as occurring in a Post-Distribution Period of the SpinCo Group and the responsibility of SpinCo (or a member of the SpinCo Group), as appropriate.

(c) Any Taxes for a Straddle Period with respect to the SpinCo Group (or entities in which any member of the SpinCo Group has an ownership interest) shall, for purposes of this Agreement, be allocated between the portion of the period ending on and including the Distribution Date and the portion of the period beginning after the Distribution Date by means of a closing of the books and records of the SpinCo Group as of the close of business on the Distribution Date; provided that (i) Parent may elect to allocate Tax Items (other than any extraordinary Tax Items) ratably in the month in which the Distribution occurs (and if Parent so elects, SpinCo shall so elect) as described in Treasury Regulations Section 1.1502-76(b)(2)(iii) and corresponding provisions of state, local, and non-U.S. Law; (ii) whenever it is necessary to determine the liability for Taxes of a United States shareholder (within the meaning of Section 951(b) of the Code) of a controlled foreign corporation (within the meaning of Section 957 of the Code) attributable to amounts included in the income of such United States shareholder under Sections 951 or 951A of the Code for the taxable year or period of such controlled foreign corporation that begins on or before and ends after the Distribution Date, the determination of liability for any such Taxes shall be made by assuming that the taxable year or period of the controlled foreign corporation consisted of two (2) taxable years or periods, one which ended at the close of the Distribution Date and the other of which began at the beginning of the day following the Distribution Date and relevant items of income, gain, deduction, loss or credit of the controlled foreign corporation shall be allocated between such two (2) taxable years or periods on a closing of the books basis by assuming that the books of the controlled foreign corporation were closed at the close of the Distribution Date; provided, however, that Subpart F income (within the meaning of Section 952 of the Code) of the controlled foreign corporation shall be determined without regard to Section 952(c) of the Code; and (iii) subject to clauses (i) and (ii), exemptions, allowances or deductions that are calculated on an annual basis, and not on a closing of the books method (including depreciation and amortization deductions) and, at Parent's election, Taxes that are imposed on a periodic basis or otherwise measured by the level of any item, shall be allocated between the period ending on and including the Distribution Date and the period beginning after the Distribution Date based on the number of days for the portion of the Straddle Period ending on and including the Distribution Date, on the one hand, and the number of days for the portion of the Straddle Period beginning after the Distribution Date, on the other hand. The foregoing provisions in this Section 2.3(c) shall be applied as determined by Parent.

2.4 Allocation of Employment Taxes. Liability for Taxes and any related Tax Benefits related to any equity compensation awards shall be determined pursuant to the EMA.

2.5 Tax Benefits.

(a) Parent shall be entitled to all Tax Benefits (including, in the case of any refund received, any interest thereon actually received) attributable to Taxes the liability for which is allocated to Parent pursuant to this Agreement. SpinCo shall be entitled to all Tax Benefits (including, in the case of any refund received, any interest thereon actually received) attributable to Taxes the liability for which is allocated to SpinCo pursuant to this Agreement. For purposes of the foregoing, a Tax Benefit relating to a correlative adjustment as a result of a competent authority proceeding shall be deemed to be attributable to the liability for Taxes that gave rise to the correlative adjustment.

(b) A Party receiving (or realizing) a Tax Benefit to which another Party is entitled hereunder (a "Tax Benefit Recipient") shall pay over the amount of such Tax Benefit (including interest received from the relevant Taxing Authority, but net of any Taxes imposed with respect to such Tax Benefit and any other reasonable costs associated therewith) within thirty (30) days of receipt thereof (or from the due date for payment of any Tax reduced thereby); provided, however, that the other Party, upon the request of such Tax Benefit Recipient, shall repay the amount paid to the other Party (plus any penalties, interest or other charges imposed by the relevant Taxing Authority) in the event that, as a result of a subsequent Final Determination, a Tax Benefit that gave rise to such payment is subsequently disallowed. Notwithstanding anything in Section 2.5(b) to the contrary, any Tax Benefit of less than $100,000 treated as received pursuant to this Section 2.5(b) by any member of the Parent Group, on the one hand, or SpinCo or any member of the SpinCo Group, on the other hand, and that is allocable to the other Party pursuant to this Section 2.5, may be aggregated with other Tax Benefit received in the same calendar quarter and paid over to the other Party within 30 days after the end of such calendar quarter.

2.6 The Determination of Taxes and Tax Benefits. The amount of any Taxes and any Tax Benefits (including any Refunds attributable to Taxes) for which Parent or SpinCo, respectively, is responsible pursuant to this Agreement, or the amount of any Tax Benefit, in each case, attributable to one or more items of income, gain, loss, deduction or credit (or equivalent items in the case of non-income Taxes) (the "Relevant Items") shall be based on the increase or decrease in the amount of cash Taxes for which such Party is liable when measured by including such Relevant Items in a computation of Tax compared to excluding such Relevant Items from the computation of Tax, in each case as determined by Parent, which may include making simplifying assumptions concerning the computation of Tax, including that the relevant Party be deemed to recognize all other items of income, gain, loss, deduction or credit (or equivalent items) before recognizing such Relevant Items; provided that, if there is no increase or decrease in the amount of cash Taxes for which a Party is liable in the taxable period when first measured, the Parties shall thereafter remeasure the amount of payment obligations to one another at the end of each subsequent taxable period to reflect any increase or decrease in the amount of cash Taxes recognized in such subsequent taxable period; provided, further, that notwithstanding anything in this Section 2.6 to the contrary, Parent shall not be responsible for any non-U.S. Taxes of the SpinCo Group to the extent SpinCo has Tax Attributes attributable to the Parent Business that are available to offset such Tax, as determined by Parent.

2.7 Prior Agreements. Except as set forth in this Agreement and in consideration of the mutual indemnities and other obligations of this Agreement, any and all prior Tax sharing or allocation agreements or practices between any member of the Parent Group and any member of the SpinCo Group shall be terminated with respect to the SpinCo Group and the Parent Group as of the Distribution Date and no member of either the SpinCo Group or the Parent Group shall have any continuing rights or obligations under any such agreement. This Agreement shall be the sole Tax sharing agreement between the members of the SpinCo Group on the one hand, and the members of the Parent Group, on the other hand

ARTICLE III – PREPARATION AND FILING OF TAX RETURNS

3.1 Joint Returns. Parent shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all such Joint Returns, including any amendments to such Joint Returns.

3.2 SpinCo Separate Returns. SpinCo shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all SpinCo Separate Returns, including any amendments to such SpinCo Separate Returns.

3.3 Right to Review Tax Returns. To the extent that the positions taken on any Tax Return would reasonably be expected to materially adversely affect the Tax position of the Party other than the Party that is required to prepare and file any such Tax Return pursuant to Section 3.1 or Section 3.2 (the "Reviewing Party"), or, in the case of Tax Returns related to Pre-Distribution Periods required to be prepared and filed by SpinCo, the Party required to prepare and file such Tax Return (the "Preparing Party") shall prepare the portions of such Tax Return that relates to the business of the Reviewing Party (the Parent Business or the SpinCo Business, as the case may be) and shall provide a draft of such portion of such Tax Return to the Reviewing Party for its review and comment at least 30 days prior to the Due Date for such Tax Return (taking into account any applicable extensions). The Preparing Party shall consider in good faith any comments received at least 14 days prior to the Due Date for such Tax Return (taking into account any applicable extensions) to the extent that the relate to items that would reasonably be expected to materially adversely affect the Tax position of the Reviewing Party, as determined by Parent.

3.4 Special Rules Relating to the Preparation of Tax Returns.

(a) General Rule. SpinCo shall prepare, or cause to be prepared, any Tax Return for which it is responsible under this Section 3 in accordance with past practices, accounting methods, elections or conventions ("Past Practices") used by the members of the Parent Group prior to the Distribution Date with respect to such Tax Return, and to the extent any items, methods or positions are not covered by Past Practices, as directed by Parent.

(b) SpinCo Separate Returns. With respect to any SpinCo Separate Return for which SpinCo is responsible pursuant to this Agreement, SpinCo and the other members of the SpinCo Group shall include such Tax Items in such SpinCo Separate Return in a manner that is

consistent with the inclusion of such Tax Items in any related Tax Return for which Parent is responsible to the extent such Tax Items are allocated in accordance with this Agreement.

(c) Election to File Combined Tax Returns. Parent shall have the sole discretion to file any Combined Tax Return if the filing of such Tax Return is elective under Applicable Tax Law.

(d) Preparation of Transfer Tax Returns. The company required under Applicable Tax Law to file any Tax Returns in respect of Transfer Taxes shall prepare and file (or cause to be prepared and filed) such Tax Returns. If required by Applicable Tax Law, Parent and SpinCo shall, and shall cause their respective Affiliates to, cooperate in preparing and filing, and join the execution of, any such Tax Returns.

3.5 Reporting of Separation.

(a) The Tax treatment of any step in or portion of the Transactions shall be reported on each applicable Tax Return consistently with the Intended Tax Treatment, taking into account the jurisdiction in which such Tax Returns are filed.

(b) If Parent determines that a protective election under Section 336(e) of the Code shall be made with respect to the Distribution, then SpinCo shall take any such action that is necessary to effect such election, including any corresponding election with respect to any of its Subsidiaries, as determined by Parent. If such a protective election is made, this Agreement shall be amended in such a manner as is determined by Parent to compensate Parent for any Tax Benefits realized by SpinCo as a result of such election.

3.6 Transfer Pricing and Similar Reports. SpinCo shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all country-by-country notifications and reports and all transfer pricing documentation (including master file and local files) and other similar Tax documentation required to be filed ("Informational Tax Returns") with respect to the SpinCo Group following the Distribution Date. SpinCo shall prepare, or cause to be prepared, any Informational Tax Return for which it is responsible under this Section 3.6 in accordance with Past Practices used by the members of the Parent Group prior to the Distribution Date with respect to such Informational Tax Return, and to the extent any items, methods or positions are not covered by Past Practices, as directed by Parent.

3.7 Payment of Taxes.

(a) With respect to any Tax Return required to be filed pursuant to this Agreement, the Responsible Party shall remit or cause to be remitted to the applicable Taxing Authority in a timely manner any Taxes due in respect of any such Tax Return.

(b) In the case of any Tax Return for which the Party that is not the Responsible Party is obligated pursuant to this Agreement to pay all or a portion of the Taxes reported as due on such Tax Return, the Responsible Party shall notify the other Party, in writing,

of its obligation to pay such Taxes and, in reasonably sufficient detail, its calculation of the amount due by such other Party and the Party receiving such notice shall pay such amount to the Responsible Party upon the later of 30 business days prior to the Due Date for such payment and 30 business days after the receipt of such notice; provided that, if any amount due to the Responsible Party cannot be calculated with accuracy prior to the applicable Due Date, the Responsible Party's notice shall set forth, and the Party that is not the Responsible Party shall pay, a reasonable estimate of such amount to the Responsible Party at such time. If the amount determined to be the amount due exceeds the estimated amount, then the Party that is not the Responsible Party shall pay the Responsible Party such excess within 30 business days of receipt of written notice from the Responsible Party setting forth in reasonably sufficient detail the calculation of such final determination. If the estimated amount exceeds the amount determined to be the amount due, then the Responsible Party shall provide the Party that is not the Responsible Party (i) written notice setting forth in reasonably sufficient detail the calculation of such final determination and (ii) payment of such excess amount, in each case within 15 business days of its prompt final determination.

(c) With respect to any estimated Taxes, the Party that is or will be the Responsible Party with respect to any Tax Return that will reflect (or otherwise give credit for) such estimated Taxes shall remit or cause to be remitted to the applicable Taxing Authority in a timely manner any estimated Taxes due. In the case of any estimated Taxes for which the Party that is not the Responsible Party is obligated pursuant to this Agreement to pay all or a portion of the Taxes that will be reported as due on any Tax Return that will reflect (or otherwise give credit for) such estimated Taxes, the Responsible Party shall notify the other Party, in writing, of its obligation to pay such estimated Taxes and, in reasonably sufficient detail, its calculation of the amount due by such other Party and the Party receiving such notice shall pay such amount to the Responsible Party upon the later of 30 business days prior to the Due Date for such payment and 30 business days after the receipt of such notice.

3.8 Amended Returns and Carrybacks.

(a) SpinCo shall not, and shall not permit any member of the SpinCo Group to, file or allow to be filed any request for an Adjustment or any amended Tax Return for any Pre-Distribution Period without the prior written consent of Parent, such consent to be exercised in Parent's sole and absolute discretion; provided that, if requested by Parent in its sole and absolute discretion, SpinCo shall file, or cause to be filed, a request for an Adjustment or an amended Tax Return, and shall, to the extent permitted by applicable Law, amend any financial account or statement to the extent necessary to effectuate such Adjustment or amended Tax Return, to claim a Refund to which Parent is entitled pursuant to this Agreement. Parent shall be entitled to determine whether to file or allow to be filed any request for an Adjustment or any amended Joint Return.

(b) SpinCo shall not, and shall cause each member of the SpinCo Group not to, without the prior written consent of Parent, make any affirmative election to carry back any Tax Attribute from a Post-Distribution Period to a Pre-Distribution Period, including by filing a claim for a refund or making any other filing with any Taxing Authority with respect to such

carryback, such consent to be exercised in Parent's sole and absolute discretion. To the extent requested in writing by Parent, in Parent's sole and absolute discretion, SpinCo shall, and shall cause each member of the SpinCo Group to, make any available requested elections to waive the right to carry back any Tax Attribute from a Post-Distribution Period to a Pre-Distribution Period.

(c) Receipt of consent by SpinCo or a member of the SpinCo Group from Parent pursuant to the provisions of this Section 3.8 shall not limit or modify SpinCo's continuing indemnification obligation pursuant to Article V.

3.9 Apportionment of Earnings & Profits and Tax Attributes. Parent shall advise SpinCo in writing of the amount (if any) of any Tax Attributes which Parent determines shall be allocated or apportioned to the SpinCo Group under applicable Law. SpinCo and all members of the SpinCo Group shall prepare all Tax Returns in accordance with such written notice. SpinCo shall not dispute Parent's determination of Tax Attributes. Parent shall provide (or otherwise make available) to SpinCo documentation maintained or prepared by Parent to support such Tax Attributes, provided that, for the avoidance of doubt, Parent shall not be required, to comply with this Section 3.9, to create or cause to be created any books and records or reports or other documents based thereon (including "earnings & profits studies," "basis studies" or similar determinations) that it does not maintain or prepare in the ordinary course of business.

3.10 Gain Recognition Agreements. SpinCo will not take any action (including the sale or disposition of any stock, securities, or other assets), or permit its Affiliates to take any such action, and SpinCo will not fail to take any action, or permit its Affiliates to fail to take any action, that would cause Parent or any of its Affiliates or SpinCo or any of its Affiliates to recognize gain under any Gain Recognition Agreement, including those listed on Schedule C.

ARTICLE IV – INTENDED TAX TREATMENT OF THE DISTRIBUTION

4.1 Representations and Warranties.

(a) SpinCo hereby represents and warrants that (i) it has examined the Tax Opinion, the Representation Letters and any other materials delivered or deliverable in connection with the issuance of the rendering of the Tax Opinion, in each case, as they exist as of the date hereof (collectively, the "Tax Materials") and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to SpinCo or any member of the SpinCo Group or the SpinCo Business, were or will be, at the time presented or represented and from such time until and including the Distribution Date, true, correct and complete in all material respects. SpinCo hereby confirms and agrees to comply, and to cause the other members of the SpinCo Group to comply, with any and all covenants and agreements in the Tax Materials applicable to SpinCo or any member of the SpinCo Group or the SpinCo Business.

(b) SpinCo represents and warrants that it knows of no fact (after due inquiry) that may cause the Tax treatment of any of the Transactions to be other than the Intended Tax Treatment.

(c) SpinCo represents and warrants that it has no plan or intent to take any action that is inconsistent with any statements or representations made in the Tax Materials.

4.2 Restrictions Relating to the Distribution.

(a) SpinCo shall not, and shall not permit any member of the SpinCo Group to, take or fail to take: (i) any action where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in the Tax Materials or (ii) any action that constitutes a SpinCo Disqualifying Action.

(b) During the Restricted Period, SpinCo:

(i) shall (and shall cause each SpinCo Group member whose Active Business is relied upon in the Tax Opinions for purposes of Section 355(b)(2) of the Code to) continue and cause to be continued and not approve or allow, or enter into any agreement, understanding or arrangement with respect to, the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of, or a material change in or sale of the material assets of, any Active Business, other than sales in the ordinary course of business;

(ii) shall not voluntarily dissolve or liquidate or partially liquidate itself, approve or allow any liquidation, or partial liquidation of any of its Affiliates (including any action that is a liquidation for U.S. federal income tax purposes), or enter into any agreement, understanding or arrangement with respect to the foregoing, other than, in the case of any of its Affiliates, into any other Affiliate that is a member of the SpinCo "separate affiliated group" as defined in Section 355(b)(3)(B) of the Code;

(iii) shall not (1) enter into any Proposed Acquisition Transaction or, to the extent SpinCo has the right or ability to prevent or prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur, (2) redeem or otherwise repurchase (directly or through an Affiliate) any stock, or rights to acquire stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (3) amend its certificate of incorporation (or other organizational documents), issue a new class of non-voting stock, or take any other action, whether through a stockholder vote or otherwise, affecting the relative voting rights of its Capital Stock (including through the conversion of any Capital Stock into another class of Capital Stock), (4) (A) merge or consolidate with any other Person or (B) allow any of its Affiliates to merge or consolidate with any other Person other than any other Affiliate that is a member of the SpinCo "separate affiliated group" as defined in Section 355(b)(3)(B) of the Code or (5) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Tax Materials) that in the aggregate would, when combined with any other direct or indirect changes in ownership of SpinCo Capital Stock pertinent for purposes of Section 355(e) of the Code, have the effect of causing or permitting one or more Persons (whether or not acting in concert) to acquire directly or indirectly stock representing a 40% or greater interest in SpinCo or would reasonably be expected to result in a failure to preserve, achieve or maintain the Intended

Tax Treatment, or enter into any agreement, understanding or arrangement with respect to any of the foregoing;

(iv) shall not and shall not permit any member of the SpinCo Group, to sell, transfer or otherwise dispose of (including in any transaction treated for U.S. federal income tax purposes as a sale, transfer or disposition) assets (including any shares of Capital Stock of a Subsidiary) that, in the aggregate, constitute more than 20% of the consolidated gross assets of SpinCo or the SpinCo Group, or enter into (or permit any member of the SpinCo Group to enter into) any agreement, understanding or arrangement with respect to the foregoing. The foregoing sentence shall not apply to (1) sales, transfers or dispositions of assets in the ordinary course of business or to members of the SpinCo "separate affiliated group" as defined in Section 355(b)(3)(B) of the Code, (2) any cash paid to acquire assets from an unrelated Person in an arm's-length transaction, (3) any assets transferred to a Person that is disregarded as an entity separate from the transferor for U.S. federal income tax purposes or (4) any mandatory or optional repayment (or pre-payment) of any indebtedness of SpinCo or any member of the SpinCo Group. The percentages of gross assets or consolidated gross assets of SpinCo or the SpinCo Group, as the case may be, sold, transferred or otherwise disposed of, shall be based on the fair market value of the gross assets of SpinCo and the members of the SpinCo Group as of the Distribution Date. For purposes of this Section 4.2(b)(iv) a merger of SpinCo or one of its Subsidiaries with and into any Person that is not a wholly owned Subsidiary of SpinCo shall constitute a disposition of all of the assets of SpinCo or such Subsidiary;

(v) shall, if any member of the SpinCo Group proposes to enter into any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 40% (a "Section 4.2(b)(v) Acquisition Transaction") or, to the extent SpinCo has the right or ability to prevent or prohibit any Section 4.2(b)(v) Acquisition Transaction, proposes to permit any Section 4.2(b)(v) Acquisition Transaction to occur, in each case, provide Parent, no later than 10 business days following the signing of any written agreement with respect to the Section 4.2(b)(v) Acquisition Transaction, a written description of such transaction (including the type and amount of stock of SpinCo to be issued in such transaction) and a certificate of the board of directors of SpinCo to the effect that the Section 4.2(b)(v) Acquisition Transaction is not a Proposed Acquisition Transaction;

(vi) shall not cause or permit (A) any member of the SpinCo Group identified on Schedule B as either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Transaction other than the Distribution to take any action or enter into any transaction described in Section 4.2(b)(ii), in clauses (2), (3), (4) or (5) of Section 4.2(b)(iii) or in Section 4.2(b)(iv) (in each case, substituting references therein to "SpinCo", the "SpinCo Group" and "SpinCo Capital Stock" with references to the relevant corporation, the relevant corporation and its Subsidiaries and the Capital Stock of such corporation, respectively) or (B) any member of the SpinCo Group otherwise identified on Schedule B to entering into a transaction or take an action identified on Schedule B; and

(vii) shall not take (or fail to take), or permit any other member of the SpinCo Group to take (or fail to take), any action, the commission (or omission) of which could reasonably be expected to result in a Tax treatment inconsistent with the Intended Tax Treatment.

(c) Notwithstanding the restrictions imposed by Section 4.2(b), SpinCo or a member of the SpinCo Group may take any of the actions or transactions described therein if (i) SpinCo shall have requested that Parent obtain a private letter ruling (including a supplemental ruling, if applicable) from the IRS (a "Post-Distribution Ruling") in accordance with Section 4.3(b) to the effect that such transaction will not affect the Intended Tax Treatment, and Parent shall have received such a Post-Distribution Ruling and shall have notified SpinCo in writing that Parent has determined that such Post-Distribution Ruling is in form and substance satisfactory to Parent in its sole and absolute discretion or (ii) both (A) SpinCo obtains an Unqualified Tax Opinion with respect thereto and (B) Parent notifies SpinCo in writing that Parent has determined that such Unqualified Tax Opinion is in form and substance satisfactory to Parent. Parent's evaluation of a Post-Distribution Ruling or an Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations and covenants made in connection with such ruling or opinion as well as any other factors, circumstances, considerations or concerns that Parent determines are relevant. SpinCo shall bear all costs and expenses of securing any such Post-Distribution Ruling or Unqualified Tax Opinion and shall, as set forth in Section 4.3(b), reimburse Parent for all reasonable out-of-pocket expenses that Parent or any of its Affiliates may incur in good faith in seeking to obtain or evaluate any such Post-Distribution Ruling or Unqualified Tax Opinion. None of the obtaining of a Post-Distribution Ruling, the delivery of an Unqualified Tax Opinion or Parent's waiver of SpinCo's obligation to deliver a Post-Distribution Ruling or an Unqualified Tax Opinion shall limit or modify SpinCo's continuing indemnification obligation pursuant to Article V.

4.3 Additional Procedures Regarding Post-Distribution Rulings and Unqualified Tax Opinions.

(a) If SpinCo determines that it desires to take one of the actions described in Section 4.2(b) (a "Notified Action"), then SpinCo shall notify Parent of this fact in writing.

(b) Post-Distribution Rulings or Unqualified Tax Opinions at SpinCo's Request. Unless Parent shall have waived the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion, upon the reasonable request of SpinCo pursuant to Section 4.2(c)(i), Parent shall use commercially reasonable efforts in cooperating with SpinCo and in seeking to obtain, as expeditiously as possible, at Parent's election at its sole discretion either a Post-Distribution Ruling from the IRS (and/or any other applicable Taxing Authority) or an Unqualified Tax Opinion for the purpose of permitting SpinCo to take the Notified Action, subject in all respects to the provisions of Section 4.2. Notwithstanding the foregoing, Parent shall not be required to file or cooperate in the filing of any request for a Post-Distribution Ruling under this Section 4.3(b) unless (i) Parent elects to seek to obtain a Post-Distribution Ruling (and not an Unqualified Tax Opinion) pursuant to the first sentence of this Section 4.3(b)

and (ii) SpinCo represents that (A) it has reviewed such request for a Post-Distribution Ruling, and (B) all statements, information and representations relating to any member of the SpinCo Group contained in such request for a Post-Distribution Ruling are (subject to any qualifications therein) true, correct and complete. SpinCo shall reimburse Parent for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of Parent personnel, incurred by the Parent Group in obtaining a Post-Distribution Ruling or Unqualified Tax Opinion requested by SpinCo within 30 business days after receiving an invoice from Parent therefor.

(c) Post-Distribution Rulings or Unqualified Tax Opinions at Parent's Request. Parent shall have the right to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Parent determines to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion, SpinCo shall (and shall cause each Affiliate of SpinCo to) cooperate with Parent and take any and all actions reasonably requested by Parent in connection with obtaining the Post-Distribution Ruling or Unqualified Tax Opinion (including by making any representation or covenant or providing any materials or information requested by the IRS, any other applicable Taxing Authority or a Tax Advisor. Parent shall reimburse SpinCo for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of SpinCo personnel, incurred by the Parent Group in connection with such cooperation within 30 business days after receiving an invoice from SpinCo therefor.

(d) Parent shall have sole and exclusive control over the process of obtaining any Post-Distribution Ruling, and only Parent shall be permitted to apply for a Post-Distribution Ruling. In connection with obtaining a Post-Distribution Ruling, Parent shall (A) keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by Parent in connection therewith; (B) (1) reasonably in advance of the submission of any request for any Post-Distribution Ruling provide SpinCo with a draft copy thereof, (2) reasonably consider SpinCo comments on such draft copy, and (3) provide SpinCo with a final copy of such Post-Distribution Ruling; and (C) provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with the IRS or other applicable Taxing Authority (subject to the approval of the IRS or such Taxing Authority) that relate to such Post-Distribution Ruling. Neither SpinCo nor any Affiliate of SpinCo directly or indirectly controlled by SpinCo shall seek any guidance from the IRS or any other Taxing Authority (whether written, oral or otherwise) at any time concerning the Transactions (including the impact of any transaction on the Transactions).

(e) Any Post-Distribution Ruling or Unqualified Tax Opinion obtained in accordance with Section 4.2(c) and Section 4.3 shall be deemed included in the definition of Tax Materials from and after the obtaining thereof for all purposes of this Agreement.

ARTICLE V – INDEMNITY OBLIGATIONS

5.1 Indemnity Obligations.

(a) Parent shall indemnify and hold harmless SpinCo from and against, and will reimburse SpinCo for, (i) all liability for Taxes allocated to Parent pursuant to Article II, (ii)

all Tax Related Costs and Expenses allocated to Parent pursuant to Section 6.6, (iii) all Taxes, Tax Related Costs and Expenses and Tax Related Losses (without duplication) to the extent arising out of, based upon, or relating or attributable to any breach of or inaccuracy in, or failure to perform, as applicable, any representation, covenant or obligation of any member of the Parent Group pursuant to this Agreement and (iv) the amount of any Tax Benefit received by any member of the Parent Group that is allocated to SpinCo pursuant to Section 2.5(a).

(b) Without regard to whether a Post-Distribution Ruling or an Unqualified Tax Opinion may have been provided or whether any action is permitted or consented to hereunder and notwithstanding anything to the contrary in this Agreement, SpinCo shall indemnify and hold harmless Parent from and against, and will reimburse Parent for, (i) all liability for Taxes allocated to SpinCo pursuant to Article II, (ii) all Tax Related Costs and Expenses allocated to SpinCo pursuant to Section 6.6, (iii) all liability for Taxes, Tax Related Costs and Expenses and Tax Related Losses (without duplication) arising out of, based upon, or relating or attributable to any breach of or inaccuracy in, or failure to perform, as applicable, any representation, covenant or obligation of any member of the SpinCo Group pursuant to this Agreement, (iv) the amount of any Refund received by any member of the SpinCo Group that is allocated to Parent pursuant to Section 2.5(a) and (v) any Distribution Taxes and Tax Related Losses attributable to a Prohibited Act, or otherwise attributable to a SpinCo Disqualifying Action (regardless of whether the conditions set forth in Section 4.2(c) are satisfied). To the extent that any Tax, Tax Related Costs and Expenses or Tax Related Loss is subject to indemnity pursuant to both Section 5.1(a) and Section 5.1(b), responsibility for such Tax, Tax Related Costs and Expenses or Tax Related Loss shall be shared by Parent and SpinCo according to relative fault as determined by Parent. The amount of any liability for Taxes that are indemnifiable pursuant to this Section 5.1(b)(iii) and (v) shall be determined by Parent without regard to any Tax Attributes of the Parent Group or the Parent Business.

5.2 Indemnification Payments.

(a) Except as otherwise provided in this Agreement, if either Party (the "Indemnitee") is required to pay to a Taxing Authority a Tax or to another Person a payment in respect of a Tax, Tax Related Costs and Expenses or Tax Related Loss that the other Party (the "Indemnifying Party") is liable for under this Agreement, including as the result of a Final Determination, the Indemnitee shall notify the Indemnifying Party, in writing, of its obligation to pay such Tax, Tax Related Costs and Expenses or Tax Related Loss and, in reasonably sufficient detail, its calculation of the amount due by such Indemnifying Party to the Indemnitee. The Indemnifying Party shall pay such amount, including any Tax Related Costs and Expenses or Tax Related Losses, to the Indemnitee no later than the later of (i) 30 business days prior to the Due Date for such payment to the applicable Taxing Authority or (ii) 30 business days after the receipt of notice from the other Party.

(b) If, as a result of any change or redetermination, any amount previously allocated to and borne by one Party pursuant to the provisions of Article II is thereafter allocated to the other Party, then no later than 30 business days after such change or redetermination, such

other Party shall pay to such Party the amount previously borne by such Party which is allocated to such other Party as a result of such change or redetermination.

(c) If a Party incurs a Tax Liability as a result of its receipt of a payment pursuant to this Agreement or the Separation Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Taxes), shall equal the amount of the payment which the Party receiving such payment would otherwise be entitled to receive.

5.3 Payment Mechanics.

(a) All payments under this Agreement shall be made by Parent directly to SpinCo and by SpinCo directly to Parent; provided, however, that if the Parties mutually agree with respect to any such indemnification payment, any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the SpinCo Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Section 5.4.

(b) In the case of any payment of Taxes made by a Responsible Party or Indemnitee pursuant to this Agreement for which such Responsible Party or Indemnitee, as the case may be, has received a payment from the other Party, such Responsible Party or Indemnitee shall provide to the other Party a copy of any official government receipt received with respect to the payment of such Taxes to the applicable Taxing Authority (or, if no such official governmental receipts are available, executed bank payment forms or other reasonable evidence of payment).

(c) It is intended that the provisions of this Agreement shall not result in a duplicative payment of any amount required to be paid under the Separation Agreement or any other Ancillary Agreement, and this Agreement shall be construed accordingly.

5.4 Treatment of Payments. The Parties agree that any payment made among the Parties pursuant to this Agreement, pursuant to Article VI of the Separation Agreement or pursuant to indemnification obligations under Section 2 or Section 5 of the EMA shall be treated, to the extent permitted by Law, for all U.S. income tax purposes as either (a) a non-taxable contribution by Parent to SpinCo or (b) a distribution by SpinCo to Parent, and with respect to any payment made among the Parties pursuant to this Agreement after the Distribution, such payment shall be treated as having been made immediately prior to the Distribution.

ARTICLE VI – TAX CONTESTS

6.1 Notice. Each Party shall notify the other Party in writing (a) within 30 days after receipt by such Party or any member of its Group of a written communication from any Taxing Authority with respect to any pending or threatened audit, claim, dispute, suit, action, proposed assessment or other proceeding (a "Tax Contest") concerning any Taxes for which the other Party may be liable pursuant to this Agreement, or (ii) at least 10 days prior to any deadline to

respond to any such communication from any Taxing Authority with respect to such a Tax Contest, whichever is earlier, and thereafter shall promptly forward or make available to such Party copies of notices and communications relating to such Tax Contest.

6.2 Separate Returns.

(a) In the case of any Tax Contest with respect to any Separate Return other than a Separate Return in respect of a Straddle Period, the Party having the liability for the Tax pursuant to Article II shall have the sole responsibility and right to control the prosecution of such Tax Contest, including the exclusive right to communicate with agents of the applicable Taxing Authority and to control, resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such Tax Contest.

(b) In the case of any Tax Contest with respect to any Separate Return in respect of a Straddle Period, Parent shall have the responsibility and right to control the prosecution of such Tax Contest; provided that, Parent may elect that SpinCo be responsible for the conduct of such Tax Contest (or portion thereof), but, in such case, SpinCo may not take any position in such Tax Contest inconsistent with any position taken by Parent on a relevant U.S. federal Tax Return or Joint Return unless and until there has been a Final Determination that such latter position is not correct; provided, further, the other Party shall have the right to participate, at its own expense, and the controlling Party shall not have the right to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such Tax Contest without the consent of the other Party, not to be unreasonably withheld, delayed or conditioned.

6.3 Joint Return. In the case of any Tax Contest with respect to any Joint Return, Parent shall have the responsibility and right to control the prosecution of such Tax Contest, including the exclusive right to communicate with agents of the applicable Taxing Authority and to control, resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted, or assessed in connection with or as a result of such Tax Contest. Notwithstanding the foregoing, (a) to the extent a portion of any such Tax Contest controlled by Parent relates to a Tax liability allocated to SpinCo pursuant to Schedule A, SpinCo shall have the right to be notified of any material written communication asserting a Tax liability for which the SpinCo Group could reasonably be expected to be liable hereunder, as determined by Parent, provided that Parent shall have the right to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such portion of the Tax Contest in its sole and absolute discretion, (b) to the extent a portion of any such Tax Contest controlled by SpinCo relates to a Tax liability allocated to Parent, Parent shall have the right to be notified of any material written communication asserting a Tax liability for which the Parent Group could reasonably be expected to be liable hereunder, as determined by Parent, Parent shall have the right to participate in such portion of such Tax Contest, and SpinCo shall not resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such portion of the Tax Contest without the prior written consent of Parent, such consent to be exercised in Parent's sole and absolute discretion and (c) to the extent a portion of any such Tax Contest controlled by Parent with respect to a Joint Return with respect to Non-

U.S. Taxes relates to a matter which was customarily controlled by a member of the SpinCo Group, as determined by Parent, then Parent may elect that SpinCo shall be responsible for conduct of such portion of such Tax Contest and, notwithstanding anything to the contrary in Section 6.6, any expenses related thereto, including expenses relating to supporting transfer pricing analysis.

6.4 Transaction Related Tax Contests. Notwithstanding anything to the contrary in Section 6.2 or Section 6.3, in the case of any Transaction Related Tax Contest, Parent shall have the sole and absolute responsibility and right to control the prosecution of such Tax Contest, including the exclusive right to communicate with agents of the applicable Taxing Authority and to control, resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted, or assessed in connection with or as a result of such Tax Contest. Notwithstanding anything to the contrary in Section 6.5, the final determination of the positions taken, including with respect to settlement or other disposition, in any Transaction Related Tax Contest (taking into account the proviso to the first sentence of this Section 6.4) shall be made by Parent and shall be final and not subject to the dispute resolution provisions of Section 9.1 or Section 9.2 of this Agreement or Section 11.02, Section 11.03 or Section 11.05 of the Separation Agreement.

6.5 Tax Contest Rights.

(a) Unless waived by the Parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all material actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Taxing Authority or judicial authority in connection with such potential adjustment in such Tax Contest; and (iii) the Controlling Party shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

(b) Consistent Treatment. Unless and until there has been a Final Determination to the contrary, each Party agrees not to take any position on any Tax Return, in connection with any Tax Contest or otherwise that is inconsistent with (i) the treatment of payments between the Parent Group and the SpinCo Group as set forth in Section 5.4, (ii) the Tax Materials or (iii) the Intended Tax Treatment.

6.6 Costs and Expenses. Except to the extent provided otherwise in this Agreement, the Party to which the Tax liability related to a Tax Contest is (or would be) allocated, as determined by Parent, shall be responsible for all Tax Related Costs and Expenses incurred in connection with such Tax Contest, regardless of which Party is responsible for the conduct of

such Tax Contest; provided that in the event such Tax liability is allocated to both Parties, such Tax Related Costs and Expenses shall be allocated to the Parties in such manner as the Parent determines.

ARTICLE VII – COOPERATION

7.1 General.

(a) Each Party shall fully cooperate, and shall cause all members of such Party's Group to fully cooperate, with all reasonable requests in writing from the other Party, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of any Tax Return, claims for Refunds, the conduct of any Tax Contest (including, for the avoidance of doubt, providing assistance to respond to information requests from any Taxing Authority), and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of either Party or any member of either Party's Group covered by this Agreement or otherwise relating to the SpinCo Business for any Pre-Distribution Period and the establishment of any reserve required in connection with any financial reporting (a "Tax Matter"). Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Party and its respective Affiliates as provided in this Article VII and Article VIII. Each Party shall make its employees, advisors and facilities available, subject to Section 6.7 without charge, on a reasonable and mutually convenient basis in connection with the foregoing matters in a manner that does not interfere with the ordinary business operations of such Party. The Parties shall use commercially reasonable efforts to provide any information or documentation requested by the other Party in a manner that permits the other Party (or its Affiliates) to comply with Tax Return filing deadlines or other applicable timing requirements.

(b) Any information or documents provided under this Section 7.1 shall be kept confidential by the Party receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any Tax Contest. Notwithstanding any other provision of this Agreement or any other agreement, (i) no Party or any of its Affiliates shall be required to provide another Party or any Affiliate thereof or any other Person access to or copies of any information or procedures (including the proceedings of any Tax Contest) other than information or procedures that reasonably relate to the Taxes (including any Taxes for which the first Party is liable under this Agreement), business or assets of the first Party or any of its Affiliates or are necessary to prepare Tax Returns for which the first Party is responsible for preparing the applicable Tax Return in accordance with the terms of this Agreement, (ii) in no event shall any Party or its Affiliates be required to provide another Party, any of its Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege, and (iii) for the avoidance of doubt, Section 7.08 of the Separation Agreement shall apply with respect to matters of Privilege. In addition, in the event that a Party determines that the provision of any information to another Party or any of its Affiliates could be commercially detrimental, violate any Law or agreement or waive any Privilege, the first Party shall use reasonable best efforts to permit compliance with its obligations under this Section 7.1 in a manner that avoids any such harm or consequence.

7.2 Return Information. SpinCo and Parent acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Parent or SpinCo pursuant to Section 7.1 or this Section 7.2. Each Party shall provide to the other Parties information and documents relating to its Group reasonably required by the other Parties to prepare Tax Returns. Any information or documents a Party responsible for preparing a Tax Return in accordance with the terms of this Agreement requires to prepare such Tax Returns shall be provided in such form as such Party reasonably requests and in sufficient time for such Party to prepare such Tax Returns on a timely basis.

ARTICLE VIII – RETENTION OF RECORDS; ACCESS

8.1 Retention of Records. Until the later of (i) 60 days after the expiration of any applicable statutes of limitation (including any waivers or extensions thereof) and (ii) seven (7) years after the Distribution Date, the Parties shall retain records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns (collectively, "Tax Records") in respect of Taxes of any member of either the Parent Group or the SpinCo Group for any Pre-Distribution Period or Post-Distribution Period or for any Tax Contests relating to such Tax Returns. Each Party will notify the other in writing of any waivers or extensions of the applicable statute of limitations that may affect the period for which the Tax Records must be retained.

8.2 Access to Tax Records. The Parties and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (including, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Party and its Affiliates, authorized agents and representatives and any representative of a Taxing Authority or other Tax auditor direct access, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Party in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation or the resolution of items pursuant to this Agreement. The Party seeking access to the records of the other Party shall bear all costs and expenses associated with such access, including any professional fees.

ARTICLE IX – DISPUTE RESOLUTION

9.1 Tax Disputes. Subject to Section 9.3, Section 9.4 and Section 9.5, this Section 9.1 shall govern the resolution of any dispute between the Parties as to any matter covered by this Agreement that primarily relates to the interpretation of Tax Law, as determined by Parent (a "Tax Advisor Dispute"). The Party raising the Tax Advisor Dispute shall give written notice of the Tax Advisor Dispute (a "Tax Advisor Dispute Notice"), and the tax directors of the Parties (or such other individuals designated by the respective general counsels) and/or the executive officers designated by the Parties shall negotiate for a reasonable period of time to settle such Tax Advisor Dispute; provided that, such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed 30 days (the "Negotiation Period") from the time of receipt of the Tax Advisor Dispute Notice; provided, further, that (x) the Parties shall not assert the defenses of

statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (y) any contractual time period or deadline under this Agreement relating to such Tax Advisor Dispute occurring after the Tax Advisor Dispute Notice is received shall not be deemed to have passed until the procedures described in this Section 9.1 have been resolved. If the Tax Advisor Dispute has not been resolved for any reason after the Negotiation Period, Parent shall, in its sole and absolute discretion, appoint a nationally recognized independent public accounting firm (the "Accounting Firm") to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the Tax Advisor Dispute based solely on representations made by Parent, SpinCo and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Accounting Firm to resolve all Tax Advisor Disputes no later than 30 days after the submission of such Tax Advisor Dispute to the Accounting Firm, but in no event later than the Due Date of Taxes or the filing of the applicable Tax Return, if applicable, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all Tax Advisor Dispute in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of Parent and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Accounting Firm shall be borne equally by the Parties, and the parties agree to waive any objection to the naming of the Accounting Firm or the determination of the Accounting Firm based on actual or alleged conflicts of interest.

9.2 Legal Disputes. Subject to Section 9.1, Section 9.3, Section 9.4 and Section 9.5, in the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of or related to this Agreement (a "Dispute"), then the Party raising the Dispute shall give written notice of the Dispute, and the Parties shall work together in good faith to resolve any such Dispute within 30 days of such notice. If any Dispute is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such Dispute within the following 30 days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such Dispute, the Dispute shall be resolved in accordance with the procedures contained in Section 11.03, Section 11.04 and Section 11.05 of the Separation Agreement.

9.3 Injunctive Relief. Nothing in this Article IX shall prevent Parent from seeking injunctive relief to enforce the procedures provided for in Section 9.1 if any delay resulting from the efforts to resolve the Tax Advisor Dispute through the Accounting Firm could result in serious and irreparable injury to Parent. Notwithstanding anything to the contrary in this Agreement or the Separation Agreement (or any Ancillary Agreement), Parent and SpinCo are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of Parent and SpinCo will cause its respective Group members not to commence any dispute resolution procedure other than through Parent or SpinCo, as applicable, as provided in this Article IX.

9.4 Specific Performance. Notwithstanding anything to the contrary in this Agreement or the Separation Agreement (or any Ancillary Agreement), in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of Section 4.1(a), Section 4.2(a) or Section 4.2(b) by SpinCo, Parent shall have the right, without first pursuing the procedures provided for in Section 9.1 and Section 9.2, to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. SpinCo shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. SpinCo agrees that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss, and waives any defense in any action by Parent for specific performance that a remedy at Law would be adequate. SpinCo also waives any requirements that Parent secure or post any bond or similar security with respect to such remedy.

9.5 Venue for Injunctive Relief and Specific Performance Claims by Parent. Notwithstanding anything to the contrary in this Agreement or the Separation Agreement (or any Ancillary Agreement), Parent may bring any claim for specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) under Section 9.3 or Section 9.4 of this Agreement (a "Chosen Court Claim") either (a) pursuant to the procedures contained in Section 11.03, Section 11.04 and Section 11.05 of the Separation Agreement or (b) at Parent's sole and absolute discretion, in the Delaware Court of Chancery (or, if the Delaware Court of Chancery shall be unavailable, any Delaware State court or the federal court sitting in the State of Delaware) (the "Chosen Courts"). SpinCo irrevocably consents and agrees to the jurisdiction, forum and venue of the Chosen Courts for a Chosen Court Claim, and agrees that it shall not assert, and shall hereby waive, any claim or right or defense that it is not subject to the jurisdiction of the Chosen Courts, that the venue is improper, that the forum is inconvenient, that the Chosen Court Claim should instead be arbitrated by agreement of Parent or operation of law, or any similar objection, claim or argument.

ARTICLE X – MISCELLANEOUS PROVISIONS

10.1 Conflicting Agreements. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Separation Agreement, this Agreement shall control with respect to the subject matter hereof.

10.2 Specified Matters. Notwithstanding anything to the contrary in this Agreement, the matters specified in Schedule A shall in addition be subject to the provisions of Schedule A, which shall govern in the event of any conflict between the provisions of Schedule A and any provision in this Agreement.

10.3 Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the rate in

effect for underpayments under Section 6621 of the Code from such due date to and including the payment date.

10.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

10.5 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets or otherwise, to any of the parties hereto, to the same extent as if such successor had been an original party to this Agreement.

10.6 Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder. There are no third-party beneficiaries of this Agreement, and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

10.7 Governing Law. This Agreement and any disputes relating to, arising out of or resulting from this Agreement, including to its execution, performance, or enforcement, shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof or of any jurisdiction.

10.8 Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the foregoing, if any Party to this Agreement (or any of its successors or permitted assigns) (a) shall enter into a consolidation or merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's assets or (b) shall transfer all or substantially all of such Party's assets to any Person, then, in each such case, the assigning Party (or its successors or permitted assigns, as applicable) shall ensure that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party shall not be required to seek consent, but shall provide written notice and evidence of such assignment, assumption or succession to the non-assigning Party. No assignment permitted by this Section 10.8 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

10.9 Further Assurances. Subject to the provisions hereof, the Parties hereto shall make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and

delivered, such other instruments and documents, and take or do, or cause to be taken or done, all such other actions and all things reasonably necessary, proper or advisable under applicable Laws and agreements to effectuate the provisions and purposes of this Agreement and to consummate and make effective the transactions contemplated hereby.

10.10 Survival. Notwithstanding anything to the contrary in this Agreement, all representations, covenants and obligations contained in this Agreement shall survive until the expiration of the applicable statute of limitations with respect to any such matter (including extensions thereof).

10.11 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such arbitrator or court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

10.12 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party. Any decision by any Party to waive or to not waive any provision of this Agreement is in such Party's sole and absolute discretion.

10.13 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.14 Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

10.15 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement, each other Ancillary Agreement and the Separation Agreement during the course of dispute resolution pursuant to the provisions of Article IX with respect to all matters not subject to such dispute resolution.

10.16 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) when delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service, (c) upon written confirmation of receipt after transmittal by electronic mail or (d) upon the earlier of confirmed receipt or the fifth business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Parent, to:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attn: Tonit M. Calaway
Email: [****]

and with a copy to:

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202
Attn: Patrick G. Quick
Mark T. Plichta
Email: [****]
[****]

If to SpinCo, to:

PHINIA Inc.
3000 University Drive
Auburn Hills, MI 48326
Attn: Robert Boyle
Email: [●]

Either Party may, by notice to the other Party, change the address and identity of the Person to which such notices and copies of such notices are to be given. Each Party agrees that nothing in this Agreement shall affect any other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

10.17 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section or schedule references are to the articles, sections and schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in this Agreement but not otherwise defined therein shall have the

meaning as defined in the Separation Agreement. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 10.12). The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." All references to "$" or dollar amounts are to the lawful currency of the United States of America. References herein to any Law shall be deemed to refer to such law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder. Any determination contemplated by this Agreement to be made by Parent shall be made by Parent in its sole and absolute discretion. Except as expressly set forth in this Agreement, the Parties (or their respective Group members) shall make, or cause to be made, any payment that is required to be made pursuant to this Agreement as promptly as practicable and without regard to any local currency constraints or similar restrictions. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

10.18 Effectiveness. This Agreement shall become effective only upon the Distribution Date.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

BORGWARNER INC.

By: _____
Name:
Title:

PHINIA INC.

By: _____
Name:
Title:

[Signature Page to Tax Matters Agreement]

Exhibit 10.3

EMPLOYEE MATTERS AGREEMENT

THIS EMPLOYEE MATTERS AGREEMENT ("Employee Matters Agreement") is executed effective as of [●], 2023, by and between BorgWarner Inc., a Delaware corporation ("Parent"), and PHINIA Inc., a Delaware corporation ("SpinCo") (collectively, the "Parties").

WHEREAS, the Parties have entered into a Separation and Distribution Agreement dated [●], 2023 (the "Separation Agreement"); and

WHEREAS, the Parties desire to set forth in writing the terms and conditions governing employee matters related to the Separation Transactions as set forth in this Employee Matters Agreement, which shall supplement the provisions of the Separation Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth in the Separation Agreement and herein, and other good and valuable consideration, and contingent upon the Distribution, the Parties hereby agree as follows:

SECTION 1. Definitions

For purposes of this Employee Matters Agreement, the following terms shall have the following meanings. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Separation Agreement unless otherwise indicated.

"Allocated Plan" means each Parent Plan identified in Appendix A for which sponsorship is transferred to a member of the SpinCo Group in accordance with the terms of this Employee Matters Agreement.

"Assets" for purposes of this Employee Matters Agreement has the meaning assigned to it in the Separation Agreement, except that such meaning is applicable only with respect to those Parent Plans or Business Plans that are funded by a trust that is exempt from tax under Section 501(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

"Automatic Transfer Regulations" as defined in Section 3(b)(i).

"Business Plan" means each (i) "employee benefit plan," as defined in Section 3(3) of ERISA (whether or not subject to ERISA), (ii) other plan, program, fund, scheme or agreement, whether written or unwritten, providing for compensation, bonuses, profit-sharing, equity compensation or other forms of incentive or deferred compensation, insurance (including self-insured arrangements), health, medical or other welfare benefits, or post-employment or retirement benefits (including severance or other compensation, pension, health, medical, life insurance or other welfare benefits), and (iii) Employee Agreement, in each case that is sponsored, maintained, or administered or contributed to by one or more members of the SpinCo Group or with respect to which a SpinCo Group member has any Liability. Effective upon the applicable Split Date, the Business Plans shall include the Allocated Plans and the Mirror Plans for which Liabilities (and Assets, where applicable) are transferred or allocated to the SpinCo Group and shall exclude the Business Plans listed in Appendix B for which sponsorship is

transferred to a member of the Parent Group (the "Retained Plans") and the Parent Plans retained by Parent Group, each in accordance with the terms of this Employee Matters Agreement.

"COBRA" means the continuation coverage requirements under Section 4980B of the Internal Revenue Code and Part 6 of Subtitle B of Title I of ERISA.

"Continuation Period" means the period from the Distribution Date through the later of (i) any continuation period required by applicable Law and (ii) a period of 12 months following the Distribution Date.

"Deferred Plans" means the BorgWarner Inc. Retirement Savings Excess Benefit Plan and the BorgWarner Inc. 2004 Deferred Compensation Plan.

"Defined Contribution Arrangement" means, in respect of the Employees, any defined contribution schemes as defined in IAS 19.

"Defined Contribution Assets" means any assets relating to Defined Contribution Arrangements.

"Employee" means each employee of (i) a SpinCo Group member as of the Distribution Date, (ii) a Parent Group member that (x) is providing services primarily for the benefit of the SpinCo Business on the Distribution Date or (y) has been providing services primarily for the benefit of the SpinCo Business prior to entering into pre-retirement but continues to be in an employment relationship as of the Distribution Date, (x) and (y) as determined by Parent, including with regard to (i) and (ii) any employee who is on a leave of absence (including due to short-term or long-term disability) (and their Plan Payees, as applicable), or (iii) another Parent Group member as of the Distribution Date who is employed outside of the United States and would have become a SpinCo employee on the Distribution Date, as determined by Parent, but for a delay in transferring the employee from the employee's employing entity. For purposes of Section 5(c), Section 5(d), Section 5(f), and Section 12(d), "Employee" also includes any employee hired by a SpinCo Group member after the Distribution Date.

"Employee Agreement" means each (i) employment, retention, termination, severance, change in control, and other similar agreement between an Employee and a member of either the Parent Group or the SpinCo Group, and (ii) separation or other individual agreement between a Former Employee or a Legacy Former Employee and a member of either the Parent Group or the SpinCo Group that provides for post-separation benefits or compensation. For purposes of this definition, the term "SpinCo Group" shall have the meaning assigned to it in the Separation Agreement and shall also include any Former SpinCo Business.

"Employment Liabilities" means any and all Liabilities (contingent, known or unknown, asserted, unasserted, or otherwise) relating to, arising out of, or resulting from: (i) the employment of, or services provided by, an Employee, Former Employee, or Legacy Former Employee, including termination of employment, or termination of services provided by, an Employee, Former Employee, Legacy Former Employee (ii) any Business Plan (including any Mirror Plan or Allocated Plan), and/or (iii) Health and Other Welfare Liabilities described in

Section 5(c), in each case whether arising before, on, or after the applicable Split Date, and including any claims for benefits, fiduciary breach, or any type of equitable or non-monetary remedies, and obligations for related taxes and penalties. Such Liabilities are Employment Liabilities regardless of when such Liabilities, or any actual or alleged act, error, or omission giving rise to Liabilities, arose or accrued, including before, on, or after the applicable Split Date, with respect to each participant in such Business Plan. Notwithstanding the foregoing, employment tax Liabilities with respect to Legacy Former Employees for periods prior to the applicable Split Date shall remain the obligation of Parent.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations issued thereunder.

"Former Employee" means each former employee (and their Plan Payees, as applicable) of Parent or any of its current or former Affiliates (including current or former members of the SpinCo Group) who when last employed by Parent or a current or former Parent Affiliate, was providing services primarily for the benefit of the SpinCo Business or Former SpinCo Business as determined by Parent. For purposes of Section 5(c), Section 5(d), Section 5(f), and Section 12(d), "Former Employee" also includes any employee hired by a SpinCo Group member after the Distribution Date who becomes a former employee of a SpinCo Group member after the Distribution Date.

"Former Non-U.S. Employees" means all Former Employees who are not Former U.S. Employees.

"Former U.S. Employees" means all Former Employees who, when last employed by Parent or a current or former Parent Affiliate, were employed in the United States.

"Legacy Former Employee" means each former employee (and their Plan Payees, as applicable) of Parent or any of its current or former Affiliates who is not a Former Employee (as determined by Parent) with respect to whom Liabilities are being transferred to a member of the SpinCo Group. As soon as practicable following the Distribution, Parent will determine all Legacy Former Employees as of the Distribution Date and provide SpinCo with a list of the relevant Legacy Former Employees.

"Legacy Former Non-U.S. Employees" means all Legacy Former Employees who are not Legacy Former U.S. Employees.

"Legacy Former U.S. Employees" means all Legacy Former Employees who, when last employed by Parent or a current or former Parent Affiliate, were employed in the United States.

"Liability Split Date" means the applicable date set forth in Appendix D or Appendix E for assumption of Health and Other Welfare Liabilities by SpinCo.

"Local Transfer Agreement" means any agreement entered into for the purpose of effecting the Separation Transactions in accordance with the Laws or customs of an applicable jurisdiction, other than Separation Agreement or any Master Ancillary Agreement.

"Maintained Health and Welfare Plans," means the Parent Plans identified on Appendix D.

"Master Ancillary Agreements" means the TMA, the Cross License Agreement, the Intellectual Property Assignment Agreements, the Trademark License Agreement and the TSA.

"Mirror Plan" means each Business Plan sponsored by a member of the SpinCo Group to which Liabilities (and Assets, where applicable) are transferred from a Parent Plan on the Split Date.

"Non-Transferred Employees" has the meaning given in Section 3(a). Non-Transferred Employees shall not be considered Employees unless provided otherwise in this Agreement.

"Non-U.S. Employees" means all Employees who are not U.S. Employees.

"Non-U.S. Retirement Benefit Arrangement" means, in respect of the Non-U.S. Employees, all plans, schemes, arrangements or individual commitments (whether externally funded or unfunded and whether or not such plans, schemes, arrangements or commitments are tax-qualified under applicable law) for the provision of or contribution towards Retirement Benefits.

"Non-U.S. Retirement Benefits Funding Assets" has the meaning given in Section 5(e)(iv) of this Agreement.

"Non-U.S. Retirement Benefit Liabilities" means any and all liabilities and obligations, as at the Distribution Date, to and in respect of the Non-U.S. Employees under any Non-U.S. Retirement Benefit Arrangement that are classified as a defined benefit plan under US-GAAP.

"Objecting Employee" has the meaning given in Section 3(b)(iii). Objecting Employees shall not be considered Employees unless provided otherwise in this Agreement.

"Other Long-Term Employee Benefits" means (i) any termination benefits and (ii) any other long-term employee benefits such as, e.g., jubilee, old-age part time benefits or other long-service benefits.

"Parent Health and Welfare Plans" means the Parent Plans identified in Appendix E.

"Parent Post-Distribution Stock Price" means the per share price of the Parent's common stock immediately after the Distribution, which shall be equal to the volume weighted average price of the Parent's common stock over the ten (10) trading days immediately following the Distribution Date.

"Parent Plan" means each (i) "employee benefit plan," as defined in Section 3(3) of ERISA (whether or not subject to ERISA), (ii) other plan, program, fund, scheme or agreement, whether written or unwritten, providing for compensation, bonuses, profit-sharing, equity compensation or other forms of incentive or deferred compensation, insurance (including self-insured arrangements), health, medical or other welfare benefits, or post-employment or

retirement insurance or other welfare benefits), and (iii) Employee Agreement, in each case that is sponsored, maintained, administered or contributed to by Parent or any Affiliate (other than a member of the SpinCo Group) or with respect to which Parent or any Affiliate (other than a member of the SpinCo Group) has any Liability. Effective upon the applicable Split Date, Parent Plans shall include the Retained Plans and shall exclude the Allocated Plans and Mirror Plans for which Liabilities (and Assets, where applicable) are transferred to the SpinCo Group, each in accordance with the terms of this Employee Matters Agreement.

"Plan Payee" means, as to each individual who participates in a Business Plan or a Parent Plan, such individual's dependents, beneficiaries, alternate payees, and alternative recipients, as applicable, under each such Business Plan or Parent Plan. For the avoidance of doubt, to the extent an individual is both a Plan Payee and a current or former employee of Parent or any of its Affiliates, references to "Plan Payee" shall be deemed to refer to such individual only in his or her capacity as such a dependent, beneficiary, alternate payee, or alternative recipient, as applicable.

"Retained Employees" has the meaning given in Section 3(a). Retained Employees shall not be considered Employees unless provided otherwise in this Agreement.

"Service Provider" has the meaning given in Section 8(a)(i).

"SpinCo Post-Distribution Stock Price" means the per share price of SpinCo's common stock immediately after the Distribution, which shall be equal to the volume weighted average price of SpinCo's common stock over the ten (10) trading days immediately following the Distribution Date.

"Split Date" means with respect to each Split Plan, Allocated Plan and Retained Plan: (i) the date upon which certain Parent Plan Liabilities (and Assets, where applicable) that are attributable to Employees, Former Employees and Legacy Former Employees will be allocated and transferred, as described herein, to a Mirror Plan or member of the SpinCo Group, (ii) the date upon which the sponsorship of (and responsibility for) the Allocated Plan will be transferred to a member of the SpinCo Group, or (iii) the date upon which sponsorship of (and responsibility for) the Retained Plan will be transferred to a member of the Parent Group. The Split Date for the Parent Plans listed in Appendix C, the Retained Plans listed in Appendix B, and the Allocated Plans listed in Appendix A shall be the applicable date listed in the relevant Appendix.

"Split Plans" means those Parent Plans for which Liabilities (and Assets, where applicable) will be allocated between Parent and SpinCo in accordance with this Agreement. The Split Plans are the plans identified in Appendix C and the Maintained Health and Welfare Plans.

"Successor Retirement Benefit Arrangement" has the meaning given in Section 5(e)(ii).

"Transition Services Period" means the period following the Distribution Date as provided in the Transition Services Agreement, or such other period mutually agreed upon by the Parties with respect to a specific administrative service.

"U.S. Employees" means all Employees employed in the United States.

SECTION 2. Assumption of Certain Obligations and Liabilities.

(a) *Ancillary Agreements:* In the event of conflict or inconsistency between the provisions of this Agreement and any Local Transfer Agreement (including any provision of a Local Transfer Agreement providing for dispute resolution mechanism inconsistent with those provided herein), on the other hand, the provisions of this Agreement shall prevail and remain in full force and effect, unless otherwise provided in Appendix 2a or required by non-waivable applicable Law. Each Party hereto shall, and shall cause each of its members to, implement the provisions of and the transactions contemplated by each Local Transfer Agreement in accordance with the preceding sentence.

(b) *General Liability Allocation*. Except as otherwise expressly set forth in this Agreement, including without limitation in Section 5(e)(i), to the fullest extent permitted by applicable Law, SpinCo shall, or shall cause one or more of the SpinCo Group members to, assume or retain, as the case may be, any and all Employment Liabilities, and Parent shall, and shall cause each other member of the Parent Group to, transfer, assign, and convey, each effective as of the following dates: (i) in the case of Employment Liabilities other than those related to the Mirror Plans or Allocated Plans, the Distribution Date, and (ii) in the case of Employment Liabilities related to the Mirror Plans and the Allocated Plans, the applicable Split Date.

If applicable Law does not permit the assumption or retention, or the transfer, assignment, or conveyance, of a certain Employment Liability or as provided in Appendix 2b, then solely with respect to that Employment Liability, then SpinCo shall indemnify, defend and hold harmless the Parent Indemnitees against any and all losses related to such Employment Liability.

(c) *Bonuses*. With respect to the fiscal year in which the Distribution Date occurs and each fiscal year thereafter, SpinCo shall be solely responsible for paying (or causing to be paid) annual cash incentive bonuses for the full fiscal year to all Employees (and, if applicable, Former Employees) unless otherwise provided in Appendix 2c. For the fiscal year in which the Distribution Date occurs, (i) SpinCo shall maintain a bonus plan for the benefit of Employees (and, if applicable, Former Employees) with substantially the same terms and conditions as the annual bonus plan applicable to such Employees (and, if applicable, Former Employees) immediately prior to the Distribution Date, except that SpinCo may adjust the performance goals to the extent necessary or appropriate to maintain the intended incentive opportunity, and (ii) SpinCo shall pay (or cause to be paid) the bonuses due to each Employee (and, if applicable, each Former Employee) under such bonus plan (taking into account any adjustments made pursuant to clause (i)) during the next following fiscal year consistent with past practice under the comparable Parent Plan.

(d) *Individual Employee Agreements*. SpinCo, to the extent permitted by applicable Law and consistent with the principles set out in Section 2(b), shall, or shall cause another member of the SpinCo Group to, assume or retain exclusive responsibility for all

Employee Agreements with Employees, Former Employees and Legacy Former Employees, which are or shall become Business Plans on and after the Split Date.

(e) *Vacation and Paid Time-Off*. Effective as of the Distribution Date, SpinCo, to the extent permitted by law and consistent with the principles set out in Section 2(b), shall, or shall cause another member of the SpinCo Group to, assume or retain all obligations of the Parent Group members for the accrued, unused vacation and other paid time off or leave benefits for Employees, Former Employees and Legacy Former Employees unless otherwise provided in Appendix 2e.

(f) *Litigation*. If a member of the Parent Group is a party to an Action brought by or on behalf of an Employee, Non-Transferred Employee, Former Employee or Legacy Former Employee (including a class thereof), or related to a Business Plan (including an Allocated Plan or Mirror Plan), then SpinCo shall indemnify, defend and hold harmless the Parent Indemnitees from and against any and all Liabilities of the Parent Indemnitees to the extent relating to, arising out of or resulting from such Action and manage any such Action (including without limitation any SpinCo Directed Actions) pursuant to the terms of the Separation Agreement; provided, however that SpinCo shall not have any indemnification obligations with respect to any Parent Retained Liabilities. If SpinCo or another member of the SpinCo Group is a party to an Action brought by an employee who is not an Employee, Former Employee, or Legacy Former Employee, and such Action relates to a Parent Plan, then Parent shall indemnify, defend and hold harmless the SpinCo Indemnitees from and against any and all Liabilities of the SpinCo Indemnitees to the extent relating to, arising out of or resulting from such Action and manage any such Action (including without limitation any Parent Directed Actions) pursuant to the terms of the Separation Agreement; provided, however that Parent shall not have any indemnification obligations with respect to any SpinCo Liabilities.

(g) *Workers' Compensation*. For the avoidance of doubt, SpinCo shall, or shall cause another member of the SpinCo Group to, establish a workers' compensation program covering all members of SpinCo Group, effective as of the Distribution Date, and shall cease to have access to any Parent Group workers' compensation programs for any injuries from and after the Distribution Date. Parent Group workers' compensation programs shall cover any injuries occurring before the Distribution Date for Employees, Former Employees and Legacy Former Employees, provided that such Employees, Former Employees and Legacy Former Employees, and such injuries, are otherwise eligible for coverage under the Parent Group's workers' compensation programs.

SECTION 3. Employment.

(a) *Continuation of Employment*. Except for the Employees retained by Parent set out in Appendix 3a (the "Retained Employees", and together with the Objecting Employees, the "Non-Transferred Employees"), SpinCo shall, or shall cause another member of the SpinCo Group to, employ each Employee employed immediately prior to the Distribution Date; provided that, notwithstanding anything to the contrary in this Agreement, the transfer to SpinCo or another member of the SpinCo Group of the employment of Employees who are on short-term disability leave with Parent or any Parent affiliate as of the Distribution Date (the

"Delayed Transfer Employees") shall be delayed until the end of such leave, at which point such Delayed Transfer Employees will be transferred to SpinCo or another member of the SpinCo Group. Notwithstanding such delayed transfer, SpinCo shall be responsible for Liabilities associated with such Delayed Transfer Employees from the Distribution Date to the extent otherwise provided in this Agreement.

(b) *Transfer of Employment*.

(i) *Automatic Transfer of Employment*: In those jurisdictions where the transfers of employment relationships of Employees to SpinCo or to another member of the SpinCo Group constitute transfers of an undertaking pursuant to the applicable local automatic transfer regulations ("Automatic Transfer Regulations"), Parent and SpinCo agree that they will comply with the requirements of the Automatic Transfer Regulations affecting the automatic transfer of employees on the sale, transfer or continuation of a business and/ or the provision of services and that they will work to provide an orderly transition for those employees who will automatically transfer pursuant to Automatic Transfer Regulations.

(ii) *Offer and Acceptance Employee Transfers:* For those jurisdictions, where Employees will be transferred to SpinCo or to another member of the SpinCo Group via an offer and acceptance prior to the Distribution Date, SpinCo is obliged to make, or shall cause another member of the SpinCo to make, subject to the applicable Law, an employment offer to the Employees as soon as reasonably practicable, effective no later than the Distribution Date and consistent with the employment terms following the Distribution Date and the terms of this Agreement.

(iii) *Refusal or Objection of Transfer to SpinCo*: If the Employee does not accept the offer of SpinCo or any other member of SpinCo Group to transfer their employment relationship or objects to the transfer of their employment relationship to SpinCo or another member of the SpinCo group (the "Objecting Employees"), SpinCo undertakes to inform Parent without undue delay of any receipts of refusals or objections of the Objecting Employees to the transfer of their respective employment relationship to SpinCo or any member of the SpinCo group.

(c) *No Guarantee of Employment*. Notwithstanding any other provision of this Employee Matters Agreement or the Separation Agreement, and subject to applicable Law, no SpinCo Group member shall be obligated to continue to employ any Employee for any specific period of time.

(d) *Employee Representative Agreements*. Effective as of the Distribution Date, SpinCo shall, or shall cause another SpinCo Group member to, assume or remain a party to all collective bargaining, works council or other similar employee representative agreements (the employee representative party to such agreements, collectively, "Appropriate Representatives"), or honor the obligations thereunder, that apply to any Employees and either (i) require assumption by Law, or (ii) state that such agreement or obligation applies to successors (collectively, "Employee Representative Agreements"). If there are Employee Representative Agreements that continue to cover employees of the SpinCo Group and employees of the Parent

Group, the Parties will work together in good faith and in accordance with applicable Law to open and manage negotiations with the applicable Appropriate Representative with a goal of establishing separate agreements to be in place by the Distribution Date, where possible on reasonable terms that are acceptable to both SpinCo and Parent.

SECTION 4. Employment Terms Following the Distribution Date.

(a) *Terms and Conditions of Employment.* Consistent with applicable Law and this Agreement, during the applicable Continuation Period, SpinCo shall, or shall cause another SpinCo Group member to, provide each Employee employed immediately prior to the Distribution Date with the following:

(i) salary or wages, cash incentive compensation opportunities, cash bonus opportunities (excluding any transaction-related, retention or similar opportunities) and welfare and retirement benefits that are at least substantially similar, in the aggregate, to those provided to such Employee immediately prior to Distribution Date; and

(ii) to the extent required by applicable Law, a Parent Plan or a Business Plan, other material terms and conditions of employment as were provided to such Employee immediately prior to the Distribution Date.

(b) *Vacation and Paid Time Off.* SpinCo shall, or shall cause another member of the SpinCo Group to, provide vacation, paid time off, and leave benefits to Employees during the Continuation Period (or such longer period required by applicable Law) that are at least as favorable (and take into account the same service) as those provided to Employees under the applicable vacation, paid time off, or leave program immediately prior to the Distribution Date.

(c) *Severance Benefits.* SpinCo shall, or shall cause another member of the SpinCo Group to, provide severance benefits to any Employee who was employed immediately prior to the Distribution Date, but who is laid off or terminated by a SpinCo Group member during the 12-month period immediately following the Distribution Date in an amount that is equal to the greater of (i) the severance benefits, if any, to which the Employee would have been entitled under the circumstances pursuant to the terms of any Parent Plan or Business Plan that is a severance or layoff plan as would have applied to such Employee if such termination occurred immediately prior to the Distribution Date, or (ii) the severance benefits, if any, provided under the severance arrangements of a SpinCo Group member applicable to similarly-situated employees and in connection with comparable terminations of employment, in each case to be calculated on the basis of the Employee's compensation and service at the time of the layoff or other termination. In addition, SpinCo shall consider such eligible laid off or terminated Employee for a pro rata bonus under the terms of any bonus plan of the applicable SpinCo Group member in which the employee participates to the extent such Employee would have been eligible for a pro rata bonus under similar circumstances pursuant to the terms of any Parent Plan or Business Plan.

(d) *Credit for Service*. SpinCo shall, and shall cause the other SpinCo Group members to, credit Employees for all service earned on and prior to the Distribution Date with

the Parent Group and the SpinCo Group, in addition to service earned with the SpinCo Group on and after the Distribution Date for all purposes, including under the Business Plans (including the Mirror Plans and Allocated Plans) and other similar plans and programs sponsored by a SpinCo Group member; provided, however, that in no event shall SpinCo be required to credit service for Employees in a manner that results in a duplication of service under a plan with respect to a period, thus leading to a duplication of benefits. The SpinCo Group shall not amend any provision of a Business Plan (including a Mirror Plan or an Allocated Plan) as to any participant as of the applicable Split Date in any manner that would reduce the credit for service for such individual that is provided under this Section 4(d), to the extent this leads to a reduction of benefits, or if more generous, under the applicable plan or applicable Law.

SECTION 5. Parent Plans.

(a) *U.S. Defined Benefit Pension Plans*. As of the Distribution Date, the Parent Group shall retain (or assume to the extent necessary) sponsorship of each Parent Plan that is a tax-qualified defined benefit pension plan (a "Parent Pension Plan"), and, from and after the Distribution Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group. No member of SpinCo Group shall assume any Assets or Liabilities relating to the Parent Pension Plans or, notwithstanding anything to the contrary in this Agreement, shall have any obligation to establish a tax-qualified defined benefit plan in the United States.

(b) *U.S. Defined Contribution Plans*. Effective as of January 1, 2024, (i) (A) Parent shall transfer from the BorgWarner Inc. Retirement Savings Plan (the "BW RSP") to a tax-qualified defined contribution plan sponsored by SpinCo or another member of the SpinCo Group (the "RSP Mirror Plan") all Assets and Liabilities under the BW RSP with respect to Employees, Former Employees and Legacy Former Employees and (B) the RSP Mirror Plan shall assume all such Assets and Liabilities from the BW RSP, (ii) (A) Parent shall transfer from the Deferred Plans to comparable plans sponsored by SpinCo or another member of the SpinCo Group (the "Mirror Deferred Compensation Plans") all Liabilities under the Deferred Plans with respect to Employees and Former Employees and (B) the Mirror Deferred Compensation Plans shall assume all such Liabilities from the Deferred Compensation Plans, and (iii) SpinCo shall assume, and shall cause any other SpinCo Group member that sponsors the RSP Mirror Plan or a Mirror Deferred Compensation Plan to assume, all responsibility for funding and paying (or causing to be paid) the transferred Liabilities described in this Section 5(b) for any such plan that SpinCo or such other member sponsors. For the avoidance of doubt, the Assets and Liabilities to be transferred with respect to the BW RSP shall include the allocable portion (in proportion to the aggregate account balances transferred to the RSP Mirror Plan) of the forfeiture account and revenue account accumulation held in the BW RSP as of January 1, 2024 (net of any applicable estimated unpaid plan expenses for the most recently completed plan year), and promissory notes evidencing plan loans, and neither the transfers described in this Section 5(b), nor the Distribution Date, shall be treated as a "separation from service" as defined under Treasury Regulation s. 1.409A-1(h) for purposes of the Deferred Plans and the Mirror Deferred Compensation Plans or as a "severance from employment" within the meaning of Treasury Regulation s. 1.401(k)-1(d)(2) for purposes of the RSP. After the transfer of Assets and Liabilities has occurred with respect to the BW RSP and the RSP Mirror Plan as contemplated by

this paragraph, if on further review it is determined and agreed upon by the Parties that an incorrect amount of assets was transferred, there shall be a corresponding adjustment to correct any such mistake.

The Liabilities transferred in accordance with this Section 5(b) shall cease to be Liabilities of the BW RSP (and the BW RSP Assets transferred in accordance with this Section 5(b), if any, shall cease to be Assets of the BW RSP), the Deferred Plans and the Parent Group (excluding the SpinCo Group) as of January 1, 2024. From and after January 1, 2024, the RSP Mirror Plan, the Mirror Deferred Compensation Plans and the members of the SpinCo Group that sponsor such plans, as applicable, shall be responsible for all obligations and Liabilities (including, for the avoidance of doubt, the obligation to defend claims related to benefits and/or benefits eligibility) with respect to, or in any way related to, the Liabilities transferred under this Section 5(b), whether accrued before, on or after January 1, 2024.

The plan documents for the RSP Mirror Plan and the Mirror Deferred Compensation Plans adopted on January 1, 2024 shall reflect the service crediting requirements described in Section 4(d).

SpinCo and the other members of the SpinCo Group that sponsor such plans shall be solely and exclusively responsible for, and SpinCo shall indemnify and defend the Parent Group against, any and all claims related to (x) the establishment of, or transfer of Liabilities (and Assets, where applicable) to, the RSP Mirror Plan or the Mirror Deferred Compensation Plans, and/or the members of the SpinCo Group, and/or (y) any amendments to, or termination of, the RSP Mirror Plan or the Mirror Deferred Compensation Plans. For the avoidance of doubt, SpinCo and the other members of the SpinCo Group that sponsor such plans shall be solely and exclusively responsible for all Liabilities arising from clause (x) or (y).

Employees, Former Employees, and Legacy Former Employees who otherwise meet the eligibility requirements of the BW RSP and the Deferred Plans shall be eligible to participate in the BW RSP and the Deferred Plans through December 31, 2023, unless otherwise mutually agreed by the Parties or as otherwise required by applicable Law; provided that SpinCo shall continue to reimburse Parent promptly for the full cost of any benefits provided under such BW RSP and the Deferred Plans (including expenses) and pay Parent for all administrative and other expenses associated with such continued participation in the BW RSP and the Deferred Plans.

(c) *U.S. Health and Other Welfare Benefits*.

(i) Continued Participation in Parent Health and Welfare Plans. Employees who otherwise meet the eligibility requirements of the Parent Health and Welfare Plans shall be eligible to participate in the Parent Health and Welfare Plans for active employees through December 31, 2023, unless otherwise mutually agreed by the Parties or as otherwise required by applicable Law; provided that SpinCo shall continue to reimburse Parent promptly for the full cost of such benefits (including expenses), as described in this Section 5(c) and Section 12(d) and pay Parent for all administrative and other expenses associated with such continued participation in the Parent Health and Welfare Plans as provided in the TSA.

(ii) SpinCo Group U.S. Health and Welfare Plans. By January 1, 2024, SpinCo shall, or shall cause the applicable member of the SpinCo Group to, establish SpinCo Group U.S. health and welfare plans (the "SpinCo Group U.S. Health and Welfare Plans"). Except as specifically provided herein, it is anticipated that U.S. Employees shall cease active participation in the Parent Health and Welfare Plans as of January 1, 2024 (the "Plan Transition Date") and commence such participation in the SpinCo Group U.S. Health and Welfare Plans on the Plan Transition Date. SpinCo shall use commercially reasonable efforts to cause the SpinCo Group U.S. Health and Welfare Plans, as applicable, to: (a) with respect to initial enrollment as of the Plan Transition Date, waive (1) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any U.S. Employee, or any covered dependents thereof, other than limitations that were in effect with respect to such U.S. Employee, or covered dependent under the applicable Parent Health and Welfare Plan as of immediately prior to the Plan Transition Date, and (2) any waiting period limitation or evidence of insurability requirement applicable to such U.S. Employee, or any covered dependents thereof, other than limitations or requirements that were in effect with respect to such U.S. Employee, or covered dependent under the applicable Parent Health and Welfare Plan as of immediately prior to the Plan Transition Date; and (b) take into account (x) with respect to aggregate annual, lifetime, or similar maximum benefits available under the SpinCo Group U.S. Health and Welfare Plans, such U.S. Employee's, or any covered dependents' prior claim experience under the Parent Health and Welfare Plan; and (y) any eligible expenses incurred by such U.S. Employee and his or her covered dependents during the portion of the plan year of the applicable Parent Health and Welfare Plan ending as of the Plan Transition Date to be taken into account under such SpinCo Group U.S. Health and Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such U.S. Employee and his or her covered dependents for the applicable plan year to the same extent as such expenses were taken into account by Parent for similar purposes prior to the Plan Transition Date as if such amounts had been paid in accordance with such SpinCo Group U.S. Health and Welfare Plan.

(iii) Allocation of Health and Welfare Assets and Liabilities. Effective as of the Distribution Date, except as otherwise specifically provided herein, Parent Group shall retain all Liabilities relating to Incurred Claims (as defined below) under the Parent Health and Welfare Plans, and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims. The SpinCo Group shall be responsible for all Liabilities relating to Incurred Claims under any SpinCo Group U.S. Health and Welfare Plan and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims. "Incurred Claims" shall mean a Liability related to services or benefits provided under a health and welfare benefit plan, and shall be deemed to be incurred: (a) with respect to medical, dental, vision, and prescription drug benefits, upon the rendering of services giving rise to such Liability; (b) with respect to death benefits, life insurance, accidental death and dismemberment insurance, and business travel accident insurance, upon the occurrence of the event giving rise to such Liability; (c) with respect to disability benefits, upon the date of disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such Liability; (d) with respect to a period of

continuous hospitalization, upon the date of admission to the hospital; and (e) with respect to tuition reimbursement or adoption assistance, upon completion of the requirements for such reimbursement or assistance, whichever is applicable.

Notwithstanding anything to the contrary in the preceding paragraphs, except to the extent otherwise required by law or agreed by the Parties, any Employee, Former Employee or Legacy Former Employee (or their respective covered dependents) who incurs a qualifying event under COBRA, or is receiving long-term disability benefits as a result of an Incurred Claim occurring, on or after the Distribution Date and before January 1, 2024 shall continue to participate in and receive benefits under (to the extent otherwise eligible for continued participation and benefits under) any applicable Parent Health and Welfare Plans; provided that SpinCo or a member of SpinCo Group shall reimburse Parent promptly an amount equal to the premiums, as determined by Parent, with respect to such continued participation between the Distribution Date and January 1, 2024 and pay Parent for all administrative and other expenses associated with such continued participation.

(d) *Parent FSA Plans.* U.S. Employees shall remain eligible to participate in health care and dependent care flexible spending account arrangements under the Parent Health and Welfare Plans (collectively, the "Parent FSA Plans") through December 31, 2023 (and thereafter for any amounts rolled over in accordance with the terms of the Parent FSA Plans or to the extent of any grace period or claims run-out period). SpinCo shall, or shall cause another member of the SpinCo Group to, establish a cafeteria plan (within the meaning of Section 125 of the Internal Revenue Code) with health care and dependent care flexible spending account arrangements (the "SpinCo Cafeteria Plan") effective January 1, 2024.

(e) *Non-U.S. Retirement Benefits and Other Long-Term Employee Benefits of Non-U.S. Employees*.

(i) Transfer of Non-U.S. Retirement Benefit Liabilities: As an exception to Section 2(b), the Retirement Benefit Liabilities pertaining to the Non-U.S. Employees and Legacy Former Non-U.S. Employees shall be transferred to SpinCo or other members of the SpinCo Group to the extent such transfer is required by applicable Law or set out in Appendix 5 (e) (i) ("Transferring Non-U.S. Retirement Benefit Liabilities").

(ii) Successor Non-U.S. Retirement Benefit Arrangements: In respect to the Non-U.S. Retirement Benefit Arrangements, SpinCo shall be obliged to establish a successor plan for the benefit of the Non-U.S. Employees to the extent required by applicable Law or set out in Appendix 5 (e) (ii) ("Successor Retirement Benefit Arrangement") and shall be required to maintain this Successor Retirement Benefit Arrangement during the Continuation Period.

(iii) Non-U.S. Defined Contribution Arrangements: With regard to any Non-U.S. Defined Contribution Arrangement, such Successor Retirement Benefit Arrangement shall also include the possibility to transfer all assets corresponding to Non-U.S. Defined Contribution Arrangements to the Successor Retirement Benefit Arrangement with discharging

effect for the Non-US Defined Contribution Arrangement of Parent or the members of the Parent Group to the extent required by applicable Law or as provided in Appendix 5 (e) (ii).

(iv) Non-U.S. Retirement Benefit Funding Assets: To the extent that there are assets to fund the Transferring Non-U.S. Retirement Benefit Liabilities ("Non-U.S. Retirement Benefits Funding Assets"), Parent and SpinCo shall make the declarations required for the transfer and undertake reasonable efforts to achieve a transfer of such Non-U.S. Retirement Benefits Funding Assets.

(v) Transfer of Other Long-Term Employee Benefits of Non-U.S. Employees: If and to the extent applicable, the foregoing provisions of this Section 5(e) shall apply mutatis mutandis to Other Long-Term Employee Benefits of Non-U.S. Employees unless provided otherwise in this Agreement.

(f) *Participation in Parent Plans.* Effective as of the applicable Split Date, all Employees, Former Employees, and Legacy Former Employees will cease participation in and benefit accrual under the Parent Plan from which Liabilities (and Assets, where applicable) are transferred to the SpinCo Group as of such Split Date, except to the extent (if at all) as required by applicable Law or as otherwise explicitly set forth in this Section 5 or Appendix 5f. To the extent that any Employees, Former Employees and Legacy Former Employees continue to participate in a Parent Plan in accordance with this Agreement, SpinCo shall, or shall cause another member of the SpinCo Group to, reimburse Parent promptly as described in Section 12 (d). Parent shall, and shall cause the other members of the Parent Group to, take all necessary actions to effect such cessation of participation by Employees, Former Employees, and Legacy Former Employees under the Parent Plans, and SpinCo shall promptly reimburse Parent for costs as described in Section 12(d).

(g) *Follow-on Transfers*. With respect to the Parent Plans that are Split Plans identified in Appendix C as being subject to this Section 5(g), if a participant in any such plan subsequently transfers between the Parent Group and the SpinCo Group before the Distribution Date, then the Liabilities (and, if applicable, Assets) for such participant's benefits under such plans shall be transferred to and from each Parent Plan as needed to ensure that each such participant's benefit is allocated to the individual's employer or most recent former employer (in each case, or an Affiliate thereof). Effective upon the reallocation of the Liabilities (and Assets, where applicable) for such benefits pursuant to this Section 5(g), the legal entity to whom such benefits are transferred shall assume all responsibility for funding and paying (or causing to be paid) the transferred Liabilities described in this Section 5(g). For the avoidance of doubt, with respect to the Parent Plans that are Split Plans identified in Appendix C as being subject to this Section 5(g), if a participant in any such plan subsequently transfers between the Parent Group and the SpinCo Group after the Distribution Date, then the Liabilities (and, if applicable, Assets) for the participant's benefits shall not transfer as described in this Section 5(g).

SECTION 6. Business Plans. The members of the SpinCo Group shall retain all Liabilities (and Assets, where applicable) with respect to the Business Plans (and no member of the Parent Group that is not in the SpinCo Group shall have any obligations with respect thereto).

Without limiting the generality of the foregoing, a SpinCo Group member shall be designated by SpinCo as plan sponsor of each Business Plan from and after the Split Date.

SECTION 7. Non-U.S. Employees.

(a) *Terms and Conditions of Employment*. In the case of the Non-U.S. Employees employed by a member of the SpinCo Group immediately prior to the Distribution Date, SpinCo shall, and shall cause the other members of the SpinCo Group to, in addition to meeting the requirements specified in Section 4 through Section 6, comply with any additional obligations arising under applicable Laws governing the terms and conditions of their employment or severance of employment in connection with the transfer of the SpinCo Business or otherwise.

(b) *Severance Indemnity*. In the event (i) the members of the SpinCo Group do not provide Non-U.S. Employees employed by a SpinCo Group member immediately prior to the Distribution Date with (A) similar in-kind benefits to those provided immediately prior to the Distribution Date, or (B) a benefit plan consistent with applicable Law or the SpinCo Group's obligations in this Employee Matters Agreement, or (ii) any member of the SpinCo Group amends or otherwise modifies on or after the Distribution Date any such benefit plan, any Non-U.S. Business Plan in which any Non-U.S. Employee was covered or eligible for coverage immediately prior to the Distribution Date, or any other term or condition of employment applicable to Non-U.S. Employees immediately prior to the Distribution Date, in each case in a manner that results in any obligation, contingent or otherwise, of any Parent Group member to pay any severance, termination indemnity, or other similar benefit (including such benefits required under applicable Law) to such person, SpinCo shall, or shall cause another member of the SpinCo Group to, reimburse and otherwise hold harmless the Parent Group for all such severance, termination indemnity and other similar benefits and any additional Liability incurred by the Parent Group in connection therewith.

SECTION 8. Equity Compensation Awards

(a) *Restricted Stock and Restricted Stock Units.*

(i) Restricted Stock and Restricted Stock Units Held by SpinCo Group Employees and Service Providers. Parent and SpinCo shall take or cause to be taken any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 8(a)(i) by SpinCo's Board of Directors and Parent's Board of Directors or Compensation Committee pursuant to the terms of Parent's 2018 Stock Incentive Plan or successor equity plan (the "Parent Equity Plan"), the SpinCo 2023 Stock Incentive Plan (the "SpinCo Equity Plan") and this Employee Matters Agreement, so that each restricted stock award and restricted stock unit award (including, for the avoidance of doubt, any restricted stock and restricted stock units attributable to the reinvestment or deemed reinvestment of associated dividends or dividend equivalents ("Related Dividend Equivalents")) relating to Parent's common stock granted under the Parent Equity Plan (each, a "Parent RSU Award") held at the close of business on the Distribution Date by any Employee or any current individual independent contractor, consultant or other individual service provider who is or was providing services primarily for the benefit of

the SpinCo Business as determined by Parent (collectively, "Service Providers") shall be replaced with a substitute restricted stock or restricted stock unit (including, for the avoidance of doubt, any Related Dividend Equivalents) award relating to SpinCo's common stock that is granted under the SpinCo Equity Plan ("Substitute SpinCo RSU Award"). The number of SpinCo shares of restricted stock or restricted stock units subject to the Substitute SpinCo RSU Award will be equal to the number of shares of Parent restricted stock or Parent restricted stock units subject to the Parent RSU Award (including, for the avoidance of doubt, any Related Dividend Equivalents) held by the participant at the close of business on the Distribution Date multiplied by a fraction, (i) the numerator of which is equal to the sum of (x) the Parent Post-Distribution Stock Price plus (y) the quotient of the SpinCo Post-Distribution Stock Price divided by the number of shares of Parent's common stock a holder of Parent's common stock must hold to receive one share of SpinCo common stock in the Distribution, and (ii) the denominator of which is the SpinCo Post-Distribution Stock Price (the "SpinCo Conversion Ratio"). Each Substitute SpinCo RSU Award shall vest and be payable based on the holder's service with the SpinCo Group. Each Substitute SpinCo RSU Award shall have the same terms and conditions as the corresponding Parent RSU Award, except as provided herein.

(ii) Restricted Stock and Restricted Stock Units Held by Persons Other Than SpinCo Group Employees or Service Providers. Parent shall take or cause to be taken any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 8(a)(ii)) by Parent's Board of Directors or Compensation Committee pursuant to the terms of the Parent Equity Plan and this Employee Matters Agreement, so that each Parent RSU Award held at the close of business on the Distribution Date by any person who is not an Employee or a Service Provider, including any restricted stock units, shall be adjusted ("Adjusted Parent RSU Award"). The number of Parent shares of restricted stock or restricted stock units subject to the Adjusted Parent RSU Award will be equal to the number of Parent shares of restricted stock or restricted stock units subject to the Parent RSU Award (including, for the avoidance of doubt, any Related Dividend Equivalents) held by the holder at the close of business on the Distribution Date multiplied by a fraction, (i) the numerator of which is equal to the sum of (x) the Parent Post-Distribution Stock Price plus (y) the quotient of the SpinCo Post-Distribution Stock Price divided by the number of shares of Parent's common stock a holder of Parent's common stock must hold to receive one share of SpinCo common stock in the Distribution, and (ii) the denominator of which is the Parent Post-Distribution Stock Price (the "Parent Conversion Ratio"). Each Adjusted Parent RSU Award shall have the same terms and conditions as the corresponding Parent RSU Award, except as provided herein.

(b) *Performance Share Awards*.

(i) Performance Share Awards Held by SpinCo Group Employees or Service Providers. Parent and SpinCo shall take or cause to be taken any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 8(b)(i) by SpinCo's Board of Directors and Parent's Board of Directors or Compensation Committee pursuant to the terms of the Parent Equity Plan, the SpinCo Plan and this Employee Matters Agreement, so that each Parent performance share award held at the close of business on the Distribution Date by any Employee or Service Provider will be replaced with a Substitute

SpinCo RSU Award granted under the SpinCo Plan. For purposes of determining the number of SpinCo restricted stock units subject to the Substitute SpinCo RSU Award, the SpinCo Conversion Ratio shall be applied to the number of Parent performance shares considered earned with respect to such Parent performance share award (including, for the avoidance of doubt, any Related Dividend Equivalents), and the number of such Parent performance shares that are considered earned with respect to such performance share award shall be determined by Parent's Board of Directors or Compensation Committee based upon projected performance results through the end of the applicable performance period, calculated based on actual performance from the beginning of the applicable performance period through the end of the fiscal quarter immediately preceding the Distribution Date and expected performance, as determined by Parent's Board of Directors or Compensation Committee, through the remainder of the applicable performance period had the Distribution not occurred; provided that, for any Parent performance share awards for which less than one year of the performance period has elapsed, the target number of Parent performance shares shall be considered earned. Each Substitute SpinCo RSU Award shall have a vesting period ending on the last day of the performance period applicable to the corresponding Parent performance share award to which it relates based on the holder's service with the SpinCo Group, and shall have the same terms and conditions as the corresponding Parent performance share award, except as provided herein.

(ii) Performance Share Awards Held by Persons Other Than SpinCo Group Employees or Service Providers. Parent shall take or cause to be taken any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 8(b)(ii) by Parent's Board of Directors or Compensation Committee pursuant to the terms of the Parent Equity Plan and this Employee Matters Agreement, so that each Parent performance share award held at the close of business on the Distribution Date by any person who is not an Employee or a Service Provider will be replaced with, or modified to constitute, an adjusted Parent performance share award (an "Adjusted Parent Performance Share Award") granted under or subject to the Parent Equity Plan. The number of Parent performance shares subject to the Adjusted Parent Performance Share Award will be equal to the number of Parent performance shares subject to the Parent Performance Award held by the holder at the close of business on the Distribution Date (including, for the avoidance of doubt, any Related Dividend Equivalents) multiplied by the Parent Conversion Ratio. Parent's Board of Directors or Compensation Committee shall adjust any performance goals applicable to the Adjusted Parent Performance Share Awards in any manner it deems in its discretion to be appropriate to take into account the Separation and related effects, and the Adjusted Parent Performance Share Awards shall otherwise have the same terms and conditions as the corresponding Parent Group performance share award, except as provided herein.

(c) *Approval and Terms of Equity Awards*. By approval of SpinCo's Board of Directors and Parent's Board of Directors or Compensation Committee pursuant to Section 8(a), (b) and (c), SpinCo, as issuer of substitute and replacement awards provided hereunder, and Parent as sole shareholder of SpinCo, shall adopt and approve, respectively, the issuance of the substitute or replacement awards, or modifications to awards, provided for herein. Except as set forth above or otherwise determined by Parent's Board of Directors or Compensation Committee or SpinCo's Board of Directors, the terms of the Parent Equity Plan and of the outstanding equity

compensation awards held by participants under the Parent Equity Plan and the substitute or replacement SpinCo equity awards shall be subject to the terms of such plans and applicable award agreements, except that references in such outstanding substitute and replacement SpinCo awards to "Board" and "Committee" shall mean the Board, Compensation Committee or any other designated committee of SpinCo (as applicable) and references to the "Company" shall mean SpinCo. Notwithstanding the foregoing, substitute or replacement awards made under the SpinCo Plan pursuant to SpinCo's obligations under this Employee Matters Agreement shall take into account all employment and service with both Parent Group and SpinCo Group, and their respective subsidiaries and affiliates, for purposes of determining when such awards vest and terminate.

(d) *No Change in Control or Separation from Service*. The Distribution and any related transfers of employment between Parent Group and SpinCo Group entities will not constitute a "Change in Control" or a termination or separation of employment or service that would result in accelerated vesting for purposes of Parent equity awards that are outstanding as of the Distribution Date or for purposes of other compensation arrangements maintained by Parent.

(e) *Through the Distribution Date*. From the date of this Employee Matters Agreement through the Distribution Date, the Parties shall comply with Parent's established policies and practices with respect to the solicitation and hiring of any individual employed by the Parent Group or the SpinCo Group, as applicable.

SECTION 9. Transition Services Agreement

Nothing in the TSA is intended, or shall be construed, to conflict with this Employee Matters Agreement. In the event of any such conflict, the terms of this Employee Matters Agreement shall prevail.

The members of the SpinCo Group remain responsible for Employment Liabilities regardless of whether the Parent Group provides services (or makes discretionary decisions in providing services) to the SpinCo Group pursuant to the TSA in relation to the Employment Liabilities.

SECTION 10. Impermissibility; Good Faith.

In the event that any provision of this Employee Matters Agreement is not permissible under any Law or practice, the Parties agree that they shall proceed in good faith under such Law or practice to carry out to the fullest extent possible the purposes of such provision.

SECTION 11. Restrictive Covenants Relating to Employees.

(a) *Non-Solicitation by Parent*. During the twenty-four (24) month period following the Distribution Date, Parent shall not, and shall cause the other Parent Group members not to, directly or indirectly, solicit or induce or attempt to solicit or induce any Employee to leave employment with any SpinCo Group member; provided, however, that

SpinCo shall notify Parent in writing of any alleged breach of this obligation and Parent shall have ten (10) calendar days following receipt of such notice to effect a cure.

(b) *Non-Solicitation by SpinCo*. During the twenty-four (24) month period following the Distribution Date, SpinCo shall not, and shall cause the other SpinCo Group members not to, directly or indirectly, solicit or induce or attempt to solicit or induce any employee of the Parent Group to leave the employment with any Parent Group member; provided, however, that Parent shall notify SpinCo in writing of any alleged breach of this obligation and SpinCo shall have ten (10) calendar days following receipt of such notice to effect a cure.

(c) *Exceptions*. The limitations set forth in Sections 11(a) and 11(b) shall not prohibit members of the SpinCo Group or the Parent Group from: (i) soliciting any individual whose employment has been terminated, or who has been provided with formal notice of layoff, by a member of the SpinCo Group or the Parent Group, as the case may be, (ii) placing public advertisements or conducting any other form of general solicitation that is not specifically targeted towards the applicable employees, or (iii) soliciting specifically identified employees with the prior written agreement of the other Party.

SECTION 12. Cooperation and Assistance.

(a) *Mutual Cooperation*. From and after the date of this Employee Matters Agreement, Parent and SpinCo shall, and each shall cause their respective Parent Group and SpinCo Group members to, cooperate with each other to facilitate the obligations assumed by the SpinCo Group under this Employee Matters Agreement including (i) using commercially reasonable effort to enter into any necessary agreements to accomplish the assumptions and transfers of assets and liabilities contemplated by this Agreement, (ii) undertaking reasonable effort to obtain employee consent as required; provided that, if such consent cannot be obtained, SpinCo shall treat Parent economically as if such consent has been granted unless agreed otherwise in this Agreement, (iii) providing (to the extent permitted by Law) such current information regarding the Employees, Former Employees, and/or Legacy Former Employees as may be necessary to facilitate determinations of eligibility for, and crediting of service, and payments of benefits to, such current and former employees under the Parent Plans and Business Plans (including Mirror Plans and Allocated Plans), as applicable, (iv) ensuring consistent administration of Split Plans and Mirror Plans to the extent consistent administration is necessary or appropriate, and (v) executing documents for the Mirror Plans and as required to complete the transactions contemplated by this Employee Matters Agreement.

Without limiting the generality of the foregoing, Parent and SpinCo each recognize that transfers of Liabilities and assets will require an initial transfer based on data available several months before the transfer, followed by one or more "true-up" adjustments to reflect changes between the time of the initial calculation and the effective date of the applicable transfer. Parent and SpinCo shall cooperate to determine and effectuate the "true-up" adjustments, with such adjustments for each plan to be completed in accordance with an agreed schedule that is acceptable to the plans' actuaries and other service providers.

(b) *Claims Assistance*. From and after the date of this Employee Matters Agreement:

(i) If a threat, demand, lawsuit, or claim involving an Employee, Former Employee or Legacy Former Employee (a "Claim") is made against either Party, or members of the respective SpinCo Group or Parent Group (as the case requires), then the other Party shall, and shall cause members of the respective SpinCo Group and Parent Group (as the case requires) to, provide reasonable assistance to the Party and members of the respective SpinCo Group and Parent Group (as the case requires) in the investigation of and defense against the Claim. Such reasonable assistance shall include providing reasonable access to employees as well as documents, data, other information in the possession of such employees (to the extent permitted by applicable Law) who reasonably likely may have relevant information or whose assistance is reasonably necessary to investigating and defending against such Claim.

(ii) In the event a Claim is made against either Party, or any other member of the respective SpinCo Group or Parent Group (as the case requires), and to the knowledge of the other Party such Claim involves materially similar factual or legal issues to a Claim that was made against the other Party, or any member of the respective SpinCo Group or Parent Group (as the case requires), then the Parties shall, to the extent both Parties agree it is reasonable and appropriate under the circumstances, consult with each other to address whether the Parties are taking, or might take, positions that are inconsistent or would materially harm the other Party. The Parties are not, however, required to waive any applicable privileges or protections, or assert, or refrain from asserting, any arguments, rights, claims, or defenses.

(iii) To the fullest extent permitted by applicable Law, neither Party shall provide assistance or support, of any type, to any person or entity that is, or may be, asserting, investigating, or considering a Claim against the other Party with respect to the subject matter of such Claim or potential Claim.

(c) *Consultation with Employee Representative Bodies*. The Parties shall, and shall cause their respective Group members to, mutually cooperate in undertaking all reasonably necessary or legally required provision of information to, or consultations, discussions or negotiations with, employee representative bodies (including any unions or works councils) that represent employees affected by the transactions contemplated by this Employee Matters Agreement. Where any steps or arrangements contemplated by this Employee Matters Agreement or the Separation Agreement are subject to information and/or consultation with employees and/or their representatives in accordance with local Law, such steps shall be subject to the completion of any such information and/or consultation process.

(d) *Cost-Sharing*. Notwithstanding anything to the contrary in the Separation Agreement, SpinCo shall, or shall cause other members of the SpinCo Group to, reimburse Parent promptly (upon receipt of periodic billing where applicable) as follows:

(i) For health benefits for U.S. Employees, and for COBRA benefits with respect to Former U.S. Employees and U.S. Employees, for the full cost of all benefits paid

for claims incurred, and all administrative and other expenses incurred under the Parent Plans and Parent Health and Welfare plans without regard to when claims are incurred.

(ii) For health benefits for applicable U.S. Former Employees and Legacy U.S. Former Employees (excluding COBRA under Parent Health and Welfare Plans for active U.S. Employees), including pre-Medicare and post-Medicare, all benefits and administrative expenses paid under the Parent Plans or Parent Health and Welfare Plan, and all other Liabilities assigned to the members of the SpinCo Group on or after the Split Date or Liability Split Date. SpinCo shall, or shall cause other members of the SpinCo Group to, pay service costs through the Transition Services Period. For the avoidance of doubt, Liabilities assigned to the members of the SpinCo Group include claims incurred (whether known or unknown) but not paid prior to the Split Date for U.S. Former Employees and Legacy Former Employees.

(iii) For life insurance benefits for U.S. Employees, U.S. Former Employees, and Legacy Former Employees, all claims and administrative and other expenses paid under the Parent Health and Welfare Plans, SpinCo shall, or shall cause other members of the SpinCo Group to, pay service costs for life insurance premiums for U.S. Former Employees and Legacy Former Employees under Parent Plans through the Transition Services Period.

(iv) For all benefits provided through Parent Plans or Parent Health and Welfare Plans and for any and all costs (whether incurred internally (e.g., expenses associated with Parent Group employees performing services relating to the Parent Plans or Parent Health and Welfare Plans) or externally (e.g., through a consulting firm) by Parent Group) associated with the provision of such benefits or services related thereto (collectively, the "Costs"), SpinCo shall, or shall cause other members of the SpinCo Group to, continue to pay Costs and other allocations in the ordinary course for benefit expenses in each case upon the receipt of periodic billings for such amounts. Certain of the amounts paid by members of the SpinCo Group to members of the Parent Group may be held in trust, as determined by Parent. For purposes of this Employee Matters Agreement, (A) benefit claims shall be deemed incurred on the date of the service giving rise to the claim (e.g., the date the Employee goes to the doctor and not, for example, the invoice date), (B) expenses for administrative and other services shall be deemed incurred on the date the services giving rise to the expense are performed (and not, for example, on the invoice date), and (C) claims and expenses paid on or after any date shall not include any claims and expenses for which Parent's payment procedures required payment before such date.

Additionally, during the Transition Services Period: (i) Parent shall, or shall cause other members of the Parent Group to, continue to collect contributions and premiums due and owing from SpinCo Group's Employees, Former Employees, and Legacy Former Employees for any voluntary Parent Health and Welfare Plans, will hold contributions and premiums collected in trust to the extent required by applicable Law, and will pay those contributions and premiums to the insurer of the applicable voluntary Parent Health and Welfare Plan; and (ii) SpinCo Group's obligations to the Parent Group with respect to Parent Health and Welfare Plans shall be determined by Parent using the accrual methodology that is in effect immediately prior to the Distribution Date.

(v) For any costs relating to the continued participation in Parent Plans of Employees set out in Appendix 5f, SpinCo shall, or shall cause another member of the SpinCo group to, provide a one-off payment equaling the sum of the costs of any unfunded pension benefit obligation relating to such Employees' continued participation in the Parent Plans, calculated on a plan by plan basis by Parent in accordance with Parent`s regular accounting assumptions and methods for the respective plans, using census data of such Employees as of the Distribution Date.

(vi) SpinCo shall, or shall cause another member of the SpinCo group to, indemnify or reimburse Parent for any liabilities (contingent, known or unknown, asserted, unasserted, or otherwise) and costs relating to Non-Transferred Employees, including, without limitation, those arising out of, or resulting from the retention or non-transfer of the employment relationship or the termination of employment of such Non-Transferred Employees, unless agreed otherwise among the Parties.

SECTION 13. *U.S. Payroll and Related Taxes*.

Except as otherwise agreed by the Parties or set forth in this Agreement, with respect to any U.S. Employee or Former U.S. Employee, the Parties shall, or shall cause their respective Subsidiaries to:

(a) treat SpinCo (or the applicable member of the SpinCo Group) as a "successor employer" and Parent (or the applicable member of the Parent Group) as a "predecessor," within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Internal Revenue Code, for purposes of taxes imposed under the United States Federal Insurance Contributions Act, as amended ("FICA"), or the United States Federal Unemployment Tax Act, as amended ("FUTA");

(b) cooperate with each other to avoid, to the extent possible, the restart of FICA and FUTA upon or following the Distribution Date with respect to each such U.S. Employee or Former U.S. Employee for the tax year during which the Distribution Date occurs; and

(c) use commercially reasonable efforts to implement the alternate procedure described in Section 5 of Revenue Procedure 2004-53; provided, however, that, to the extent that SpinCo (or the applicable member of the SpinCo Group) cannot be treated as a "successor employer" to Parent (or the applicable member of the Parent Group) within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Internal Revenue Code with respect to any U.S. Employee or Former U.S. Employee, then (A) with respect to the portion of the tax year commencing on the first day of the year in which the Distribution Date occurs and ending on the Distribution Date, Parent shall (x) be responsible for all payroll obligations, tax withholding, and reporting obligations for such U.S. Employees or Former U.S. Employees, and (y) furnish a Form W-2 or similar earnings statement to all such U.S. Employees or Former U.S. Employees for such period, and (B) with respect to the remaining portion of such tax year, SpinCo shall (x) be responsible for all payroll obligations, tax withholding, and reporting obligations regarding such U.S. Employees or Former U.S. Employees and (y) furnish a Form W-2 or similar earnings

statement to all such U.S. Employees or Former U.S. Employees, subject to the provisions of the TSA.

SECTION 14. No Third-Party Beneficiaries.

Notwithstanding the provisions of this Employee Matters Agreement or any provision of the Separation Agreement, nothing in this Employee Matters Agreement is intended to and shall not (a) create any third-party rights, except with respect to the respective rights of the Parent Indemnitees or the SpinCo Indemnitees expressly referred to in this Employee Matters Agreement, (b) amend any employee benefit plan, program, policy or arrangement, or (c) provide any Employee, Former Employee, or Legacy Former Employee with any rights to continued employment or any level of benefits or compensation whether during employment or thereafter.

SECTION 15. Other Separation Agreement Provisions.

Article IX of the Separation Agreement is hereby incorporated into this Employee Matters Agreement *mutatis mutandis*; provided that, in the event of any conflict between the provisions of Article IX of the Separation Agreement and this Employee Matters Agreement, the provisions of this Employee Matters Agreement shall control.

This Employee Matters Agreement, including the provisions herein expressly providing for indemnification, shall be subject to the indemnification provisions of Article VI of the Separation Agreement; provided that, in the event of any conflict between such indemnification provisions, the indemnification provisions in this Employee Matters Agreement shall control.

Article XI of the Separation Agreement is hereby incorporated into this Employee Matters Agreement *mutatis mutandis*.

SECTION 16. Interpretation.

Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms “hereof,” “herein,” “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Employee Matters Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Employee Matters Agreement. Article, Section or schedule references are to the articles, sections and schedules of or to this Employee Matters Agreement unless otherwise specified. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Employee Matters Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein). The word “including” and words of similar import when used in this Employee Matters Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such

phrase shall not mean simply "if". References herein to any Law shall be deemed to refer to such law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder. Any determination contemplated by this Employee Matters Agreement to be made by Parent or its Board of Directors or Compensation Committee shall be made by Parent or such body, as applicable, in its sole and absolute discretion. Except as expressly set forth in this Employee Matters Agreement, the Parties (or their respective Group members) shall make, or cause to be made, any payment that is required to be made pursuant to this Employee Matters Agreement as promptly as practicable and without regard to any local currency constraints or similar restrictions. In the event that an ambiguity or question of intent or interpretation arises, this Employee Matters Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

SECTION 17. Entire Agreement.

(a) Except as otherwise expressly provided in this Employee Matters Agreement, this Employee Matters Agreement, together with the Separation Agreement and the other Ancillary Agreements, constitutes the entire agreement of the parties hereto with respect to the subject matter of this Employee Matters Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matters addressed herein.

(b) In addition to the responsibilities and obligations set forth herein, the Parties shall have certain other responsibilities and obligations as set forth in the TSA.

[*Remainder of page left intentionally blank; signature pages follow*.]

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed on the date first written above by their respective duly authorized officers.

BORGWARNER INC.

By: _____

Name:

Title:

PHINIA INC.

By: _____

Name:

Title:

Exhibit 10.4

INTELLECTUAL PROPERTY

CROSS-LICENSE AGREEMENT

by and between

BORGWARNER INC.

and

DELPHI TECHNOLOGIES IP LIMITED

and

PHINIA TECHNOLOGIES, INC.

and

BORGWARNER LUXEMBOURG OPERATIONS S.A.R.L.

Dated as of [●], 2023

TABLE OF CONTENTS

This INTELLECTUAL PROPERTY CROSS-LICENSE AGREEMENT (this "IP License Agreement") dated as of [•], 2023 ("Effective Date"), is by and among BORGWARNER INC. ("Parent") and DELPHI TECHNOLOGIES IP LIMITED, on the one hand, and PHINIA TECHNOLOGIES, INC. and BORGWARNER LUXEMBOURG OPERATIONS S.À.R.L., on the other hand (collectively, the "Parties," or each, individually, a "Party").

RECITALS

WHEREAS, Parent and PHINIA Inc. ("SpinCo") have entered into that certain Separation and Distribution Agreement, dated as of [•], 2023 (the "Separation Agreement");

WHEREAS, pursuant to the Separation Agreement, Parent and SpinCo have agreed to deliver, or cause to be delivered, executed copies of this IP License Agreement on or prior to the Distribution Date (as defined in the Separation Agreement);

WHEREAS, the Parent Licensors (as defined below) wish to grant to the SpinCo Licensee (as defined below), and the SpinCo Licensee wishes to be granted, certain licenses under the Parent Licensed IP (as defined below) in accordance with and subject to the terms and conditions of this IP License Agreement; and

WHEREAS, the SpinCo Licensors (as defined below) wish to grant to the Parent Licensee (as defined below), and the Parent Licensee wishes to be granted, certain licenses under the SpinCo Licensed IP (as defined below) in accordance with and subject to the terms and conditions of this IP License Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

Section 1.01 Certain Definitions. Capitalized terms used but not otherwise defined in this IP License Agreement have the meanings set forth in the Separation Agreement. As used in this IP License Agreement, the following terms have the meanings set forth below.

"Affiliate" has the meaning set forth in the Separation Agreement.

"Confidential Information" means all information relating generally or specifically to a Party's business that is supplied to or obtained by the other Party pursuant to or as a result of this Agreement and that is not generally known in the trade or industry and includes: (i) information, knowledge, trade secrets disclosed by a Party or an Affiliate, including drawings, software, samples, pictures, models, recordings or other tangible or intangible forms, techniques, methods, development specifications, programming instructions and code and proprietary manufacturing processes; (ii) non-published patent applications of Licensor; (iii) business, legal, marketing or sales data or information of Licensor; (iv) information provided by either Party that is marked "confidential", "proprietary" or with a similar designation; and (v) any other non-public information or data related to the design, development, manufacturing, assembling, operation,

distribution or use of the licensed products, Licensed IP or Improvements, in each case, whether disclosed in writing, orally or visually.

"Effective Date" has the meaning set forth in the preamble.

"Electronics Collaboration Agreement" means a certain "Electronics Collaboration Agreement" entered into between BorgWarner PDS (USA) Inc. and PHINIA Technologies Inc. on or around the date of this Agreement under which the respective parties grant each other licenses under their respective Intellectual Property.

"Holding Party" has the meaning set forth in Section 2.08(a).

"Improvement" means, with respect to any Intellectual Property, any improvement, enhancement, derivative work, modification, adaptation, or new application of such Intellectual Property.

"Intellectual Property" means any and all of the following arising under the Laws of any jurisdiction throughout the world: (a) patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and utility models) ("Patents"); (b) copyrights and works of authorship (whether or not copyrightable), and all registrations, applications for registration, and renewals of any of the foregoing ("Copyrights"); (c) trade secrets, Know-How, inventions (whether or not patentable), technology, and other confidential and proprietary information ("Trade Secrets"); and (d) other intellectual property and related proprietary rights. For the purposes of this IP License Agreement, Intellectual Property does not include trademarks, service marks, trade dress, trade names, domain names, social media accounts or usernames, or other indicia of source or origin ("Marks").

"IP License Agreement" has the meaning set forth in the preamble.

"Know-How" means trade secrets and rights in other technical information, including know-how, inventions, algorithms, logic, standard operating conditions and procedures, proprietary processes, formulae, data, databases and other compilations of data, drawings, models and methodologies, including confidential information set forth in laboratory notebooks, laboratory reports, and engineering models and databases (except to the extent such information is covered by any patents), in each case of the foregoing, to the extent confidential and proprietary.

"Know-How Materials" means those written, electronic, computerized, digital or other similar tangible or intangible media to the extent containing or embodying any Know-How licensed under this IP License Agreement.

"Licensed IP" means the Parent Licensed IP or SpinCo Licensed IP, as applicable.

"Licensee" means (a) the relevant SpinCo Licensee with respect to the license rights granted pursuant to Section 2.01, and (b) the relevant Parent Licensee with respect to the license rights granted pursuant to Section 2.02.

"Licensor" means (a) the relevant SpinCo Licensor with respect to the license rights granted pursuant to Section 2.02, and (b) the relevant Parent Licensor with respect to the license rights granted pursuant to Section 2.01.

"Losses" means any loss, liability, damage, cost or expense, including legal fees and expenses, fines, penalties, and interest expenses.

"Parent" has the meaning set forth in the preamble.

"Parent Field" means the following products and services:

(1) Fuel delivery modules manufactured in Beijing by the Beijing Joint Venture as of or immediately prior to the Distribution Date;
(2) Dynamic sensors (including digital cam sensors; crank sensors; knock sensors; enhanced canister purge (ECP) valves; high flow ECP valves; and BDS crank sensors) manufactured in Beijing by the Beijing Joint Venture as of or immediately prior to the Distribution Date;
(3) Port Fuel Injection (PFI) fuel rail assemblies manufactured in Beijing by the Beijing Joint Venture as of or immediately prior to the Distribution Date;
(4) Starters and alternators manufactured in Korea and China as of or immediately prior to the Distribution Date; and
(5) Any and all Product/Production Updates to (1) through (4).

"Parent Group" has the meaning set forth in the Separation Agreement.

"Parent Licensed IP" means the Parent Licensed Patents and Parent Licensed Other IP.

"Parent Licensed Other IP" means all Intellectual Property, other than Patents, owned or controlled by any member of the Parent Group as of immediately after the Distribution Date and used or held for use in the SpinCo Business as of or prior to the Distribution Date, including the Copyrights and any Trade Secrets associated with Parent Licensed Patents, including those Copyrights and Trade Secrets set forth on Schedule 4.

"Parent Licensed Patents" means all of the following that are owned or controlled by any member of the Parent Group: (a) the patents and patent applications listed on Schedule 1 ("Scheduled Parent Licensed Patents"); (b) any Patent issuing after the Effective Date that claims priority to any Scheduled Parent Licensed Patent, excluding those claims in any continuation-in-part patent application that are not supported by the disclosure in any Scheduled Parent Licensed Patent; and (c) all foreign equivalents of any of the foregoing.

"Parent Licensee" means BorgWarner Inc.

"Parent Licensors" means BorgWarner Inc. and Delphi Technologies IP Limited.

"Party" or "Parties" has the meaning set forth in the preamble.

"PDS License Agreement" means a certain "Intellectual Property License Agreement" entered into on or prior to the Distribution under which BorgWarner PDS (Anderson) L.L.C. grants BorgWarner PDS Technologies, L.L.C. (f/k/a Remy Technologies, L.L.C.) a license to certain of its Intellectual Property.

"Person" has the meaning set forth in the Separation Agreement.

"Product/Production Updates" means product improvements, production improvement, quality improvement, and changes due to customer request (including design changes), cost savings, value analysis/value engineering (VA/VE), and resourcing for supplier changes.

"Requesting Party" has the meaning set forth in Section 2.08(a).

"Separation Agreement" has the meaning set forth in the recitals.

"SpinCo" has the meaning set forth in the recitals.

"SpinCo Field" means the following products and services:

(1) oxygen sensors manufactured at the Piracicaba site as of or immediately prior to the Distribution Date,
(2) smart remote actuators remanufactured in North America,
(3) cam phasers manufactured at the Gillingham site as of or immediately prior to the Distribution Date,
(4) starters and alternators, and
(5) any and all Product/Production Updates to (1) through (4);

provided, that in all cases the SpinCo Field excludes power electronics applications for any electrified stationary applications or electrified mobility applications, including any hybrid vehicles, electric vehicles or other applications exceeding 400 volts.

"SpinCo Group" has the meaning set forth in the Separation Agreement.

"SpinCo Licensed IP" means the SpinCo Licensed Patents and SpinCo Licensed Other IP.

"SpinCo Licensed Other IP" means all Intellectual Property (other than Patents) owned or controlled by any member of the SpinCo Group as of immediately after the Distribution Date and used or held for use in the Parent Business as of or prior to the Distribution Date, including the Copyrights and any Trade Secrets associated with the SpinCo Licensed Patents, including those Copyrights and Trade Secrets set forth on Schedule 3.

"SpinCo Licensed Patents" means all of the following that are owned or controlled by any member of the SpinCo Group: (a) the patents and patent applications listed on Schedule 1 ("Scheduled SpinCo Licensed Patents"); (b) any Patent issuing after the Effective Date that claims priority to any Scheduled SpinCo Licensed Patent, excluding those claims in any continuation-in-part patent application that are not supported by the disclosure in any Scheduled SpinCo Licensed Patent; and (c) all foreign equivalents of any of the foregoing.

"SpinCo Licensee" means PHINIA Technologies, Inc.

"SpinCo Licensors" means PHINIA Technologies, Inc. and BorgWarner Luxembourg Operations S.à.r.l.

"Subsidiary" has the meaning set forth in the Separation Agreement.

"Third Party" means any Person who is not a member of the Parent Group or the SpinCo Group.

ARTICLE II

LICENSE GRANTS

Section 2.01 License to SpinCo Licensee. Subject to the terms and conditions of this IP License Agreement, Parent Licensors hereby grant, or shall cause one or more of the other Parent Group members to grant, to the SpinCo Licensee a nonexclusive, perpetual, nontransferable (except in accordance with Section 9.01(a)), sublicensable (to the extent permitted in Section 2.03), worldwide, royalty-free, fully paid up license under Parent Licensed IP to make, have made, import, use, offer to sell, sell, and otherwise commercialize products and services solely in the SpinCo Field. Subject to the terms and conditions of this IP License Agreement, the license in, to and under the applicable Parent Licensed IP shall include the right to practice the same to make, have made, import, use, offer to sell, sell, and otherwise commercialize products and services solely in the SpinCo Field. SpinCo Licensee shall not, and shall ensure that all SpinCo sublicensees do not, directly or indirectly, use, practice, or otherwise exploit any Parent Licensed IP outside of the SpinCo Field.

Section 2.02 License to Parent Licensee. Subject to the terms and conditions of this IP License Agreement, SpinCo Licensors hereby grant, or shall cause one or more of the other SpinCo Group members to grant, to the Parent Licensee a nonexclusive, perpetual, nontransferable (except in accordance with Section 9.01(a)), sublicensable (to the extent permitted in Section 2.03), worldwide, royalty-free, fully paid up license under the SpinCo Licensed IP to make, have made, import, use, offer to sell, sell, and otherwise commercialize products and services solely in the Parent Field. Subject to the terms and conditions of this IP License Agreement, the license in, to and under the applicable SpinCo Licensed IP shall include the right to practice the same to make, have made, import, use, offer to sell, sell, and otherwise commercialize products and services solely in the Parent Field. Parent Licensee shall not, and shall ensure that all Parent sublicensees do not, directly or indirectly, use, practice, or otherwise exploit any SpinCo Licensed IP outside of the Parent Field.

Section 2.03 Sublicensing.

(a) Each Licensee may grant sublicenses under the rights and licenses granted to it under Section 2.01 or Section 2.02, as applicable, to:

(i) any of its Subsidiaries and Affiliates, through multiple tiers; and

(ii) any Third Parties in connection with the operation of such Licensee's business (but not for independent use by any such Third Party) in substantially the same manner that any such licenses were granted by the Licensor to such Licensee, including to customers or end-users in connection with products or services provided by such Licensee, and to manufacturers, suppliers, distributors, contractors, and consultants as necessary or useful to exercise the rights and licenses granted to such Licensee hereunder.

(b) All sublicenses granted under Section 2.03(a) must be consistent with the applicable terms and conditions of this IP License Agreement and, if granted to a Third Party, in writing. Without limiting the foregoing, all sublicenses must include provisions for protection of Confidential Information at least as stringent as those set forth in Section 5.01.

Any sublicense granted to a Third Party under this Section 2.03 must prohibit such Third Party sublicensee from further sublicensing without the prior written consent of Licensor. Licensee is responsible for the compliance of its sublicensees with the terms and conditions of this IP License Agreement, and any act or omission of a sublicensee that would be a material breach of this IP License Agreement if performed by Licensee will be deemed to be a material breach by Licensee.

(c) All licenses or sublicenses granted to any Person that is a Subsidiary of SpinCo or Parent or an Affiliate of SpinCo Licensee or Parent Licensee will continue only for so long as such Person is a Subsidiary of SpinCo or Parent or an Affiliate of SpinCo Licensee or Parent Licensee, and will automatically and immediately terminate with respect to such Person as of the date it ceases to be a Subsidiary of SpinCo or Parent or an Affiliate of SpinCo Licensee or Parent Licensee.

Section 2.04 Reservation of Rights. All rights not expressly granted by a Party hereunder are reserved by such Party. The rights and licenses granted in Section 2.01 and Section 2.02 are subject to, and limited by, any and all licenses, rights, limitations, and restrictions with respect to Intellectual Property previously granted to or otherwise obtained by any Third Party that are in effect as of the Effective Date.

Section 2.05 Inadvertently Omitted Patents, Copyrights, and Trade Secrets.

(a) If following the Effective Date, Parent determines that a Patent, Copyright, or Trade Secret owned or controlled by SpinCo or any member of the SpinCo Group immediately following the Effective Date was practiced by Parent or any of its Subsidiaries as of the Effective Date, and such Patent is not listed in Schedule 1 and such Copyright or Trade Secret was not listed in Schedule 3, then on written request from Parent, such Patent, Copyright, or Trade Secret will be deemed for all purposes hereunder to be a SpinCo Licensed IP as of the Effective Date, and Schedule 1 or Schedule 3 (as the case may be) will be amended to include such Patent, Copyright, or Trade Secret.

(b) If following the Effective Date, a SpinCo Licensee determines that a Patent, Copyright, or Trade Secret owned or controlled by Parent or any member of the Parent Group immediately following the Effective Date was practiced by SpinCo Subsidiaries as of the Effective Date, and such Patent is not listed in Schedule 2 and such Copyright or Trade Secret was not listed in Schedule 4, then on written request from such SpinCo Licensee, such Patent, Copyright, or Trade Secret will be deemed for all purposes hereunder to be a Parent Licensed IP as of the Effective Date, and Schedule 2 or Schedule 4 (as the case may be) will be amended to include such Patent, Copyright, or Trade Secret.

Section 2.06 Intellectual Property Rights under Bankruptcy Code. All rights and licenses granted by any Licensor under this IP License Agreement are and will be deemed to be rights and licenses to "intellectual property" as such term is used in, and interpreted under, Section 365(n) of the United States Bankruptcy Code (the "Bankruptcy Code") (11 U.S.C. § 365(n)). Each Licensor acknowledges that each applicable Licensee has all rights, elections, and protections under the Bankruptcy Code and all other bankruptcy, insolvency, and similar Laws with respect to this IP License Agreement, and the subject matter hereof. Without limiting the

generality of the foregoing, each Licensor acknowledges and agrees that, if such Licensor or its estate shall become subject to any bankruptcy or similar proceeding, subject to each applicable Licensee's rights of election under Section 365(n), all rights, licenses, and privileges granted to such Licensee under this IP License Agreement will continue subject to the respective terms and conditions hereof, and will not be affected, even by such Licensor's rejection of this IP License Agreement.

Section 2.07 Assignment of Licensed IP. Each Licensor acknowledges, agrees, and covenants that any assignment of any Licensed IP will include a transfer of any applicable license and similar contractual rights or permissions granted to the applicable Licensee in this IP License Agreement.

Section 2.08 Provision of Information.

(a) If any Party (the "Requesting Party") reasonably believes that any Know-How Materials are in possession or control of the other Party (such Party, the "Holding Party") or any of its Affiliates and such Know-How Materials are not in the possession or control of the Requesting Party or any of its Affiliates, and the Requesting Party makes a request in writing during the two (2) year period following the Effective Date that the Holding Party deliver the Know-How Materials to the Requesting Party, the Holding Party shall review such request and, to the extent in the possession or control of the Holding Party or any of its Affiliates, deliver the Know-How Materials to the Requesting Party as promptly as reasonably practicable and in any event within thirty (30) business days of receiving such request from the Requesting Party; provided that, the Holding Party shall notify the Requesting Party within such thirty (30) business day period if it reasonably believes that such request requires a longer period of review to determine if the request concerns licensed Know-How or to locate the applicable Know-How Materials; provided, further, to the extent the request does not constitute licensed Know-How, the Holding Party shall not be required to deliver such Know-How Materials to the Requesting Party, but shall provide the Requesting Party with an explanation in reasonable detail of the basis of such determination and shall make itself and its relevant Affiliates available to discuss in good faith with the Requesting Party.

(b) For clarity, and notwithstanding anything to the contrary, in no event shall any Licensor or its Affiliates be required hereunder to provide any written, electronic, computerized, digital or other tangible or intangible media to the extent comprising, containing, reflecting or embodying any licensed Know-How that has already been provided to, or is in the possession of, Licensee or its Affiliates.

Section 2.09 Third Party Rights. Notwithstanding anything to the contrary herein, the terms and conditions of this IP License Agreement (including the licenses granted under Sections 2.01 through 2.02 and sublicense rights under Section 2.03) are subject to any and all rights of and obligations owed to any Third Parties with respect to the Licensed IP under any contracts existing as of the Effective Date to which either Licensor or any of its Affiliates or Licensee or any of its Affiliates is a party or is otherwise bound, and to the extent that, as a result of such rights or obligations, any license or other rights granted hereunder: (i) may not be granted without the consent of or payment of a fee or other consideration; or (ii) will cause Licensor or

any of its Affiliates or Licensee or any of its Affiliates to be in breach of any of its or their obligations to any Third Party, the applicable licenses and other rights granted hereunder shall only be granted to the extent such consent has been obtained or such fee or other consideration has been paid. The Parties shall use commercially reasonable efforts to obtain any such consents to the extent required to grant Licensee the rights granted hereunder; provided that, (x) the foregoing shall not require the Parties to duplicate any obligations undertaken under the Separation Agreement and (y) notwithstanding anything herein to the contrary, Licensor shall have no obligation to agree to or make any payments or other concessions, except as mutually agreed in writing between the Parties, or participate in any act or omission that will cause Licensor to be in breach of its or their obligations to any Third Party. Notwithstanding the foregoing, Licensee shall not be deemed in breach of this Section 2.09 only if, and for such time, Licensee is not aware of such rights of or obligations owed to such Third Party.

Section 2.10 No Other Rights or Obligations. Except as expressly set forth in this Article II of this IP License Agreement, in the PDS License Agreement, or in the Electronics Collaboration Agreement, this IP License Agreement grants no right or license, whether by implication, estoppel or otherwise, under any intellectual property rights that any Party or any of their Affiliates may own or control now or in the future. Except as expressly set forth in this Article II, nothing contained herein will be construed as an obligation to disclose or deliver any technical information or embodiment of any Licensed IP or to provide any technical assistance or other services or deliverables to any other Party or the members of its Group.

ARTICLE III

INTELLECTUAL PROPERTY OWNERSHIP; NO CHALLENGE

Section 3.01 Ownership of Licensed IP. As between the Parties, (a) SpinCo Licensee acknowledges and agrees that Parent or a member of the Parent Group owns or controls the Parent Licensed IP; (b) Parent Licensee acknowledges and agrees that SpinCo or a member of the SpinCo Group owns or controls the SpinCo Licensed IP; and (c) each Party acknowledges and agrees that neither such Party nor any of its Subsidiaries, Affiliates, or sublicensees will acquire any ownership rights in the Licensed IP licensed to such Party hereunder.

Section 3.02 Improvements. The ownership of any Improvements to the Licensed Parent IP or the Licensed SpinCo IP, or the subject matter described or claimed therein, that are invented, created, conceived, developed, or otherwise made by or on behalf of any Party or any of its Affiliates after the Effective Date will be determined in accordance with United States patent, copyright, or other applicable intellectual property law. Each Party expressly acknowledges and agrees that no right or license, express or implied, is granted hereunder in or to any Improvements by any Party as the Licensor to any other Party as the Licensee.

Section 3.03 No Challenge.

(a) Each Parent Licensee shall not do anything inconsistent with any SpinCo Licensor's ownership of the SpinCo Licensed IP and shall not claim adversely to any SpinCo Licensor, or assist any Third Party in attempting to claim adversely to any SpinCo Licensor, with regards to such ownership. No Parent Licensee shall challenge, in any country or

jurisdiction, any SpinCo Licensor's title to or ownership of the SpinCo Licensed IP or any rights therein, challenge any issuances or application of any Licensed Intellectual Property or challenge the validity of the SpinCo Licensed IP, this IP License Agreement or the license granted herein. However, notwithstanding the above, each Parent Licensee shall be free to challenge any SpinCo Licensor's title to or ownership of the SpinCo Licensed IP or in any rights therein in the event of any infringement dispute or contractual dispute, in each case, regarding the scope of such Parent Licensee's rights as between such SpinCo Licensor and such Parent Licensee.

(b) Each SpinCo Licensee shall not do anything inconsistent with any Parent Licensor's ownership of the Parent Licensed IP and shall not claim adversely to any Parent Licensor, or assist any Third Party in attempting to claim adversely to any Parent Licensor, with regards to such ownership. No SpinCo Licensee shall challenge, in any country or jurisdiction, any Parent Licensor's title to or ownership of the Parent Licensed IP or any rights therein, challenge any issuances or application of any Parent Licensed IP or challenge the validity of the Parent Licensed IP, this IP License Agreement or the license granted herein. However, notwithstanding the above, SpinCo Licensee shall be free to challenge any Parent Licensor's title to or ownership of the Parent Licensed IP or in any rights therein in the event of any infringement dispute or contractual dispute, in each case, regarding the scope of SpinCo Licensee's rights as between such Parent Licensor and SpinCo Licensee.

ARTICLE IV

PROSECUTION, MAINTENANCE, AND ENFORCEMENT

Section 4.01 Prosecution and Maintenance. As between the Parties, each Licensor will have the sole and exclusive right, but no obligation, at its own cost and expense, to file, prosecute, and maintain all Patents within the Licensed IP under which such Licensor grants a license to a Licensee hereunder.

Section 4.02 Enforcement. As between the Parties, each Licensor will have the sole and exclusive right, but no obligation, at its own cost and expense, to initiate and control any legal proceeding or take other appropriate action against any infringement or misappropriation of, or to defend against any challenge to, the Licensed IP under which such Licensor grants a license to a Licensee hereunder. Each Licensor may retain all amounts recovered by such Licensor in any such action (including by settlement or other disposition), unless otherwise agreed in writing by the Parties.

Section 4.03 Cooperation. Upon a Licensor's request, an applicable Licensee shall provide reasonable assistance and cooperation in connection with any activities undertaken by such Licensor pursuant to Section 4.01 or 4.02. Such Licensor shall keep such Licensee reasonably informed of the status of any such activities and shall reimburse such Licensee for its reasonable out-of-pocket costs and expenses incurred in connection therewith.

Section 4.04 No Obligation. Nothing in this IP License Agreement will obligate any Party to file, prosecute, maintain, register, or bring any action or other proceeding against any Third Party for infringement or misappropriation of, or to defend against any challenge to, any Licensed IP,

or take any other step to protect any Intellectual Property, except as expressly provided in Section 4.03.

ARTICLE V

CONFIDENTIALITY

Section 5.01 Confidentiality. The Parties acknowledge and agree that the confidentiality obligations set forth in the Separation Agreement apply to a Party's Confidential Information hereunder, *mutatis mutandis*. Without limiting the foregoing, each Licensee shall, and shall ensure that its Affiliates: (i) use at least the same standard of care to protect and safeguard the confidentiality of all Trade Secrets of a Licensor or its Affiliates included in the Licensed IP received by such Licensee or its Affiliates as they use to protect their own Trade Secrets (but no less than reasonable care); and (ii) not use or disclose, or permit to be used or accessed, such licensed Trade Secrets except in accordance with the license granted in Section 2.01 or Section 2.02, as applicable. Each Party shall promptly provide written notice to the other Party of any suspected or actual breach of its confidentiality obligations in this Section 5.01.

ARTICLE VI

DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY

Section 6.01 Disclaimer of Warranties. EACH OF SPINCO LICENSEE (ON BEHALF OF ITSELF AND EACH MEMBER OF THE SPINCO GROUP) AND PARENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PARENT GROUP) UNDERSTANDS AND AGREES THAT ALL LICENSED IP IS BEING LICENSED ON AN "AS IS" BASIS. NO PARTY IS MAKING ANY REPRESENTATION OR WARRANTY OF ANY KIND UNDER THIS IP LICENSE AGREEMENT (INCLUDING WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, OR SCOPE OF THE LICENSED IP), AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES.

Section 6.02 Limitation of Liability. NO PARTY NOR ANY OF ITS AFFILIATES WILL BE LIABLE TO ANY OTHER PARTY OR ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, PUNITIVE, OR ENHANCED DAMAGES, OR FOR ANY LOSS OF ACTUAL OR ANTICIPATED PROFITS, ARISING IN ANY WAY OUT OF THIS IP LICENSE AGREEMENT OR THE USE OF THE LICENSED IP, WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), STATUTE, OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE AND WHETHER ANY PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING LIMITATIONS DO NOT APPLY TO (A) THIRD-PARTY CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION UNDER ARTICLE VIII; OR (B) LOSSES ARISING OUT OF OR RELATING TO A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTION 5.01.

Section 6.03 Acknowledgment. For the avoidance of doubt, notwithstanding anything in this IP License Agreement to the contrary, the Parties acknowledge and agree that nothing in this IP License Agreement is intended to limit or restrict any of the representations, warranties, or remedies available to the Parties or their Affiliates under the Separation Agreement or any of the other Transaction Documents.

ARTICLE VII

TERM AND TERMINATION

Section 7.01 Term. This IP License Agreement is effective as of the Effective Date and will continue in effect, on a Licensed IP-by-Licensed IP basis, until the expiration, invalidation, or other loss of protection under applicable Law of such Licensed IP, unless earlier terminated in accordance with Section 7.02 (the "Term").

Section 7.02 Termination.

(a) Either Parent Licensors or Parent Licensee may terminate this IP License Agreement on written notice to SpinCo Licensors or SpinCo Licensee if SpinCo Licensors or SpinCo Licensee materially breaches this IP License Agreement and fails to cure such breach within ninety (90) days after receiving written notice thereof. Either SpinCo Licensors or SpinCo Licensee may terminate this IP License Agreement on written notice to Parent Licensors or Parent Licensee if Parent Licensors or Parent Licensee materially breaches this IP License Agreement and fails to cure such breach within ninety (90) days after receiving written notice thereof.

(b) In the event of termination of this IP License Agreement under Section 7.02(a): (i) the breaching Party shall, and shall cause its Subsidiaries, Affiliates, and sublicensees, promptly cease all use of the Licensed IP; (ii) all rights and licenses granted to such breaching Party and its Subsidiaries, Affiliates, and sublicensees under this IP License Agreement will immediately revert to the non-breaching Party; and (iii) the rights and licenses granted by the breaching Party to the non-breaching Party and its Subsidiaries and Affiliates will survive such termination but remain subject to the terms and conditions of this IP License Agreement.

Section 7.03 Survival. The rights and obligations of the Parties set forth in Section 3.01 (Ownership of Licensed IP), Section 3.02 (Improvements), Section 5.01 (Confidentiality), Article VI (Disclaimer of Warranties; Limitation of Liability), Article VIII (Indemnification), Article IX (Other Separation Agreement Provisions), and Article X (Miscellaneous) will survive any expiration or termination of this IP License Agreement.

ARTICLE VIII

INDEMNIFICATION

Section 8.01 Indemnification.

(a) Parent (the "Indemnifying Parent Party") shall indemnify, defend, and hold harmless SpinCo Licensee and its Affiliates and its and their officers, directors, employees,

agents, successors, and assigns (collectively, "Indemnified SpinCo Parties") from and against any and all Losses arising out of, relating to, or resulting from (a) breach of this IP License Agreement by Parent or its Affiliates; or (b) use of the Licensed IP by or on behalf of the Indemnifying Parent Party or its Affiliates or sublicensees after the Effective Date.

(b) SpinCo Licensors and SpinCo Licensee (the "Indemnifying SpinCo Party") shall indemnify, defend, and hold harmless Parent and its Affiliates and its and their officers, directors, employees, agents, successors, and assigns (collectively, "Indemnified Parent Parties") from and against any and all Losses arising out of, relating to, or resulting from (a) breach of this IP License Agreement by SpinCo or its Affiliates; or (b) use of the Licensed IP by or on behalf of the Indemnifying SpinCo Party or its Affiliates or sublicensees after the Effective Date.

Section 8.02 Indemnification Procedures. The indemnification procedures set forth in Section 6 of the Separation Agreement are hereby incorporated into this IP License Agreement *mutatis mutandis*.

Section 8.03 Tax Treatment. Any indemnity payments made between Parent and SpinCo Licensee under this Agreement shall be reported for US federal income tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, immediately before the Effective Date or as payments of an assumed or retained liability.

ARTICLE IX

OTHER SEPARATION AGREEMENT PROVISIONS

Section 9.01 Other Separation Agreement Provisions.

(a) Article IX of the Separation Agreement is hereby incorporated into this IP License Agreement *mutatis mutandis*; provided that, in the event of any conflict between the provisions of Article IX of the Separation Agreement and this IP License Agreement, the provisions of this IP License Agreement shall control.

(b) This IP License Agreement, including the provisions herein expressly providing for indemnification, shall be subject to the indemnification provisions of Article VI of the Separation Agreement; provided that, in the event of any conflict between such indemnification provisions, the indemnification provisions in this IP License Agreement shall control.

(c) Article XI of the Separation Agreement is hereby incorporated into this IP License Agreement *mutatis mutandis*. In the case of any permitted assignment of this Agreement, all rights and obligations herein are binding upon and inures to the benefit of the Parties hereto and their respective permitted successors and assigns.

ARTICLE X

MISCELLANEOUS.

Section 10.01 Entire Agreement. Except as otherwise expressly provided in this IP License Agreement, this IP License Agreement, together with the Separation Agreement and the other Ancillary Agreements, constitutes the entire agreement of the parties hereto with respect to the subject matter of this IP License Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matters addressed herein. In the event of any conflict between the provisions of this IP License Agreement and the provisions of the Separation Agreement or any other Ancillary Agreements, the terms and conditions of this IP License Agreement will control.

Section 10.02 Third-Party Beneficiaries. Except for the rights of the members of each Party's Group as set forth herein, and for the indemnification rights under this IP License Agreement of any Indemnified Party, (a) the provisions of this IP License Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this IP License Agreement and this IP License Agreement shall not provide any Third Party with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this IP License Agreement.

Section 10.03 Notices. All notices or other communications under this IP License Agreement shall be in writing and shall be deemed to be duly given (a) when delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service, (c) upon written confirmation of receipt after transmittal by electronic mail or (d) upon the earlier of confirmed receipt or the fifth business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Parent or any Parent Licensor, to:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attention: General Counsel

with a copy, which shall not constitute notice, to:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attention: Chief IP Counsel

If to SpinCo Licensee or any SpinCo Licensee, to:

PHINIA Inc.
3000 University Drive
Auburn Hills, MI 48326

Attention: General Counsel

Section 10.04 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "herewith" and words of similar import, unless otherwise stated, shall be construed to refer to this IP License Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this IP License Agreement. Section or schedule references are to the articles, sections and schedules of or to this IP License Agreement unless otherwise specified. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this IP License Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein). The word "including" and words of similar import when used in this IP License Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." References herein to any Law shall be deemed to refer to such law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder. Except as expressly set forth in this IP License Agreement, Parent and SpinCo Licensee (or their respective Parent or SpinCo Group members) shall make, or cause to be made, any payment that is required to be made pursuant to this IP License Agreement as promptly as practicable and without regard to any local currency constraints or similar restrictions. In the event that an ambiguity or question of intent or interpretation arises, this IP License Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions hereof.

Section 10.05 Relationship of the Parties. Nothing contained in this IP License Agreement creates any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the Parties, and none of Parent Licensors and Parent Licensee, on the one hand, or SpinCo Licensors and SpinCo Licensee, on the other hand, has authority to contract for or bind the other in any manner whatsoever.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this IP License Agreement to be executed by their duly authorized representatives as of the Effective Date.

BorgWarner Inc.

By: _____

Name:

Title:

PHINIA Technologies, Inc.

By: _____

Name:

Title:

Delphi Technologies IP Limited

By: _____

Name:

Title:

BorgWarner Luxembourg Operations S.à.r.l.

By: _____

Name:

Title:

Exhibit 10.5

ELECTRONICS COLLABORATION AGREEMENT

dated as of [●], 2023

by and

between

BorgWarner PDS (USA) Inc.

and

PHINIA Technologies Inc.

TABLE OF CONTENTS

ELECTRONICS COLLABORATION AGREEMENT

PARTIES

This **Electronics Collaboration Agreement** (the ***Agreement***) is dated as of [●] (the ***Effective Date***) and entered between

(1) BorgWarner PDS (USA) Inc. (***BorgWarner***); and

(2) PHINIA Technologies Inc. (***PHINIA***)

(each a ***Party***, and together, the ***Parties***).

WHEREAS:

(A) BorgWarner and PHINIA have entered into a Separation and Distribution Agreement dated as of [●], 2023 (the ***Separation and Distribution Agreement***), which governs the principal transactions required to effect the spin-off of the SpinCo Business (as defined in the Separation and Distribution Agreement) into PHINIA, and provides for certain other agreements that will govern certain matters relating to such spin-off and the relationship of BorgWarner, PHINIA and their respective subsidiaries following such spin-off.

(B) Certain BorgWarner entities have entered into one or more agreements on or around the date of this Agreement under which they have agreed that BorgWarner entities shall manufacture and supply, and PHINIA entities shall purchase from BorgWarner entities ECUs and Fuel Delivery Controllers (each as defined below) (the ***Supply Agreements***).

(C) In accordance with the terms of the Separation and Distribution Agreement, the Parties have agreed to continue their collaboration with respect to certain scenarios of supply and sale of ECUs and Fuel Delivery Controllers to customers, as further defined below and summarized in Schedule 1, on the terms set out in this Agreement.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Article I.
DEFINITIONS, INTERPRETATION, HIERARCHY

Section 1.01 For the purpose of this Agreement, the terms listed in this Article I, when used in their capitalized form in this Agreement, shall have the meaning set forth below. Unless expressly provided otherwise herein, all capitalized terms not specifically defined in this Agreement have the meaning ascribed to them in the Separation and Distribution Agreement.

Section 1.02 In this Agreement:

Affected Party has the meaning given in Section 9.02;

Agreement means this Electronics Collaboration Agreement and its Appendices;

Application Software means the application software developed by PHINIA or its Affiliates for integration into ECUs;

ASICs means application-specific integrated circuits developed and designed by BorgWarner or its Affiliates for the particular use in ECUs and identified in Schedule 6, in each case as existing upon the Effective Date;

BorgWarner has the meaning given in the introductory paragraph;

BorgWarner IP means all Intellectual Property in relation to (i) ECUs; (ii) Fuel Delivery Controllers; (iii) functional test software used for testing of ECUs after development; and (iv) other software relating to the patents of BorgWarner and its Affiliates set out in Schedule 5 to this Agreement, in each case (i) to (iv) existing and in Technological Control of BorgWarner upon the Effective Date;

Calibration Data means the set of parameters working in conjunction with the Application Software that customizes the operation of the Application Software to a particular engine and vehicle application and is written into the electronic controller memory;

Confidential Information of a Party means all information of a confidential nature of that Party, including any information relating to that Party's (or its Affiliates') Intellectual Property, products, software, operations, processes, technical methods, plans, documentation, market opportunities or business affairs (including all information of a financial nature), and including the terms of this Agreement (which shall constitute Confidential Information of either Party);

Contract Year means any twelve (12)-month period following the Effective Date and each anniversary of the Effective Date;

Control means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; the term ***Controlled*** shall have a correlative meaning;

Customer means a direct Third-Party customer of BorgWarner or PHINIA (or their respective Affiliates), as applicable;

Disclosing Party has the meaning given in Section 10.01;

Dispute has the meaning given in Section 11.10(b);

Dispute Notice has the meaning given in Section 11.10(b);

Divested Entity has the meaning given in Section 3.10;

ECU means an engine control unit which (i) is comprised of hardware and base software (hardware interface software layer), and (ii) for the avoidance of doubt, does not include any Application Software or Calibration Data, in each case irrespective of whether it is an Existing ECU or New ECU. For the avoidance of doubt, ECUs may additionally include functionality to drive other vehicle or hybrid functions;

Effective Date has the meaning given in the introductory paragraph;

Embedded Software means BorgWarner's (or its Affiliates') proprietary software which may be embedded in Fuel Delivery Controllers;

Engineering Project has the meaning given in Section 2.03(b)(ii);

Existing ECU means each of the ECUs which is, as of the Effective Date, covered by an Existing ECU Program;

Existing ECU Programs means all programs agreed between PHINIA or BorgWarner (or their respective Affiliates) and their respective Customers upon the Effective Date relating to the supply of ECUs by PHINIA or BorgWarner (or their respective Affiliates), as applicable, to such Customers, as listed in Schedule 2 to this Agreement;

Force Majeure Event has the meaning given in Section 9.01;

Fuel Delivery Controller means an integrated controller cover associated with fuel delivery modules listed in Schedule 3 to this Agreement which is comprised of hardware, embedded software and functional test software;

Full System Sales means the scenario under which BorgWarner or any of its Affiliates sells ECUs to PHINIA or any of its Affiliates pursuant to separate Supply Agreements, and PHINIA or its respective Affiliate sells these ECUs to Customers as part of System Sales;

Future ECU Programs means all programs agreed between PHINIA or BorgWarner (or their respective Affiliates) and their respective Customers after the Effective Date relating to the supply of ECUs by PHINIA or BorgWarner (or their respective Affiliates), as applicable, to such Customers;

Governmental Order means any decision, ruling, order, writ, judgment, injunction, decree, determination or award entered by or with any Governmental Authority;

HWIO Software means a software layer doing the abstraction of the ECU hardware for the Application Software components;

Intellectual Property means any and all of the following arising under the Laws of any jurisdiction throughout the world: (a) patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and utility models); (b) copyrights and works of authorship (whether or not copyrightable), and all registrations, applications for registration, and renewals of any of the foregoing; (c) trade secrets, know-how, inventions (whether or not patentable), technology, and other confidential and proprietary information; and (d) other intellectual property and related proprietary rights. For the purposes of this Agreement, Intellectual Property does not include trademarks, service marks, trade dress, trade names, domain names, social media accounts or usernames, or other indicia of source or origin;

Intellectual Property Cross-License Agreement means a certain "Intellectual Property Cross-License Agreement" entered into between BorgWarner, Delphi Technologies IP Limited, PHINIA and BorgWarner Luxembourg Operations S.à.r.l. on or around the date of this Agreement under which the respective parties grant each other licenses under their respective Intellectual Property;

Negotiation Period has the meaning given in Section 11.10(b);

New ECUs means ECUs which neither BorgWarner nor PHINIA (or their Affiliates) manufactures or sells on the Effective Date;

Parallel Sales has the meaning given in Section 2.01(b);

Party and ***Parties*** has the meaning given in the introductory paragraph;

Permitted Users has the meaning given in Section 10.02;

PHINIA has the meaning given in the introductory paragraph;

PHINIA IP means all Intellectual Property in relation to (i) the Application Software; (ii) the calibration process; (iii) other software features relating to the patents of PHINIA and its Affiliates set out in Schedule 4 Part A to this Agreement; and (iv) patents of PHINIA and its Affiliates in relation to ECUs set out in Schedule 4 Part B to this Agreement, in each case (i) to (iv) existing and in Technological Control of PHINIA upon the Effective Date;

Product Change has the meaning given in Section 2.03(a);

Provider has the meaning given in Section 2.03(b)(ii);

Receiving Party has the meaning given in Section 10.01;

Recipient has the meaning given in Section 2.03(b)(ii);

Sales Tax has the meaning given in Section 6.01;

Separation and Distribution Agreement has the meaning given in Recital (A);

Standalone ECU Sales has the meaning given in Section 2.01(a);

Sublicensees has the meaning given in Section 3.06;

Supply Agreement(s) has the meaning given in Recital (B);

System Sales means sales including any combination of an ECU and at least an injector;

Technological Control means with respect to an Intellectual Property, the ability of a Party, whether arising by ownership, possession or pursuant to a license or sublicense, to grant the licenses or sublicenses to the other Party with respect to such Intellectual Property as provided in this Agreement without violating the terms of any agreement or other arrangement with any Third Party or Affiliate;

Term has the meaning given in Section 8.01; and

Third Party means any Person other than the Parties or any of their Affiliates.

Section 1.03 In this Agreement, unless the context requires otherwise:

(a) (i) "include", "includes" or "including" shall be deemed to be followed by "without limitation"; (ii) "hereof", "herein", "hereby", "hereto" and "hereunder" shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (iii) "extent" in the phrase "to the extent" shall mean the

degree to which a subject or other item extends and shall not simply mean “if”; (iv) “USD” shall mean United States Dollars; (v) “EUR” shall mean Euro; (vi) the singular includes the plural and vice versa; (vii) reference to

a gender includes the other gender; (viii) "any" shall mean "any and all"; (ix) "or" is used in the inclusive sense of "and/or"; (x) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented, modified and in effect from time to time in accordance with its terms; and (xi) reference to any Law means such Law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder;

(b) the table of contents, articles, titles and headings to Articles, Sections and Paragraphs herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to "Articles", "Sections", or "Schedules" are intended to refer to Articles or Sections of this Agreement and Schedules to this Agreement. Schedules shall form part of this Agreement and any reference to this Agreement shall include the Schedules, unless reference is specifically made to a Schedule or the front-end of this Agreement, respectively; and

(c) in case of conflicts, the front-end of this Agreement shall prevail over its Schedules, unless otherwise stipulated in the front-end of this Agreement.

Article II.
COOPERATION IN RESPECT OF
STANDALONE ECU SALES AND PARALLEL SALES

Section 1.01 This Article II shall apply in the following scenarios:

(a) BorgWarner or any of its Affiliates directly sells to a Customer Existing ECUs or New ECUs which contain either (i) Application Software or (ii) Application Software and Calibration Data, without associated sales of additional components by PHINIA or any of its Affiliates to that Customer (***Standalone ECU Sales***).

(b) BorgWarner or any of its Affiliates directly sells to a Customer Existing ECUs which comprise either (i) Application Software or (ii) Application Software and Calibration Data, and, in parallel, PHINIA or any of its Affiliates directly sells to the same Customer additional components which the Customer then assembles (or has assembled) with the Existing ECUs delivered by BorgWarner or any of its Affiliates, as applicable (***Parallel Sales***).

Section 1.02 Provision of Application Software.

(a) Without limitation to Section 3.05(b) and subject to Section 2.02(b), PHINIA shall, during the Term, provide (or shall procure that its Affiliates provide) to BorgWarner and its Affiliates free of charge the Application Software for the purpose of incorporating such Application Software into ECUs which are sold by BorgWarner (or its Affiliates) to Customers as part of Parallel Sales. In case of any updates to or new rollouts of the Application Software, PHINIA shall provide, or cause to be provided, to BorgWarner upon BorgWarner's request such updates or new rollouts against a one-time fee of USD 12,000 per update or rollout (with up to two (2) releases for that update or rollout) which shall be paid by BorgWarner within 60 (sixty) calendar days of the date of the invoice.

(b) In consideration for the Application Software and/or Calibration Data provided by PHINIA to BorgWarner for inclusion into ECUs sold by BorgWarner (or its Affiliates) to Groupe Peugeot Société Anonyme, BorgWarner shall pay in calendar year 2023

a consideration as per the formula agreed between BorgWarner and Groupe Peugeot Société Anonyme as set out in Schedule 7 to this Agreement. PHINIA shall invoice the respective amortization amount after the end of each calendar month, which shall be paid within 60 (sixty) calendar days of the date of the invoice.

Section 1.03 Engineering Support.

(a) The Parties acknowledge and agree that during the Term, due to various factors such as change requests by a Customer, changes in Law or new requirements by a Governmental Authority, (i) BorgWarner and its Affiliates may be required to implement changes to its Existing ECUs and/or (ii) PHINIA and its Affiliates may be required to implement changes to its Application Software or Calibration Data, in each case covered by an Existing ECU Program (each a ***Product Change***). If and to the extent the implementation of a Product Change by the affected Party (or its Affiliates) is, in the affected Party's reasonable opinion, not reasonably possible without the other Party's or their Affiliates' engineering support, then the affected Party may request from the other Party to provide, or procure the provision by its Affiliates, the engineering support as reasonably required by the affected Party and its Affiliates for the implementation of the Product Change, and the other Party shall provide such engineering support, or shall procure the provision of such engineering support by its Affiliates, subject to and in accordance with the terms of this Section 2.03.

(b) With respect to engineering support requested by either Party pursuant Section 2.03(a), the following shall apply:

(i) Within two (2) weeks from the Effective Date, and thereafter at least every six (6) months, the Parties shall align on their (and their Affiliates') expected needs for engineering support and required capacities through a long-range plan (*LRP*) process. Immediately after the Effective Date, the Parties shall establish a process of exchanging information as part of the LRP process in compliance with antitrust requirements.

(ii) The Party requiring engineering support for itself or for its Affiliates (the ***Recipient***) shall order engineering support based on an order form. The Recipient shall also submit a proposal for the time schedule for the completion of the engineering support. The Recipient may order engineering support and the other Party (the Party to provide (or to procure the provision of) the engineering support, the ***Provider***) may accept these orders, irrespective of whether the Parties have performed an LRP process in accordance with the above principles or not. The order shall become binding only if accepted by the Provider in writing, text form or electronic form. Subject to Section 2.03(b)(iii) below, the Provider shall be obliged to accept the order if the requested engineering support is technologically feasible with the validation or testing equipment and resources available to the Provider and its relevant Affiliates. Each accepted offer shall constitute an ***Engineering Project***.

(iii) In case of constraints in available engineering personnel or validation or testing equipment, the Provider shall (A) inform the Recipient about such circumstances without undue delay; and (B) allocate the available resources between the Recipient and any other user of these resources (including the Provider itself and any of its Affiliates) in a proportionate, non-discriminatory way.

(iv) The engineering support provided under each Engineering Project shall be charged on a full cost plus ten percent (10%) basis under an "open book" concept, whereby the Provider shall provide to the Recipient transparency and reasonable evidence on (A) the hours of engineering support provided; and (B) the costs incurred in providing the engineering support. The Parties shall jointly establish a process of exchanging information on the Provider's and its relevant Affiliates', if applicable, cost basis in compliance with antitrust requirements. To the extent the Recipient requires additional information beyond the scope of information exchanged as part of the jointly established process, the Parties shall discuss the request for additional information in good faith, in each case taking into account antitrust restrictions.

(v) The Provider shall invoice the service charges to the Recipient in intervals as agreed on an Engineering Project-by-Engineering Project basis. Invoices shall be paid within 60 (sixty) calendar days of the date of the invoice.

(vi) The Provider shall provide, or procure the provision by its Affiliates of, the engineering support in accordance with the standard and using the same degree of diligence applied by it (or its respective Affiliates) to comparable activities for the benefit of entities within its Group. The Parties acknowledge and agree that the Provider and its Affiliates do not give any warranty, including of merchantability, fitness for a particular purpose, freedom from Third Party Intellectual Property, or technical or commercial exploitability of any results of the engineering support and Engineering Project (e.g., test results) and any such warranty shall be explicitly excluded.

(c) With respect to changes required in support of Future ECU Programs or New ECUs, the provision of any engineering support is subject to the Parties' mutual agreement and no Party is obliged under this Agreement to provide engineering support to the other Party.

Section 1.04 Without limitation to Section 2.03, if, in case of Parallel Sales, a Party or any of its Affiliates is required to implement a change to its product due to changes implemented by the other Party or its Affiliates in its product or due to (technical) issues in the other Party's (or its Affiliates') product, the other Party shall reimburse any associated costs to the Party required to implement the changes in accordance with the commercial principles set out in Section 2.03(b)(iv) above.

Section 1.05 Warranty Claims by Customers.

(a) The Parties acknowledge and agree that the contractual relationship with the Customers of ECUs in connection with Standalone ECU Sales and Parallel Sales shall be vested in BorgWarner (or its respective Affiliate) only, and that all rights and obligations under such contractual relationship shall only apply as between the Customer and BorgWarner (or its respective Affiliate).

(b) Vis-à-vis Customers of BorgWarner and its Affiliates to which BorgWarner or the respective Affiliate sells ECUs in connection with Standalone ECU Sales or Parallel Sales, BorgWarner (or its relevant Affiliate) shall be solely responsible for all warranty claims relating to the ECUs supplied to the Customers by BorgWarner (or its relevant Affiliate, as applicable), provided that BorgWarner may pass-through, and PHINIA shall reimburse to BorgWarner, any warranty costs to the extent attributable to the Application

Software or Calibration Data. For the avoidance of doubt, warranty costs shall not be considered attributable to the Application Software or Calibration Data, and PHINIA shall not be liable to reimburse the respective warranty costs under this Section 2.05(b), to the extent (i) the Application Software or Calibration Data has been altered by BorgWarner or its Affiliates resulting in the warranty claim, or (ii) the defect of the ECU is caused by an interaction with the hardware or base software (hardware interface software layer) included in the ECU which has been modified by BorgWarner or its Affiliates since vehicle validation testing has occurred other than in accordance with the agreed change management process.

(c) If BorgWarner becomes aware that a warranty claim raised by a Customer might be (partially) caused by the Application Software or Calibration Data, BorgWarner shall, in accordance with past practice:

(i) notify PHINIA of the Customer's warranty claim without undue delay;

(ii) initiate, together with PHINIA, a root cause analysis;

(iii) before such root cause analysis has been conducted, not make, and procure that its relevant Affiliate will not make, any statements on defects or non-compliance of the Application Software or Calibration Data, as applicable, towards the Customer.

(d) If the root cause analysis confirms that the defect of the ECU and the warranty claim by a Customer has been (partially) caused by the Application Software or Calibration Data, PHINIA shall, at its own cost, develop and supply, or procure that its relevant Affiliate develops and supplies, replacement software or Calibration Data, as applicable, to BorgWarner (or the relevant Affiliate as designated by BorgWarner).

Article III.
INTELLECTUAL PROPERTY

Section 1.01 Without limitation to licenses granted to Intellectual Property under the Intellectual Property Cross-License Agreement, nothing in this Agreement shall affect BorgWarner's and its Affiliates' rights in the BorgWarner IP and PHINIA's and its Affiliates' rights in the PHINIA IP. Except as expressly set forth in this Article III and without limitation to the right granted to PHINIA in Section 4.02, this Agreement grants no right or license, whether by implication, estoppel or otherwise, under any rights in Intellectual Property that any Party may own or control now or in the future. Except as expressly set forth in this Article III, nothing contained herein will be construed as an obligation to disclose or deliver any technical information or embodiment of any licensed Intellectual Property or to provide any technical assistance or other services or deliverables to any other Party or the members of its Group.

Section 1.02 Subject to the restrictions following from PHINIA's and its Affiliates' sourcing commitments under the Supply Agreement, BorgWarner grants PHINIA a non-exclusive, perpetual (subject to termination in accordance with Article VIII), non-transferable, royalty-free, fully paid up and worldwide license (with the right to grant sublicenses in accordance with the provisions set out in Section 3.06) under the BorgWarner IP (but excluding under any Intellectual Property comprised in the BorgWarner IP in relation to ASICs) to the extent necessary for PHINIA's development, specification and sales of

ECUs and Fuel Delivery Controllers in connection with PHINIA's System Sales only, but for the avoidance of doubt, excluding in connection with any standalone sales.

Section 1.03 If PHINIA becomes aware that a Third Party infringes or may infringe any patents within the BorgWarner IP, PHINIA may provide to BorgWarner information sufficient to allow BorgWarner to assess the alleged infringement and any enforcement request. BorgWarner will give a reasonable consideration to the enforcement request and will have the sole and exclusive right, but no obligation, to initiate and control any legal proceeding or take other appropriate action against any infringement of the BorgWarner IP. In the event that BorgWarner or any of its Affiliates initiates any legal proceedings or takes other action against the Third Party based on PHINIA's enforcement request:

(a) PHINIA shall bear the entire expense (including, without limitation, all attorneys' fees and legal costs) incurred by BorgWarner or its Affiliates in connection with the enforcement request, any legal proceeding relating to enforcement of the BorgWarner patent, and any defense to any counterclaims or other defenses asserted by the Third Party; and

(b) upon BorgWarner's request, PHINIA shall, and shall procure that its Affiliates will, provide assistance and cooperation in connection with any activities undertaken by BorgWarner and its Affiliates pursuant to this section; and

(c) all monetary recoveries will be evenly divided by PHINIA and BorgWarner after deducting any reasonable attorney's fees spent by PHINIA and BorgWarner or their respective Affiliates.

Section 1.04 PHINIA grants BorgWarner a non-exclusive, perpetual (subject to termination in accordance with Article VIII), non-transferable, royalty-free, fully paid up and worldwide license (with the right to grant sublicenses in accordance with the provisions set out in Section 3.06) under the PHINIA IP to the extent necessary for BorgWarner to incorporate the Application Software into Existing ECUs and New ECUs and to sell such Existing ECUs and New ECUs to Customers.

Section 1.05 To the extent not already done so prior to the Effective Date in preparation of the separation of the SpinCo Business from the Parent Business, upon the Effective Date:

(a) BorgWarner shall hand over to PHINIA the source code of the HWIO Software and Embedded Software; and

(b) PHINIA shall hand over to BorgWarner the source code of the Application Software,

in each case as in place upon the Effective Date, in an appropriate format and including all necessary source code-related documentation, in order to allow the respective other Party (and its Affiliates) to use the source code for maintenance and support purposes with respect to its products.

Section 1.06 Either Party may grant sublicenses only to its Affiliates or its or their Third-Party manufacturers, suppliers or distributors (the ***Sublicensees***) solely for the purpose to manufacture, supply or distribute, as applicable, the ECUs, provided that PHINIA is not entitled to grant sublicenses to any future Affiliate who is, at the time when it becomes an

Affiliate, a competitor of BorgWarner in the product area of ECUs or Fuel Delivery Controllers. All sublicenses shall automatically terminate if the licenses under this Agreement terminate. No Sublicensee shall have the right to grant further sublicenses, and the Party granting the sublicense shall be responsible for the acts and omissions of its Sublicensees in respect of the sublicense as if they were its own.

Section 1.07 All rights, title, and interest in and to any and all improvements or enhancements (whether or not patentable) to the BorgWarner IP or the PHINIA IP, as applicable, which are made, conceived or first reduced to practice or otherwise created after the Effective Date, shall as of their creation vest in the Party whose employees have created such improvements. With respect to improvements jointly created by employees of BorgWarner and PHINIA (or their respective Affiliates), the Parties shall in good faith discuss the allocation of Intellectual Property in such improvements (considering, in particular, either Party's and their Affiliates' contributions to such improvements).

Section 1.08 All rights not expressly granted by a Party hereunder are reserved by such Party. The rights and licenses granted in Section 3.02 and Section 3.04 are subject to, and limited by, any and all licenses, rights, limitations, and restrictions with respect to Intellectual Property previously granted to or otherwise obtained by any Third Party that are in effect as of the Effective Date.

Section 1.09 EACH OF PHINIA (ON BEHALF OF ITSELF AND ITS AFFILIATES) AND BORGWARNER (ON BEHALF OF ITSELF AND ITS AFFILIATES) UNDERSTANDS AND AGREES THAT THE BORGWARNER IP AND THE PHINIA IP, RESPECTIVELY, IS BEING LICENSED ON AN "AS IS" BASIS. NO PARTY IS MAKING ANY REPRESENTATION OR WARRANTY OF ANY KIND UNDER THIS AGREEMENT (INCLUDING WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, OR SCOPE OF THE BORGWARNER IP AND THE PHINIA IP, RESPECTIVELY, AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES.

Section 1.10 Upon any divestiture (or other transaction providing for the divestiture) of an Affiliate, business unit, division, product line or organization that a Party or any of its Affiliates sells, transfers or otherwise divests, in whole or in part, all or substantially all of its interest, to (i) in case of BorgWarner: another Person and (ii) in case of PHINIA: another Person other than a competitor of BorgWarner (each (i) and (ii), a ***Divested Entity***), such Party shall – in case of PHINIA however only subject to BorgWarner's prior written consent which shall not be unreasonably withheld – be entitled to sublicense the licenses granted under this Agreement to such Divested Entity.

Section 1.11 No Challenge.

(a) BorgWarner shall not, and shall procure that its relevant Affiliates will not, challenge, in any country or jurisdiction, (i) PHINIA's and its respective Affiliates' title to or ownership of the PHINIA IP or any rights therein, (ii) any issuances or application of any PHINIA IP, (iii) the validity of the PHINIA IP, or (iv) the licenses granted under this Agreement. However, notwithstanding the above, BorgWarner and its Affiliates shall be free to challenge PHINIA's and its respective Affiliates' title to or ownership of the PHINIA IP or

in any rights therein in the event of any infringement dispute or contractual dispute, in each case, regarding the scope of BorgWarner's rights as between BorgWarner and PHINIA.

(b) PHINIA shall not, and shall procure that its relevant Affiliates will not, challenge, in any country or jurisdiction, (i) BorgWarner's and its respective Affiliates' title to or ownership of the BorgWarner IP or any rights therein, (ii) any issuances or application of any BorgWarner IP, (iii) the validity of the BorgWarner IP, or (iv) the licenses granted under this Agreement. However, notwithstanding the above, PHINIA and its Affiliates shall be free to challenge BorgWarner's and its respective Affiliates' title to or ownership of the BorgWarner IP or in any rights therein in the event of any infringement dispute or contractual dispute, in each case, regarding the scope of PHINIA's rights as between PHINIA and BorgWarner.

Article IV.
PURCHASING OF ASICS

Section 1.01 The Parties acknowledge that BorgWarner and its Affiliates have engaged Third-Party suppliers with the manufacture of ASICs.

Section 1.02 BorgWarner gives PHINIA, subject to the relevant Third-Party supplier's consent and the relevant terms and limitations of the agreement in place with such Third-Party supplier (and only for as long as the relevant agreement with the Third-Party supplier is in place), the right to (i) purchase the ASICs directly from the relevant Third-Party suppliers at the unit prices negotiated by BorgWarner (or its relevant Affiliate) with the relevant Third-Party suppliers for its own purchases and (ii) use such ASICs in ECUs manufactured by PHINIA or its Affiliates in-house or by Third Parties for PHINIA, provided that PHINIA is not entitled to allow any future Affiliate who is, at the time when it becomes an Affiliate of PHINIA, a competitor of BorgWarner in the product area of ECUs access to or use of ASICs.

Section 1.03 If a Third-Party supplier of ASICs is not willing to sell ASICs directly to PHINIA (or the relevant Affiliate) at the unit prices negotiated by BorgWarner (or its relevant Affiliate) for its own purchases, BorgWarner agrees (subject in each case to the terms and limitations of the agreements in place with such Third-Party suppliers, any consent required by the relevant Third-Party supplier, and only for as long as the relevant agreement with the Third-Party supplier is in place) to itself purchase (or procure that its respective Affiliates purchase) the requirements for ASICs of PHINIA (or the relevant Affiliate permitted in accordance with Section 4.02) from the Third-Party supplier and re-sell the ASICs on to PHINIA; subject to Section 4.05 below, the terms of the Supply Agreements in respect of Third-Party Products (as defined in the Supply Agreements) shall apply *mutatis mutandis*. In case of shortages of ASIC supplies by the Third-Party suppliers, BorgWarner shall allocate available ASICs to PHINIA (and its permitted Affiliates) and itself and its other (internal and external) customers in a non-discriminatory ("fair share") way according to historic purchasing volumes. BorgWarner and its Affiliates shall not be obliged to hold inventory for PHINIA.

Section 1.04 PHINIA acknowledges and agrees that (i) BorgWarner and its Affiliates may further develop or improve the ASICs following the Effective Date and (ii) the rights granted under Section 4.02 and Section 4.03 are, at the relevant point in time, limited to

the version of the ASICs the Third-Party supplier agrees to manufacture with respect to PHINIA (and its relevant permitted Affiliates) from time-to-time.

Section 1.05 For each ASIC purchased by PHINIA (or its relevant permitted Affiliates) from the Third-Party supplier PHINIA shall pay to BorgWarner a charge of five percent (5%) of the unit price (to be) paid by PHINIA to the Third-Party supplier. In case of Section 4.03, PHINIA shall pay to BorgWarner (i) the unit price (to be) paid by BorgWarner (or its relevant Affiliate) to the Third-Party supplier as Purchase Price within the meaning of the Supply Agreements, and (ii) a charge of five percent (5%) plus an additional administration fee of five percent (5%) of the unit price (to be) paid by BorgWarner (or its relevant Affiliate) to the Third-Party supplier. Except for the Purchase Price pursuant to limb. (i) (which shall be invoiced and paid pursuant to the terms of the Supply Agreements), BorgWarner will invoice PHINIA for such charges on an annual basis at the end of the first quarter of the following calendar year.

Section 1.06 PHINIA acknowledges and agrees that, between the Parties (and their Affiliates), all rights in and to the ASICs shall vest in BorgWarner and its respective Affiliates and nothing in this Agreement shall affect BorgWarner's and its respective Affiliates' Intellectual Property in the ASICs (including in any improvements or enhancements to these Intellectual Property). PHINIA and its Affiliates are not granted any rights in any Intellectual Property of BorgWarner or its Affiliates with respect to the ASICs except as expressly set forth in this Article IV.

Article V.
SALES AND MARKETING

All sales and marketing of Existing ECUs and New ECUs to Customers by either Party shall be done independently by either BorgWarner (in case of Standalone ECU Sales and Parallel Sales) or PHINIA (in case of Full System Sales) or their respective Affiliates, as applicable, with no input from either Party or its Affiliates to the other or any sharing of competitively sensitive information (such as pricing, margins, etc.).

Article VI.
SALES AND OTHER TAXES

Section 1.01 All amounts payable under this Agreement by the Recipient shall be exclusive of any sales, use, value added or other similar tax (***Sales Tax***) (if any), which shall be paid by the Recipient at the rate and in the manner prescribed by the applicable Sales Tax Laws in addition to and on the conditions pursuant to Section 2.03(b)(iv). The Provider shall provide the Recipient with an invoice in accordance with applicable Sales Tax Law; Section 2.03(b)(iv) shall remain unaffected. The Parties shall cooperate with each other in good faith in order to enable each Party to comply with the formal requirements imposed on such Party under applicable Sales Tax Laws. Such cooperation includes, without limitation, that the Parties provide each other with all available information which is reasonably required for the other Party to comply with any reporting obligations under applicable Sales Tax Laws (for example, the filing of Sales Tax declarations and the request of Sales Tax refunds).

Section 1.02 All payments and services provided under this Agreement shall be made free and clear of any deduction or withholding of any kind (including taxes) other than any deduction or withholding required by applicable Law. In case a payment under or service provided under this Agreement is subject to any withholding or deduction prescribed by

applicable Law, then such amounts shall be borne by the payor or recipient of the relevant service, and any payment by the payor shall be grossed-up to ensure that the payee receives the full payment amount due without any deduction and withholding. Where a relief, waiver or reduction of the withholding tax is possible in accordance with Law, the Parties shall cooperate as far as reasonably practicable to achieve such tax exemption from the competent tax authorities. The payor or recipient of the services shall provide the payee or provider of the relevant service with sufficient proof of the deduction or withholding made, in particular provide certificates or other documents in a manner as prescribed by applicable Law.

Section 1.03 Any claims pursuant to Section 6.01 and Section 6.02 shall be time-barred upon expiration of a period of six (6) months after the respective assessment of the tax has become un-appealable and final or – if there has been no tax assessment insofar – the tax has been paid, but if and to the extent an assessment against the other Party is concerned, only at the earliest six (6) months after the former Party has notified the other Party in reasonable details about the existence of such claim.

Article VII.
COMPLIANCE WITH LAW

The Provider will, and will procure that its relevant providing Affiliates will, comply with applicable Laws in connection with the performance of this Agreement. Upon request by the Recipient, the Provider shall certify in writing, from time to time, its and its relevant providing Affiliates', as applicable, compliance with applicable Laws. Each Party shall, at the other Party's request, provide information necessary for the requesting Party (and its relevant Affiliates) to comply with all applicable Laws, including, without limitation, related legal reporting obligations, in the country(ies) of destination.

Article VIII.
TERM AND TERMINATION

Section 1.01 This Agreement shall become effective on the Effective Date and shall remain in effect until expiration or termination of the last to expire Supply Agreement (the ***Term***).

Section 1.02 Rights to terminate.

(a) Neither Party may terminate this Agreement for convenience.

(b) Either Party may terminate this Agreement prior to the expiration of the Term in whole or in part (whereas "in part" includes, for BorgWarner, at its choice, a termination right limited to the Intellectual Property license granted by BorgWarner to PHINIA) with immediate effect upon the occurrence of any of the following events:

(i) if the other Party materially breaches any of its obligations under this Agreement and does not cure such breach within thirty (30) calendar days after receiving written notice thereof from the non-breaching Party; or

(ii) if the other Party files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency Law or makes or seeks to make a general assignment for the benefit of its creditors or applies for or consents to the appointment of a trustee, receiver or custodian for it or a substantial part of its property.

(c) BorgWarner may at its choice terminate (i) this Agreement in whole or (ii) the Intellectual Property licenses granted to PHINIA under Section 3.02 prior to the expiration of the Term in whole if PHINIA undergoes a direct or indirect change of control with immediate effect in case a competitor of BorgWarner gains control and in all other cases upon six (6) months' notice; whereas "control" of any entity shall (for the purposes of this Section 8.02(c)) mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

(d) After expiration of this Agreement, BorgWarner is entitled to terminate the Intellectual Property license granted to PHINIA pursuant to Section 3.02 for the reasons set out in Section 8.02(b) and Section 8.02(c).

Section 1.03 Consequences.

(a) Upon expiry or termination of this Agreement in whole or in part, all obligations under this Agreement cease to the extent affected by such termination or expiry.

(b) Upon expiry or termination of this Agreement and except to the extent required for the performance of its remaining obligations under this Agreement, each Party shall, and shall procure that its relevant Affiliates will, promptly at its own costs:

(i) return to the other Party all equipment, materials and property belonging to the other Party that the other Party had supplied to it or any of its Affiliates in connection with the performance of obligations under this Agreement;

(ii) return to the other Party all documents, records and materials (and any copies) containing the other Party's Confidential Information;

(iii) expunge the other Party's and its Affiliates' data from any IT systems in its possession or control or that of any of its Affiliates; and

(iv) on request, certify in writing to the other Party that it has complied with the requirements of this Section 8.03(b).

(c) The Party returning, expunging or destroying the Confidential Information may retain (i) a copy of such Confidential Information for the purposes of fulfilling, and so long as required by, retention obligations as imposed by any Law or its internal compliance procedures, and (ii) copies of any computer records and files containing any Confidential Information that have been created pursuant to automatic archiving and back-up procedures.

(d) Termination of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination.

(e) If BorgWarner terminates this Agreement in whole pursuant to Section 8.02(b) or Section 8.02(c), the Intellectual Property license that BorgWarner grants to PHINIA pursuant to Section 3.02 shall terminate automatically with effect as of the effective date of the termination. In this event, (i) PHINIA shall, and shall cause its sublicensees to, promptly cease all use of the relevant licensed Intellectual Property; (ii) all rights and licenses granted to PHINIA and sublicensees under this Agreement will immediately revert to BorgWarner;

and (iii) the rights and licenses granted by PHINIA to BorgWarner under Section 3.04 will survive such termination but remain subject to the terms and conditions of this Agreement. The preceding sentence shall also apply in case only the Intellectual Property license granted by BorgWarner is terminated.

(f) For the avoidance of doubt, termination for cause by PHINIA or expiration of this Agreement shall not affect the perpetual Intellectual Property licenses granted under Section 3.02 and Section 3.04 that shall survive such termination or expiration.

(g) Any provisions of this Agreement that by their nature or by explicit agreement shall survive the expiration or termination of this Agreement, shall remain in full force and effect (including Article X (*Confidentiality*) (for the period set out in Section 10.05), Section 8.03(b) (*Obligations on termination*), Article XI (*General*)).

Article IX.
FORCE MAJEURE

Section 1.01 ***Force Majeure Event*** means the occurrence of an event or circumstance beyond the reasonable control of a Party (or its respective Affiliate involved in the performance of this Agreement); provided that (i) the non-performing Party is without fault in causing or failing to prevent such occurrence; and (ii) such event may not be avoided by the use of reasonable precautions, it being specified that the Force Majeure Events shall include the following events:

(a) flood, drought, earthquake or other natural disaster;

(b) epidemic or pandemic;

(c) terrorist attack, civil war, civil commotion or riots, war (whether declared or undeclared), threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations;

(d) nuclear, chemical or biological contamination or sonic boom;

(e) any Law or any Action taken by a Governmental Authority, including without limitation imposing an export or import restriction, quota or prohibition;

(f) collapse of buildings, fire, explosion or accident; and

(g) interruption or failure of utility service.

Section 1.02 If a Party (or its respective Affiliate involved in the performance of this Agreement) is prevented, hindered or delayed from or in performing any of its obligations under this Agreement (other than a payment obligation) by a Force Majeure Event (the ***Affected Party***), then:

(a) the Affected Party's obligations under this Agreement are suspended while the Force Majeure Event continues and to the extent that the Affected Party is prevented, hindered or delayed and the Affected Party shall have no liability whatsoever for its failure or delay to perform such obligation;

(b) as soon as reasonably possible after the Affected Party has become aware of the Force Majeure Event and in any event within five (5) Business Days after the start of the

Force Majeure Event, the Affected Party shall notify the other Party in writing of (i) the Force Majeure Event, (ii) the date on which the Force Majeure Event started, (iii) the extent to which the Force Majeure Event affects its ability to perform its obligations under this Agreement and (iv) the expected duration of the Force Majeure Event;

(c) the Affected Party shall use its commercially reasonable efforts (at its own cost, including for premium freight or overtime) to mitigate the effects of the Force Majeure Event on the performance of its obligations under this Agreement; and

(d) promptly after the end of the Force Majeure Event, the Affected Party shall notify the other Party in writing that the Force Majeure Event has ended and resume performance of its obligations under this Agreement.

Section 1.03 Where any Force Majeure Event prevents, hinders or delays the performance of a material obligation under this Agreement and subsists for ninety (90) or more consecutive calendar days, the Party who is not the Affected Party may terminate this Agreement by giving written notice to the Affected Party.

Article X.
CONFIDENTIALITY

Section 1.01 Each Party (the ***Receiving Party***) undertakes to the other Party (the ***Disclosing Party***) to treat as confidential all Confidential Information of the Disclosing Party.

Section 1.02 The Receiving Party may only use the Confidential Information for the purposes of, and in accordance with, this Agreement. The Receiving Party may only provide its employees, directors, subcontractors, professional advisers and Affiliates (the ***Permitted Users***) with access to such Confidential Information on a strict "need-to-know" basis. The Receiving Party shall ensure that each of its Permitted Users is bound to hold all Confidential Information of the Disclosing Party in confidence to the standard required under this Agreement. Where a Permitted User is not an employee or director of the Receiving Party (and is not under a professional duty to protect confidentiality), the Receiving Party shall ensure that the Permitted User shall, prior receiving the Confidential Information of the Disclosing Party, enter into a written confidentiality undertaking with the Receiving Party on substantially equivalent terms to this Agreement, a copy of which shall be provided to the Disclosing Party upon request.

Section 1.03 This Article X shall not apply to any information which:

(a) is in or subsequently enters the public domain other than as a result of a breach of this Article X;

(b) has been or is subsequently received by the Receiving Party from a Third Party (other than by a breach of confidentiality obligations by that Third Party) and the Receiving Party is under no confidentiality obligation in respect of that information other than under this Agreement;

(c) has been or is subsequently independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information; or

(d) the Disclosing Party has agreed in writing may be disclosed.

Section 1.04 Each Permitted User may disclose Confidential Information where that Permitted User (or, where the Permitted User is an individual, his or her employer) is required to do so by applicable Law or by any competent court or by any competent regulatory authority. In these circumstances the Receiving Party shall, to the extent permitted by applicable Law, give the Disclosing Party prompt advance written notice of the disclosure (where lawful and practical to do so) so that the Disclosing Party has sufficient opportunity (where possible) to prevent or control the manner of disclosure by appropriate legal means.

Section 1.05 On termination or expiry of this Agreement, this Article X shall remain in full force and effect for three (3) years as from the expiry or the termination of this Agreement and, unless otherwise stated in this Agreement, each Party agrees that it must continue to keep the other Party's Confidential Information confidential in accordance with this Article X.

Article XI.
GENERAL

Section 1.01 Relationship of the Parties. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind among or between the Parties, each Party being individually responsible only for its obligations as set forth in this Agreement. Each Party shall perform its obligations under this Agreement in the capacity of an independent contractor and not as an employee, agent or joint venture counterparty of the other Party. Without limiting the foregoing, neither Party shall have any power or authority to bind the other Party to any contract, undertaking or other engagement with any Third Party.

Section 1.02 Assignment. Neither Party may assign, delegate or otherwise transfer, in whole or in part, directly or indirectly, by operation of Law or otherwise (including by merger, contribution, spin-off or otherwise) any of its rights, interests or obligations hereunder, without the prior written consent of the other Party, except that either Party may assign its rights and obligations under this Agreement, without consent of the other Party, to an Affiliate, provided, however, for PHINIA only subject to the restrictions set out in Section 3.06 and Section 4.02. Any permitted assignee or successor-in-interest will assume all obligations of its assignor under this Agreement. Any attempted assignment in violation of this Section 11.02 shall be null and void and of no effect. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assignees.

Section 1.03 Expenses.

(a) Except as otherwise provided in this Agreement, the Parties shall bear their respective direct and indirect costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby.

(b) Unless otherwise indicated, all dollar amounts stated in this Agreement are stated in U.S. currency, and all payments required under this Agreement shall be paid in U.S. currency by wire transfer of immediately available funds.

Section 1.04 No Set-off. Neither Party shall be entitled to set off claims it has against the other Party against claims of the other Party arising from this Agreement or to

assert a right of retention against claims of the other Party, unless the other Party has acknowledged these claims of the first Party in writing or these have been confirmed by means of a final and binding judgment of a competent court or arbitral tribunal.

Section 1.05 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by email transmission (so long as confirmation of transmission is electronically or mechanically generated), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Persons at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.05):

(a) if to BorgWarner:

BorgWarner PDS (USA) Inc.
3800 Automation Ave
Auburn Hills, MI 48326
Attention: President

with a copy, which shall not constitute notice, to:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attention: General Counsel

(b) if to PHINIA:

PHINIA Technologies Inc.
3000 University Avenue
Auburn Hills, MI 48326
Attention: General Counsel

Section 1.06 Amendment; Waiver. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 1.07 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the

transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 1.08 Separation and Distribution Agreement. Neither the making nor the acceptance of this Agreement shall enlarge, restrict or otherwise modify the terms of the Separation and Distribution Agreement or constitute a waiver or release by BorgWarner Inc. or PHINIA Inc. of any liabilities, obligations or commitments imposed upon them by the terms of the Separation and Distribution Agreement, including the representations, warranties, covenants, agreements and other provisions of the Separation and Distribution Agreement. In the event of any conflict between the provisions of this Agreement, on the one hand, and the provisions of the Separation and Distribution Agreement, on the other hand, the Separation and Distribution Agreement shall control.

Section 1.09 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the Parties with respect to the subject matter hereof.

Section 1.10 Governing Law; Dispute Resolution; Jurisdiction.

(a) This Agreement and all matters, claims, controversies, disputes, suits, actions or proceedings arising out of or relating to this Agreement and the negotiation, execution or performance of this Agreement or any of the transactions contemplated hereby, including all rights of the Parties (whether in contract, tort, common or statutory law, equity or otherwise) in connection therewith, shall be interpreted, construed and governed by and in accordance with the Laws of the State of Delaware, USA without giving effect to any choice or conflict of law provision or rule that would cause the application of the Law of any jurisdiction other than those of the State of Delaware, USA.

(b) In the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of or related to this Agreement or the transactions contemplated hereby or thereby, including any Action based on contract, tort, equity, statute, regulation or constitution (a ***Dispute***), the Party raising the Dispute shall give written notice (which shall include a detailed description) of the Dispute (the ***Dispute Notice***). Following the service of such Dispute Notice, the Parties shall attempt to resolve the dispute in good faith within thirty (30) Business Days from and including the date of receipt of the Dispute Notice. If the dispute cannot be resolved by the Parties within such thirty (30) Business Day period, the dispute shall be escalated to the President of BorgWarner and the President of PHINIA, who shall then attempt to resolve the Dispute in good faith within further twenty (20) Business Days from the escalation (the period commencing from receipt of the Dispute Notice until the expiration of such escalation, the ***Negotiation Period***). Neither Party shall commence any Action in accordance with Section 11.10(c) until after having attempted to resolve the Dispute pursuant to this Section 11.10(b). However, in the event of any Action in accordance with Section 11.10(c), (i) the Parties shall not assert the defenses of statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (ii) any

contractual time period or deadline under this Agreement relating to such Dispute occurring after the Dispute Notice is received shall not be deemed to have passed until such proceeding has been resolved.

(c) Subject to Section 11.10(b), any Action by a Party seeking any relief whatsoever arising out of, relating to or in connection with, this Agreement shall be brought only in the Court of Chancery of the State of Delaware, USA, and such Party (i) agrees to submit to the exclusive jurisdiction of such courts for purposes of all legal proceedings arising out of, or in connection with, this Agreement, (ii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any claim that any such Action brought in such a court has been brought in an inconvenient forum, (iii) agrees that mailing of process or other papers in connection with any such Action in the manner provided in Section 11.05 or any other manner as may be permitted by Law shall be valid and sufficient service thereof, and (iv) agrees that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 1.11 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 1.12 Specific Performance. Subject to Section 11.10 and Section 11.11, except as provided below, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived. Any requirements for the securing or posting of any bond or similar security with such remedy are hereby waived. For the avoidance of doubt, the rights pursuant to this Section 11.12 shall be pursued in accordance with Section 11.10 and Section 11.11.

Section 1.13 No Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and there are no Third-Party beneficiaries of this Agreement and this Agreement shall not provide any Third Party with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 1.14 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions ofSection 11.10, Section 11.11 or Section 11.12 with respect to all matters not subject to such dispute resolution.

Section 1.15 Further Obligations. Each of the Parties hereto, upon the request of the other Party hereto, without further consideration, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary to effect complete consummation of the transactions contemplated by this Agreement. The Parties agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

Section 1.16 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

[*Signature Page follows*]

This Agreement is signed by duly authorized representatives of the Parties.

BorgWarner PDS (USA) Inc.

By: _____

Name:

Title:

PHINIA Technologies Inc.

By: _____

Name:

Title:

Exhibit 10.6

CONTRACT MANUFACTURING AGREEMENT

dated as of [●], 2023

by and

between

[**SUPPLIER**]

and

[**RECIPIENT**]

TABLE OF CONTENTS

CONTRACT MANUFACTURING AGREEMENT

PARTIES

This **Contract Manufacturing Agreement** (the ***Agreement***) is dated as of [●] (the ***Effective Date***) and entered between:

(1) [●] (the ***Supplier***) and

(2) [●] (the ***Recipient***)

(each, a ***Party***, and together, the ***Parties***)

WHEREAS:

(A) BorgWarner Inc. and PHINIA Inc. have entered into a Separation and Distribution Agreement dated as of [●], 2023 (the ***Separation and Distribution Agreement***) which governs the principal transactions required to effect the spin-off of the SpinCo Business (as defined in the Separation and Distribution Agreement) into PHINIA Inc., and provides for certain other agreements that will govern certain matters relating to such spin-off and the relationship of BorgWarner Inc., PHINIA Inc and their respective subsidiaries following such spin-off.

(B) As part of the transactions contemplated by the Separation and Distribution Agreement, legal ownership of certain production equipment and tooling currently located in the Supplier's production site at [●] (the ***Production Site***) and exclusively used in the production of the Products (as defined below), as further described and listed in [●] (the ***Dedicated Production Equipment***) has transferred to the Recipient.

(C) To allow the Recipient to prepare the re-location of the Dedicated Production Equipment to its own production sites and reduce production transfers during active end customer programs, the Supplier has agreed to continue to operate such Dedicated Production Equipment at the Production Site and manufacture and supply the Products for the Recipient during an interim period after the Effective Date.

(D) In connection with the transactions contemplated by the Separation and Distribution Agreement, the Supplier and the Recipient wish to enter into this Agreement to establish a framework for the supply of Products (as defined below) by the Supplier to the Recipient, subject to the terms and conditions of this Agreement.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE I
DEFINITIONS, INTERPRETATION, HIERARCHY

Section 1.01 For the purpose of this Agreement, the terms listed in this Article I, when used in their capitalized form in this Agreement, shall have the meaning set forth below. Unless expressly provided otherwise herein, all capitalized terms not specifically defined in this Agreement have the meaning ascribed to them in the Separation and Distribution Agreement.

Section 1.02 In this Agreement:

Affected Party has the meaning given in Section 19.02;

Agreement has the meaning given in the introductory sentence;

Bank-Built Plan has the meaning given in Section 18.03;

Binding Period has the meaning given in Section 6.03;

Business Day means a day other than a Saturday, Sunday or public holiday in [●] when banks in [●] are open for business;

CMA Employees means all employees of the Supplier (or its subcontractors) who operate the Dedicated Production Equipment or perform any other activities in connection with manufacture and Delivery of Products or any other obligation of the Supplier under this Agreement;

Compliant Delivery Schedule has the meaning given in Section 6.01;

Confidential Information of a Party means all information of a confidential nature of that Party, including any information relating to that Party's Intellectual Property Rights, products, software, operations, processes, technical methods, plans, documentation, market opportunities or business affairs (including all information of a financial nature), and including the terms of this Agreement (which shall constitute Confidential Information of either Party);

Dedicated Production Equipment has the meaning given in Recital (B);

Defect means in respect of a Product, any manufacturing-related non-conformance with the requirements set out in Section 3.06(b), Section 3.06(c), Section 3.06(d) and Section 3.06(e) upon Delivery, and ***Defective*** shall have a corresponding meaning;

Delivery means a delivery of Products from the Supplier to the Recipient or its designated carrier in accordance with the Delivery Terms, and ***Deliver*** and ***Delivered*** have corresponding meanings;

Delivery Terms has the meaning given in Section 6.06;

Disclosing Party has the meaning given in Section 16.01;

Dispute has the meaning given in Section 22.11(b);

Dispute Notice has the meaning given in Section 22.11(b);

Effective Date has the meaning given in the introductory sentence;

EOP means, in respect of a Product, end of serial production according to the agreements between the Recipient and its end customers as amended from time to time at the sole discretion of the Recipient (including any lifetime extensions);

Firm Orders has the meaning given in Section 6.03;

Force Majeure Event has the meaning given in Section 19.01;

Intellectual Property Rights means collectively, (i) patents, utility models and all applications, issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations, and renewals thereof; (ii) all marks, names, trade dress, whether registered or unregistered, and all issuances, extensions, and renewals thereof, together with the goodwill of the business connected with the use of, and symbolized by the foregoing; (iii) copyright registrations and applications for registration, and all applications, issuances, extensions, and renewals thereof, including any unregistered copyrights in and to all works based upon, derived from, or incorporating such copyrights; (iv) trade secrets and proprietary confidential information; (v) domain names; and (vi) any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages;

Lead Time means, for each Product, the total lead time required for the Supplier to manufacture and supply the Product (including procurement of components), as indicated per Product in Schedule 1;

Line Transfer means, for each Product, the completion of the transfer of the respective Dedicated Production Equipment out of the Production Site; an indicative Line Transfer timeline (as per planning on the Effective Date) is attached hereto in Schedule 6;

Mandatory Changes has the meaning given in Section 4.01;

Manufacturing Lead Time means, for each Product, the minimum number of days between receipt of a Firm Order (assuming availability of components) and earliest date of Delivery, as indicated per Product in Schedule 1;

Minimum Order Quantities means, for each Product, the volume of that Product set out in the 'MOQ' column in Schedule 1 or as otherwise agreed by the Parties in writing during the applicable Product Term; in respect of Product supplies after EOP, minimum order quantities shall be agreed between the Supplier and the Recipient in good faith, provided that any such amount shall not be higher than the amounts set out in the first three (3) months of the applicable delivery schedules;

Negotiation Period has the meaning given in Section 22.11(b);

Party and ***Parties*** has the meaning given in the introductory sentence;

Permitted Users has the meaning given in Section 16.02;

Production Site has the meaning given in Recital (B);

Products has the meaning given in Section 3.01;

Product Improvements has the meaning given in Section 14.01;

Product Term means, on a Product-by-Product basis, the term during which a Product shall be manufactured and supplied by the Supplier for Recipient according to this Agreement, as further set out in Section 17.02;

Purchase Price has the meaning given in Section 10.01;

Receiving Party has the meaning given in Section 16.01;

Recipient has the meaning given in the introductory sentence;

Sales Tax has the meaning given in Section 12.01;

Separation and Distribution Agreement has the meaning given in Recital (A);

Standard Cost means material, labor and overhead costs incurred by the Supplier in the manufacture and Delivery of the Products (in accordance with the scope of manufacturing services set out in Section 3.02), consistent with past practice as reflected in the SAP systems of the Supplier, but adjusted for depreciation to reflect that legal title in Dedicated Production Equipment transfers to the Recipient as of the Effective Date;

Specifications means the specifications of each Product as set out by the Recipient in the drawings and reference specifications for the relevant part number of each Product;

Supplier has the meaning given in the introductory sentence;

Term has the meaning given in Section 17.01;

Third Party means any Person other than the Supplier, the Recipient or any of the Supplier's or the Recipient's Affiliates;

Third-Party Supplier means a Third Party supplying any raw materials and commodities used in the manufacture of Products;

Volume Baseline has the meaning given in Section 5.02;

Working Hours means 9.00am to 5.00pm in the relevant location on a Business Day.

Section 1.01 In this Agreement, unless the context requires otherwise:

(a) (i) "include", "includes" or "including" shall be deemed to be followed by "without limitation"; (ii) "hereof", "herein", "hereby", "hereto" and "hereunder" shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (iii) "extent" in the phrase "to the extent" shall mean the degree to which a subject or other item extends and shall not simply mean "if"; (iv) "USD" shall mean United States Dollars; (v) the singular includes the plural and vice versa; (vi) reference to a gender includes the other gender; (vii) "any" shall mean "any and all"; (viii) "or" is used in the inclusive sense of "and/or"; (ix) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented, modified and in effect from time to time in accordance with its terms; and (x) reference to any Law means such Law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder;

(b) the table of contents, Articles, titles and headings to Articles, Sections and Paragraphs herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to "Articles", "Sections", or "Schedules" are intended to refer to Articles or Sections of this Agreement and Schedules to this Agreement. Schedules shall form part of this Agreement and any reference to this Agreement shall include the Schedules, unless reference is specifically made to a Schedule or the front-end of this Agreement, respectively; and

(c) in case of conflicts, the front-end of this Agreement shall prevail over its Schedules, unless otherwise stipulated in the front-end of this Agreement.

ARTICLE II
DEDICATED PRODUCTION EQUIPMENT

Section 2.01 During the Term, the Recipient shall make the Dedicated Production Equipment available to the Supplier free of charge. The Supplier shall use the Dedicated Production Equipment solely for the manufacture of Products in accordance with the terms of this Agreement and shall at all times keep such tooling and equipment separate from other property and have it at all times clearly marked as Recipient's property.

Section 2.02 The Supplier shall use, maintain and handle the Dedicated Production Equipment substantially with the same standard of care that the Supplier applies to its own equipment (including by purchasing and managing any required spare parts). The Supplier shall obtain and maintain for the Term appropriate insurance coverage for the Dedicated Production Equipment.

Section 2.03 Any costs of maintenance and repair that arise in the ordinary course of business (meaning maintenance and repair cost to the extent they do not exceed in aggregate (per year) 0.37 percent (0.37%) of Product revenues made during the year before the Effective Date) shall be included in the Purchase Prices. Any costs of extraordinary repair and maintenance (meaning maintenance and repair cost to the extent they exceed in aggregate (per year) 0.37 percent (0.37%) of Product revenues made during the year before the Effective Date) as well as refurbishment, replacement and lifetime extension of any Dedicated Production Equipment (meaning costs that would be capitalized according to US GAAP) shall be borne and compensated separately by the Recipient. Any single maintenance or repair event costing more than USD thirty thousand (USD 30,000) shall be notified to the Recipient in advance of repair and shall immediately be chargeable back to the Recipient and shall not be deemed to count towards the aggregate maintenance and repair cost calculation.

Section 2.04 Any costs payable by the Supplier to sub-suppliers for refurbishment, replacement or lifetime extension of tools used, maintained and handled by sub-suppliers exclusively for the Products shall be re-charged to the Recipient.

Section 2.05 Schedule 5 to this Agreement conclusively identifies certain "slow-moving" inventory. Such "slow-moving" inventory shall be written off at the Recipient's expense or transferred to the Recipient after the termination or expiration of this Agreement, as indicated per each part number of "slow-moving" inventory in Schedule 5.

ARTICLE III
MANUFACTURE AND SUPPLY OF PRODUCTS

Section 3.01 Subject to and in accordance with the terms and conditions of this Agreement, during the applicable Product Term, the Supplier shall manufacture and supply to the Recipient the products specified in Schedule 1 (the ***Products***).

Section 3.02 The manufacturing services to be provided by the Supplier in respect of the Products shall include:

(a) sourcing of raw materials from Third-Party Suppliers; provided that: (i) during the Product Term, the Supplier shall hold and retain all relevant contracts with Third-Party Suppliers in its own name, (ii) upon termination of the Product Term, the Supplier shall on the Recipient's request support the Recipient in the transition of such contracts to the Recipient; and (iii) the Parties shall comply with the further allocation of responsibilities regarding Third-Party Supplier management set out in Schedule 3;

(b) inbound logistics;

(c) material control (including inventory ownership, incoming inspections, material flow in facility, material storage and replenishment);

(d) analysis of zero kilometer and warranty returns;

(e) reworking and containment (including for the avoidance of doubt in relation to any inventories of Products not (yet) Delivered to end customers, and including any required sorting and re-packaging), provided that the Supplier shall not be responsible for any reworking or containment in respect of any deterioration of any Product which occurs after it has been held in storage by the Recipient for more than eight (8) months after Delivery; Supplier shall provide Recipient with sufficient documentation for any reworking and containment measures taken;

(f) packaging/labelling (at Recipient's instruction); and

(g) warehousing and Delivery until Products are offloaded at agreed warehouse location.

Section 3.03 The manufacturing services to be provided by the Supplier in respect of the Products shall exclude:

(a) any product design services;

(b) product development and engineering at production line (which may however be performed under a separate transitional services agreement against separate service fees);

(c) PV and DV testing; and

(d) any direct interaction with end customers in connection with warranty returns (it being clarified that this shall not release the Supplier from any obligation to indemnify

the Recipient for costs incurred in such direct interactions to the extent resulting from Defects in accordance with and subject to the further provisions and limitations set out in this Agreement).

Section 3.04 The scope of Products identified in Schedule 1 may be amended from time to time to include additional products upon:

(a) mutual agreement of the Parties, or

(b) the Recipient's request to include a product that is, on the Effective Date, foreseen to be launched and sourced from the Supplier according to existing long-range business plans of the Recipient and is explicitly set out in Schedule 2.

Section 3.01 Upon request of the Recipient, the Supplier shall reasonably support the Recipient in connection with new product launches including by:

(a) prototype making or other development support which will be chargeable based on the Standard Cost for any standard components used with a charge of USD forty (USD 40) per hour for any additional activities required. Any related sub-supplier costs shall be chargeable to the Recipient. All prototype activity will be subject to a mark-up of fifteen percent (15%); or

(b) quotation preparation and providing required information and documents (at the Supplier's own cost).

Section 3.01 The Supplier shall manufacture and supply the Products in accordance with:

(a) Firm Orders;

(b) the Specifications;

(c) the (further) requirements of the Recipient's end customers according to relevant end customer contracts as of the Effective Date, provided that any changes or amendments of these requirements after the Effective Date shall be implemented according to the change process set out in Article IV;

(d) any additional policies as and if agreed which may be made available by the Recipient to the Supplier from time to time; and

(e) applicable Law relevant to the manufacture of the Products at the Production Site.

Section 3.01 The Parties agree to use their best efforts to keep any changes to operational processes during the Term to a minimum.

Section 3.08 For the avoidance of doubt, the contractual relationship with end customers shall only be vested in the Recipient.

ARTICLE IV
CHANGES TO PRODUCTS

Section 4.01 With respect to changes to the Products, the following shall apply:

(a) Either Party shall be entitled to propose changes to the Products (including their Specifications, design, manufacturing process or manufacturing site) by written notice to the other Party setting out full details of such proposed changes (including any expected impact on the Purchase Price). Any such change request shall only be implemented upon the other Party's prior consent (such consent not to be unreasonably withheld, conditioned or delayed – in particular in case of change requests originating from the Recipient's end customers), except that the Supplier shall be entitled to implement any changes without the Recipient's consent which are required to comply with applicable Law relevant to the manufacture of the Products at the relevant manufacturing site (***Mandatory Changes***). The Parties acknowledge that the Recipient may have to conduct testing to ensure that the performance of a Product under changed Specifications meets all applicable requirements before giving its consent to a change request.

(b) The Recipient shall bear the one-off costs arising in connection with the implementation of any Mandatory Change. For any other change, the one-off costs arising in connection with the implementation of such change shall be borne by the Party requesting the change. The Parties shall use commercially reasonable efforts to avoid or mitigate such one-off costs when implementing the relevant change. To the extent that one Party may charge one-off costs to the other Party according to this Section 4.01(b), these shall be calculated on a cost plus ten percent (10%) basis.

(c) Upon implementation of a change, the Purchase Price for the relevant Product shall be adjusted to reflect any increase or decrease of the Supplier's Standard Costs resulting from the change.

(d) Changes to Products agreed under this Section 4.01 shall be documented and reflected in Schedule 1 and, where applicable, the Specifications of that Product.

ARTICLE V
CAPACITIES AND VOLUME BASELINE

Section 5.01 Unless otherwise required under the Bank-Built Plan or agreed between the Parties, the Supplier's obligation to manufacture Products shall be limited to the installed capacity of the Dedicated Production Equipment on the Effective Date. Any investment in additional capacity shall require mutual agreement between the Parties based on a good faith open book quote of the Supplier, which shall ensure consistent profit levels for both Parties, subject to applicable antitrust Laws.

Section 5.02 The Recipient has already before the Effective Date provided the Supplier with a non-binding forecast of its Product requirements (including any bank-built volumes in accordance with the Bank-Built Plan) (the ***Volume Baseline***) for the period starting on the Effective Date and ending on 31 December 2023. The Recipient shall provide the Supplier with the Volume Baseline for the calendar year 2024 latest until 30 November 2023. Each Volume Baseline shall be broken down by calendar quarter. The Supplier shall reasonably support the

Recipient in the preparation of any Volume Baseline (including by making available relevant data as available in the Production Site).

ARTICLE VI
DELIVERY SCHEDULES AND DELIVERY

Section 6.01 The Recipient shall issue delivery schedules setting out its demand of Products on a rolling basis to the Supplier which shall:

(a) cover (i) a period of twelve (12) months for Products with Lead Times shorter or equal to twelve (12) months or (ii) for Products with Lead Times longer than twelve (12) months, at least the period of the applicable Lead Time,

(b) be updated on a weekly basis, and

(c) comply with the applicable Lead Times and the Minimum Order Quantities

(each delivery schedule issued in accordance with these requirements a ***Compliant Delivery Schedules***).

Section 6.02 The Supplier shall inform the Recipient within seven (7) Business Days after receipt of a Compliant Delivery Schedule whether it accepts or rejects such Compliant Delivery Schedule and any Compliant Delivery Schedule not rejected within such period shall be deemed accepted. The Supplier shall only be entitled to reject a Compliant Delivery Schedule if the Supplier would not be able to fulfill such Compliant Delivery Schedule (in terms of volumes and/or delivery dates) despite using commercially reasonable efforts (taking into account the allocation principles set out in Article VII). If the Supplier rejects a Compliant Delivery Schedule in accordance with the foregoing sentence, it shall (together with its notice of rejection) make a reasonable proposal for modifications of such delivery schedule (in terms of volumes and/or delivery dates) that would make it acceptable. If the Recipient then re-issues a delivery schedule in line with these modifications, such delivery schedule shall be deemed accepted upon receipt by the Supplier. Accepted (and deemed accepted) delivery schedules shall serve as basis for the Supplier's production capacity planning, and the Supplier shall use its commercially reasonable efforts to fulfill any accepted (and deemed accepted) delivery schedule. Otherwise, accepted (and deemed accepted) delivery schedules shall, except during the Binding Period (as set out below), not be binding for either Party.

Section 6.03 The quantities of Products indicated for the first two (2) weeks (if the Products are finished products) in each delivery schedule (the ***Binding Period***) shall be deemed to be binding orders (the ***Firm Orders***) which shall oblige the Supplier to Deliver, and the Recipient to take off and pay for, such quantities of Products, and the quantities of Products in the Binding Period may not be varied in any subsequent delivery schedule unless agreed by the Parties in writing.

Section 6.04 Each Firm Order shall, for each Product, comply with the Manufacturing Lead Times and be for not less than the Minimum Order Quantity for that Product. If a Firm

Order is greater than the relevant Minimum Order Quantity, the Firm Order shall be for a multiple of the Minimum Order Quantity.

Section 6.05 Deliveries shall be made in the quantities, on the dates, and at the times specified in any accepted (or deemed accepted) delivery schedules issued by the Recipient for the Binding Period. Time and quantity are of the essence with respect to all accepted (or deemed accepted) delivery schedules issued by the Recipient.

Section 6.06 Unless otherwise agreed by the Parties, all Products shall be Delivered [FCA (Incoterms 2020) Supplier Cross-Dock Warehouse El Paso] [FCA (Incoterms 2020) Supplier's plant] (the ***Delivery Terms***).

Section 6.07 Risk of loss of, and title to, the Products shall pass to the Recipient upon Delivery according to the Delivery Terms.

Section 6.08 If the Supplier fails, for any reason other than due to a Force Majeure Event or the Recipient's breach of its obligations under this Agreement, to have Products ready for shipment in time to meet any accepted (or deemed accepted) delivery schedules issued by the Recipient when using the method of transportation originally specified or utilized by the Recipient, the Recipient shall have the right, at the Recipient's discretion, to either arrange for shipment of the Products on its own or require the Supplier to ship the Products, in each case using a premium (more expeditious) method of transportation than originally specified or utilized by the Recipient, and the Supplier shall pay or reimburse the Recipient for any additional cost of such premium shipment.

ARTICLE VII
SHORTAGE OF MATERIALS AND SUPPLIES

If the Supplier becomes aware of shortages of materials or other supplies endangering the supply of Products in the quantities and on the dates specified in any accepted (or deemed accepted) delivery schedule issued by the Recipient due to a Force Majeure Event or other event outside of the Supplier's reasonable control), the Supplier shall:

(a) inform the Recipient about such circumstances without undue delay; and

(b) notwithstanding any other remedy the Recipient may have under this Agreement, allocate available materials and supplies to the Recipient and its other (internal and external) customers in a non-discriminatory ("fair share") way according to historic purchasing volumes (or – where historic purchasing volumes are not available – according to allocation principles applicable within BorgWarner group before the Effective Date; and provided that the allocation principles applied to the Recipient at any time under this Article VII shall in no case be less favorable than the allocation principles applied to the relevant part of the [SpinCo Business] / [business of BorgWarner group] before the Effective Date).

ARTICLE VIII
QUALITY

Section 8.01 The Supplier shall, at all times during the Term:

(a) maintain its DIN EN ISO 9001:2000, ISO/TS 16949:2002 and ISO 14001 accreditation (or any accreditation under any of their successor standards); and

(b) comply with the requirements of the Product Part Approval Process (PPAP) and the Advanced Product Quality Planning (APQP) published by the Automotive Industry Action Group.

Section 9.01 The Recipient may audit the Supplier's compliance with the quality requirements set out in this Article VIII in accordance with Article XXI.

ARTICLE IX
PRODUCT DEFECTS AND CLAIMS PROCESSING

Section 9.01 The Recipient shall inform the Supplier in writing of any Defect as promptly as practicable, but in any event within twenty-eight (28) days after the Recipient has discovered such Defect. If the Recipient does not inform the Supplier of a Defect within such time period, the Recipient shall be precluded from any claims it may have under this Agreement or applicable Law (including applicable product liability Laws and safety Laws) in respect of that Defect.

Section 9.02 If a Product is notified under Section 9.01 to be Defective, the Recipient shall, at the Supplier's option and to the extent possible:

(a) give the Supplier reasonable opportunity to inspect and analyze the relevant Product(s);

(b) on the Supplier's request, return the relevant Product(s) to the Suppliers; and/or

(c) on the Supplier's request (with at least twenty-four (24) hours advance notice), grant the Supplier access to the Recipient's relevant (existing) testing laboratories and equipment [including access to the Recipient's MTC labs and Saltillo oil leak tests],

and provide to the Supplier all information and assistance that it may reasonably require to investigate the matter in good faith in accordance with industry standards. If an inspection or return of the Product is not possible or where it is not appropriate, the root cause investigation will be performed based on available information. The Supplier and the Recipient shall use commercially reasonable efforts to agree as soon as reasonably practicable whether or not the Product is Defective.

Section 9.03 If the Supplier and the Recipient agree that the Product is Defective, without limitation to any other remedies or claims the Recipient may have in connection with such Defect, be it under this Agreement or according to any applicable Law, the Supplier shall, in its sole discretion and at its own cost, repair or replace the Defective Products. If the Supplier

fails to repair or replace any Defective Products in accordance with this Section 9.03 within reasonable time, the Recipient may request repayment of the Purchase Price.

Section 9.04 The terms of this Article IX shall apply *mutatis mutandis* to any repaired or replacement Products supplied by the Supplier.

ARTICLE X
PURCHASE PRICES

Section 10.01 Subject to the adjustments according to Section 10.02, the Recipient shall pay for the Products the prices set forth in Schedule 1 (the ***Purchase Price***). The Parties agree that as of the Effective Date, the Purchase Price for each Product shall be equal to the Standard Costs applicable on the Effective Date plus:

(a) for any Products to be Delivered before 1 July 2024: a mark-up of seven-and-a-half percent (7.5%) of such Standard Costs; and

(b) for any Products to be Delivered on or after 1 July 2024: a mark-up of ten percent (10%) of such Standard Costs; except that such increase of mark-up shall be postponed by any period by which the respective Line Transfers are delayed beyond 1 July 2024 solely to the extent due to (i) any delay or other default of the Supplier under this Agreement (including any delay or default in the manufacture and Delivery of the agreed bank-built volumes), or (ii) any Force Majeure Event or any other external events or circumstances beyond the reasonable control of the Recipient, including any shortage of raw materials or commodities, provided the Parties shall notify each other without undue delay after becoming aware of such events or circumstances and use their commercially reasonable efforts to mitigate the impact of such events or circumstances in order to avoid any delay of Line Transfers beyond 1 July 2024.

Section 10.02 The Supplier shall adjust the Purchase Prices payable by the Recipient with effect as of the beginning of each calendar quarter to reflect the following cost variations incurred in the previous calendar quarter (or, if the Purchase Prices had not been adjusted for the previous calendar quarter, since the last adjustment of the Purchase Prices):

(a) any increase or decrease of the prices payable to Third-Party Suppliers for raw materials and commodities used in the manufacture of Products. The Supplier shall use commercially reasonable efforts to avoid or minimize any increase of such prices and shall, in case of any price increase request, handle the initial negotiation rounds with the relevant Third-Party Supplier, including by asserting any reasonable contractual defense against any such request. If the Supplier is not able to defend against a price increase request, and in any case before accepting any price increases, the Supplier shall allow and enable the Recipient to take over control of further negotiations, including by facilitating three-partite meetings with the relevant Third-Party Supplier. In any negotiations with Third-Party Suppliers, the Supplier shall at all times act in accordance with any instructions and guidance given by the Recipient and shall only accept price increases upon the Recipient's prior approval, provided that the Recipient shall be responsible for any consequences resulting from its instructions and guidance (including from giving or withholding approval for any price increases); and

(b) any increase or decrease of more than five percent (5%) of any other external cost incurred by the Supplier in the manufacture and Delivery of Products (such as logistics costs), provided that the Supplier shall use commercially reasonable efforts to avoid or minimize any such cost increases, provided further (for clarification) that if the five percent (5%) threshold is not exceeded within a single calendar quarter but only cumulatively during multiple subsequent calendar quarters, the Purchase Prices shall be adjusted with effect as of the beginning of the calendar quarter following the exceedance of such threshold.

Section 10.03 The Supplier shall provide the Recipient with all relevant documentation and evidence which may support the Recipient in recovering any price increases (in whole or in part) from its end customers.

ARTICLE XI
TERMS OF PAYMENT

Section 11.01 The Supplier shall invoice the Purchase Price to the Recipient upon Delivery.

Section 11.02 The Recipient shall pay the full amount of each invoice within sixty (60) Business Days of the date of receipt of the invoice.

Section 11.03 Payments shall be made in immediately available funds by electronic transfer on the due date for payment without any deduction of transmission fees, bank charges or early payment discounts or rebates (unless otherwise agreed in writing). Receipt of the amount due shall be an effective discharge of the relevant payment obligation.

ARTICLE XII
SALES AND OTHER TAXES

Section 12.01 All amounts payable under this Agreement by the Recipient shall be exclusive of any sales, use, value added or other similar tax (***Sales Tax***) (if any), which shall be paid by the Recipient at the rate and in the manner prescribed by the applicable Sales Tax Laws in addition to and on the conditions of the relevant Purchase Price as set out in Article X. The Supplier shall provide the Recipient with an invoice in accordance with applicable Sales Tax Law; Section 11.02 shall remain unaffected. The Parties shall cooperate with each other in good faith in order to enable each Party to comply with the formal requirements imposed on such Party under applicable Sales Tax Laws. Such cooperation includes, without limitation, that the Parties provide each other with all available information which is reasonably required for the other Party to comply with any reporting obligations under applicable Sales Tax Laws (for example, the filing of Sales Tax declarations and the request of Sales Tax refunds).

Section 12.02 All payments of Purchase Prices shall be made free and clear of any deduction or withholding of any kind (including taxes) other than any deduction or withholding required by applicable Law. In case a payment of a Purchase Price under this Agreement is subject to any withholding or deduction prescribed by applicable Law, then such amounts shall be borne by the Recipient, and any payment by the Recipient shall be grossed-up to ensure that the Supplier receives the full Purchase Price without any deduction and withholding. Where a relief, waiver or reduction of the withholding tax is possible in accordance with Law, the

Supplier and the Recipient shall cooperate as far as reasonably practicable to achieve such tax exemption from the competent tax authorities. The Recipient shall provide the Supplier with sufficient proof of the deduction or withholding made, in particular provide certificates or other documents in a manner as prescribed by applicable Law.

Section 12.03 Any claims pursuant to Section 12.01 and Section 12.02 shall be time-barred upon expiration of a period of six (6) months after the respective assessment of the tax has become un-appealable and final or – if there has been no tax assessment insofar – the tax has been paid, but if and to the extent an assessment against the other Party is concerned, only at the earliest six (6) months after the former Party has notified the other Party in reasonable details about the existence of such claim.

ARTICLE XIII
COMPLIANCE WITH LAW

Section 13.01 The Supplier will comply with applicable Laws in connection with the performance of this Agreement. Upon request by the Recipient, the Supplier shall certify in writing, from time to time, its compliance with applicable Laws. Each Party shall, at the other Party's request, provide information necessary for the requesting Party to comply with all applicable Laws, including, without limitation, related legal reporting obligations, in the country(ies) of destination.

Section 13.02 In the performance of its obligations under this Agreement, the Recipient shall be (as between the Parties) solely responsible to obtain at its cost all necessary permits, consents, registrations and licenses required to enable the Recipient to market and sell the Products to its end customers, including transportation, importation and exportation of the Products to its end customers, distributors and agents.

ARTICLE XIV
INTELLECTUAL PROPERTY RIGHTS

Section 14.01 The Supplier acknowledges that, as between the Parties, the Recipient owns or rightfully uses all Intellectual Property Rights relating to the design and manufacture of the Products. Any improvements made to the Products (including their design and manufacture), whether suggested, conceived, developed, invented, or authorized by the Supplier (***Product Improvements***) are and shall be the sole property of the Recipient, and the Supplier shall assign and hereby assigns to the Recipient, and the Recipient shall accept and hereby accepts such assignment of, all rights, title, and interest in any Intellectual Property Rights in any Product Improvements. Upon the request of the Recipient, the Supplier shall provide any further necessary documentation and do all further acts reasonably requested by the Recipient or necessary to confirm and perfect title in and to such assigned Intellectual Property Rights in the Recipient, its successors and assigns. Notwithstanding, the Parties agree that the Recipient intends to retain all Product Improvements associated with the use of, or symbolized by, such assigned Intellectual Property Rights and, accordingly, any assignment of such rights in such Product Improvements by the Supplier to the Recipient pursuant to this Section 14.01 shall not be treated as a transfer for U.S. federal income tax purposes. In the event and to the extent that transfer of ownership in any Intellectual Property Rights relating to Product Improvements shall

not be legally permissible, the Supplier hereby grants and/or irrevocably agrees to grant to the Recipient an unrestricted and unlimited, royalty-free, irrevocable, worldwide, sub-licensable license to use such Intellectual Property Rights. For the use and manufacture of the Products and any deviations and replacements thereto, such license shall be exclusive. In any event, the Supplier irrevocably covenants not to sue the Recipient or its Affiliates for any Intellectual Property Right infringement.

Section 14.01 The Recipient hereby grants and/or irrevocably agrees to grant to the Supplier a limited, non-exclusive, royalty-free, non-sublicensable license to use the Intellectual Property Rights of the Recipient solely to the extent required for the Supplier to manufacture and supply the Products and otherwise comply with its obligations under this Agreement.

Section 14.03 Subject to Section 14.01 and Section 14.02, neither Party nor any of its Affiliates grants to the other Party or its Affiliates under this Agreement any right or license in any Intellectual Property Right of such Party or its Affiliates.

ARTICLE XV
WARRANTIES

Section 15.01 The Supplier hereby represents and warrants that upon Delivery:

(a) the Products are free from Defects; and

(b) the packaging of the Products is as agreed between the Parties, and where the Parties have not made any particular agreement, is of market standard quality, complies with applicable Law and has the proper and full declaration necessary for its intended purpose. For the avoidance of doubt, the representations and warranties in this Section 15.01(b) shall not apply in respect of any non-conformance which according to the reasonable conclusion of the Parties has likely been caused by any repacking of the Products by the Recipient after Delivery.

Section 15.02 The warranty period shall, on a Product-by-Product basis, start upon Delivery in accordance with the Delivery Terms and end, by Product, concurrently with the end of the corresponding warranty and indemnities periods stated in the agreements between the Recipient and its end customer as on the Effective Date (and any prolongations of such warranty and indemnity periods agreed between the Recipient and its end customers after the Effective Date to the extent such prolongations have been approved by the Supplier in its reasonable discretion). The Recipient shall provide the Supplier with access to historical product data as reasonably necessary to address warranty claims.

Section 15.03 EXCEPT AS EXPRESSLY SET OUT IN THIS AGREEMENT, THE SUPPLIER DOES NOT PROVIDE ANY REPRESENTATION OR WARRANTY OF ANY KIND (EXPRESS OR IMPLIED) IN RESPECT OF THE PRODUCTS OR THEIR MANUFACTURE OR DELIVERY, AND ANY OTHER REPRESENTATIONS AND WARRANTIES THAT MAY BE IMPLIED BY STATUTE, PRECEDENTS OR OTHERWISE ARE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY EXCLUDED.

Section 15.04 The warranties set out in this Article XV (and all related provisions of this Agreement) shall apply retroactively and *mutatis mutandis* to any Products manufactured and delivered by the Supplier before the Effective Date (so that the Recipient shall be entitled to assert warranty claims against the Supplier under this Agreement in respect of any Defects or non-compliant packaging of Products delivered before the Effective Date); it being specified that the notification requirements and other processes set out in Article IX shall not apply retroactively, provided that in respect of any Defects discovered before the Effective Date, the Recipient shall inform the Supplier (and follow the other processes set out in Article IX) without undue delay after the Effective Date.

ARTICLE XVI
CONFIDENTIALITY

Section 16.01 Each Party (the ***Receiving Party***) undertakes to the other Party (the ***Disclosing Party***) to treat as confidential all Confidential Information of the Disclosing Party.

Section 16.02 The Receiving Party may only use the Confidential Information of the Disclosing Party for the purposes of, and in accordance with, this Agreement. The Receiving Party may only provide its employees, directors, sub-contractors, professional advisers and Affiliates (the ***Permitted Users***) with access to such Confidential Information on a strict "need-to-know" basis. The Receiving Party shall ensure that each of its Permitted Users is bound to hold all Confidential Information of the Disclosing Party in confidence to the standard required under this Agreement. Where a Permitted User is not an employee or director of the Receiving Party (and is not under a professional duty to protect confidentiality), the Receiving Party shall ensure that the Permitted User shall, prior to receiving the Confidential Information of the Disclosing Party, enter into a written confidentiality undertaking with the Receiving Party on substantially equivalent terms to this Agreement, a copy of which shall be provided to the Disclosing Party upon request.

Section 16.03 This Article XVI shall not apply to any information which:

(a) is in or subsequently enters the public domain other than as a result of a breach of this Article XVI;

(b) has been or is subsequently received by the Receiving Party from a Third Party (other than by a breach of confidentiality obligations by that Third Party) and the Recipient is under no confidentiality obligation in respect of that information other than under this Agreement; or

(c) has been or is subsequently independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information; or

(d) the Disclosing Party has agreed in writing may be disclosed.

Section 16.04 Each Permitted User may disclose Confidential Information of the Disclosing Party where that Permitted User (or, where the Permitted User is an individual, his or her employer) is required to do so by applicable Law or by any competent court or by any competent regulatory authority. In these circumstances the Receiving Party shall, to the extent

permitted by applicable Law, give the Disclosing Party prompt advance written notice of the disclosure (where lawful and practical to do so) so that the Disclosing Party has sufficient opportunity (where possible) to prevent or control the manner of disclosure by appropriate legal means.

Section 16.05 On termination or expiry of this Agreement, this Article XVI shall remain in full force and effect for three (3) years as from the expiry or the termination of this Agreement and, unless otherwise stated in this Agreement, each Party agrees that it must continue to keep the other Party's Confidential Information confidential in accordance with this Article XVI.

ARTICLE XVII
TERM AND TERMINATION

Section 17.01 This Agreement becomes effective on the Effective Date and shall remain in force until expiration or termination of the last Product Term (the ***Term***).

Section 17.02 The Product Term shall, on a Product-by-Product basis, commence on the Effective Date and end on upon the earlier of:

(a) completion of the respective Line Transfers; and

(b) 31 December 2024,

subject to any early terminations according to Section 17.03; and provided that in case of any delay of a Line Transfer beyond 31 December 2024 due to events or circumstances outside the reasonable control of the Recipient, the Parties shall in good faith negotiate on whether and on which terms the Product Term may be extended.

Section 17.03 The Recipient may terminate a Product Term for convenience at any time by giving the Supplier at least six (6) months' prior written notice of such termination.

Section 17.04 The Supplier may terminate this Agreement prior to the expiration of the Term in whole or with respect to individual Products with immediate effect if the Recipient fails to pay any undisputed amounts due within the time period set forth in Section 11.02 and Recipient fails to cure its failure to pay such undisputed amounts within fifteen (15) days of receipt of notice thereof from Supplier.

Section 17.05 Either Party may terminate this Agreement prior to the expiration of the Term in whole or with respect to individual Products with immediate effect upon the occurrence of any of the following events:

(a) if the other Party materially breaches any of its obligations under this Agreement and does not cure such breach within thirty (30) calendar days after receiving written notice thereof from the non-breaching Party; or

(b) if the other Party files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency Law or makes or seeks to make a general assignment for the benefit of its creditors or applies for or consents to the appointment of a trustee, receiver or custodian for it or a substantial part of its property.

Section 17.06 Upon expiration or termination of this Agreement, either Party shall promptly:

(a) return to the other Party all equipment, materials and property belonging to the other Party that the other Party had supplied to it or any of its Affiliates in connection with the supply of the Products under this Agreement;

(b) subject to Section 17.07, return to the other Party all documents, records and materials (and any copies) containing the other Party's Confidential Information;

(c) subject to Section 17.07, expunge the other Party's data from any IT systems in its possession or control; and

(d) on request, certify in writing to the other Party that it has complied with the requirements of this Section 17.06.

Section 17.07 The Party returning, expunging or destroying Confidential Information may retain (i) a copy of such Confidential Information for the purposes of fulfilling, and so long as required by, retention obligations as imposed by any applicable Law or its internal compliance procedures, and (ii) copies of any computer records and files containing any Confidential Information that have been created pursuant to automatic archiving and back-up procedures.

Section 17.08 Upon expiration or termination of this Agreement, subject to the agreed Bank-Built Plan, the Recipient shall:

(a) take possession of all inventories of finished Products;

(b) purchase and take over any remaining spare parts held by the Supplier in respect of the Dedicated Production Equipment;

(c) purchase and take over any remaining "slow-moving" inventories in accordance with Section 2.05 and as identified on Schedule 5; and

(d) purchase and take over any (other) remaining inventories of work-in-progress Products ordered by the Recipient and of materials (including raw materials) and other supplies procured by the Supplier for the manufacture of Products no earlier than twelve (12) months in advance of the envisaged manufacturing date.

Section 17.09 Termination of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of this Agreement which existed at or before the date of termination.

Section 17.10 Any provisions of this Agreement that by their nature or by explicit agreement shall survive the expiration or termination of this Agreement, shall remain in full force and effect (including Article XIV (*Intellectual Property Rights*), Article XVI (*Confidentiality*) (for the period set out in Section 16.05), Section 17.06 (*Obligations on termination*), Article XXI (*Records, Audit*) and Article XXII (*General*).

ARTICLE XVIII
MANUFACTURING TRANSFER

Section 18.01 At the end of the Product Term, the Recipient shall dismantle and remove the Dedicated Production Equipment from the Supplier's facilities (and if needed, restore the Supplier's facilities to a reasonable standard complying with basic safety requirements) at its own costs. An indicative timeline for such Line Transfers (as per planning on the Effective Date) is attached hereto in Schedule 6.

Section 18.02 Upon the Recipient's request, the Supplier shall support the Recipient in the dismantling and relocation of the Dedicated Production Equipment and any corresponding tech transfer measures (e.g., on the transfer structure or training on site), provided the Parties have agreed in advance the Supplier's reasonable remuneration for such support.

Section 18.03 The Parties have already before the Effective Date agreed on an initial bank-built plan (including the elements set out in Schedule 4) to support the Recipient in the transition which shall be updated from time to time during the Term based on the Parties' good faith agreement (the ***Bank-Built Plan***); provided that:

(a) the Supplier shall not be obliged to increase the number of shifts or otherwise invest in additional capacity to accommodate the Recipient's bank-built requests unless otherwise agreed between the Parties in the Bank-Built Plan or set out in Schedule 4; and

(b) the Recipient shall compensate the Supplier for any additional costs for packaging materials incurred in the implementation of the Bank-Built Plan.

Section 18.01 The Supplier shall manufacture and Deliver the Products in the quantities as set-out in the Bank-Built Plan. Deliveries shall be made in the quantities, on the dates, and at the times specified in the Bank-Built Plan.

ARTICLE XIX
FORCE MAJEURE

Section 19.01 ***Force Majeure Event*** means the occurrence of an event or circumstance beyond the reasonable control of a Party; provided that (i) the non-performing Party is without fault in causing or failing to prevent such occurrence; and (ii) such event may not be avoided by the use of reasonable precautions, it being specified that the Force Majeure Events shall include the following events:

(a) flood, drought, earthquake or other natural disaster;

(b) epidemic or pandemic;

(c) terrorist attack, civil war, civil commotion or riots, war (whether declared or undeclared), threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations;

(d) nuclear, chemical or biological contamination or sonic boom;

(e) any Law or any action taken by a Governmental Authority, including without limitation imposing an export or import restriction, quota or prohibition;

(f) collapse of buildings, fire, explosion or accident; and

(g) interruption or failure of utility service.

Section 19.02 If a Party is prevented, hindered or delayed from or in performing any of its obligations under this Agreement (other than a payment obligation) by a Force Majeure Event (the ***Affected Party***), then:

(a) the Affected Party's obligations under this Agreement are suspended while the Force Majeure Event continues and to the extent that the Affected Party is prevented, hindered or delayed and the Affected Party shall have no liability whatsoever for its failure or delay to perform such obligation;

(b) as soon as reasonably possible after becoming aware of the Force Majeure Event and in any event within five (5) Business Days the Affected Party shall notify the other Party in writing of (i) the Force Majeure Event, (ii) the date on which the Force Majeure Event started, (iii) the extent to which the Force Majeure Event affects its ability to perform its obligations under this Agreement and (iv) the expected duration of the Force Majeure Event;

(c) the Affected Party shall use its commercially reasonable efforts (at its own cost, including for premium freight or overtime) to mitigate the effects of the Force Majeure Event on the performance of its obligations under this Agreement; and

(d) promptly after the end of the Force Majeure Event, the Affected Party shall notify the other Party in writing that the Force Majeure Event has ended and resume performance of its obligations under this Agreement.

Section 19.03 Where any Force Majeure Event prevents, hinders or delays the performance of a material obligation under this Agreement and subsists for sixty (60) or more consecutive calendar days, the Party whose performance is not affected may terminate the Service impacted by the Force Majeure Event by giving written notice to the other Party.

ARTICLE XX
SUBCONTRACTING

The Supplier may subcontract the performance of any or all of its obligations hereunder to any of its Affiliates or Third Parties without the Recipient's consent, provided that the Supplier shall be liable to the Recipient for all acts and omissions of its subcontractors as if they were its own and no delegation or subcontracting of activities hereunder shall relieve the Supplier from its obligations towards the Recipient set forth herein.

ARTICLE XXI
RECORDS, AUDIT

Section 21.01 During the Term, and for a period of six (6) years thereafter, the Supplier shall keep (and at the Recipient's reasonable request, grant the Recipient and its professional

advisers access to) complete and accurate records reasonably necessary to verify that (i) the Products have been manufactured in accordance with the requirements set out in this Agreement, and (ii) the Purchase Prices as well as any one-off costs in connection with the implementation of changes according to Section 4.01(b) have been calculated in accordance with this Agreement (the ***Relevant Records***).

Section 21.02 Without limitation to Section 21.01, the Supplier shall once per each calendar year 2023, 2024 and 2025 upon at least thirty (30) days' prior notice allow the Recipient (or its professional advisers) to access the Supplier's premises during Working Hours for the purposes of auditing whether (i) the Products have been manufactured in accordance with the requirements set out in this Agreement, and (ii) the Purchase Prices as well as any one-off costs in connection with the implementation of changes according to Section 4.01(b) have been calculated in accordance with this Agreement. Any such audit shall be conducted in a manner that does not unreasonably interfere with the operation of the day-to-day business affairs of the Supplier.

Section 21.03 In respect of Recipient (and its professional advisers) exercising rights referred to in Section 21.02, the Supplier:

(a) shall provide them with assistance, cooperation and facilities (including office space and photocopying facilities) in order to enable them to exercise such rights; and

(b) shall ensure that they are not prevented or obstructed in exercising such rights.

Section 21.04 Except as provided in Section 21.05, each Party shall bear its own costs in relation to the exercise of rights referred to in this Article XXI.

Section 21.05 Supplier shall reimburse the Recipient for its reasonable costs and expenses in relation to the exercise of rights referred to in this Article XXI on demand, if such exercise reveals an overcharge of ten percent (10%) or more of the amount invoiced for Products over the invoicing period to which such invoice relates.

Section 21.06 If an exercise of rights referred to in Section 21.02 demonstrates that the Supplier has overcharged the Recipient for the supply of the Products, then, within ten (10) Business Days of a request from the Recipient, the Supplier shall pay to the Recipient an amount equal to the amount overcharged (including any Sales Tax (if any)) incurred in respect of that amount overcharged).

ARTICLE XXII
GENERAL

Section 22.01 Relationship of the Parties. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind among or between the Parties, each Party being individually responsible only for its obligations as set forth in this Agreement. Supplier shall perform its obligations under this Agreement in the capacity of an independent contractor and not as an employee, agent or joint venture counterparty of Recipient. Without limiting the foregoing, Recipient shall not have any power or

authority to bind Supplier to any contract, undertaking or other engagement with any Third Party.

Section 22.02 Employee Matters.

(a) The Supplier shall be the sole and exclusive employer of the CMA Employees. It is the joint intention and understanding of the Parties that nothing in this Agreement, its expiration or termination, the transfer or operation of the Dedicated Production Equipment at the Production Site, the manufacture and supply of the Products for the Recipient and the relocation of the Dedicated Production Equipment to the Recipient's own production sites, shall have the effect of transferring the employment relationship of any CMA Employee to the Recipient or any Third Party or creating any right or liability of the CMA Employee against the Recipient or any Third Party. Furthermore, it is not intended that anything in this Agreement shall constitute a delegation of staff or agency work between the Parties.

(b) The Supplier shall bear all costs and expenses or reimburse the Recipient or any Third Party for such costs, if any, concerning the CMA Employees, including any termination fees, severance costs, exit fees, wind down costs, stranded costs, penalties or similar costs concerning the CMA Employees incurred from or associated with (i) this Agreement, (ii) its expiration or termination, (iii) the transfer or operation of the Dedicated Production Equipment at the Production Site, (iv) the manufacture and supply of the Products for the Recipient or (v) the relocation of the Dedicated Production Equipment to the Recipient's own production sites. The Parties shall use commercially reasonable efforts to mitigate any such costs and expenses.

(c) The Supplier shall be liable and hold the Recipient harmless for all costs and damages relating to any employment and social security related litigation including any complaint, dispute, claim, trial or lawsuit arising from and connected with this Agreement or the services rendered thereunder.

Section 22.03 Assignment. Neither Party may assign, delegate or otherwise transfer, in whole or in part, directly or indirectly, by operation of Law or otherwise (including by merger, contribution, spin-off or otherwise) any of its rights, interests or obligations hereunder, without the prior written consent of the other Party, except that either Party may assign its rights and obligations under this Agreement, without consent of the other Party, to an Affiliate. Any permitted assignee or successor-in-interest will assume all obligations of its assignor under this Agreement. Any attempted assignment in violation of this Section 22.02 shall be null and void and of no effect. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assignees.

Section 22.04 Expenses.

(a) Except as otherwise provided in this Agreement, the Parties shall bear their respective direct and indirect costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby.

(b) Unless otherwise indicated, all dollar amounts stated in this Agreement are stated in U.S. currency, and all payments required under this Agreement shall be paid in U.S. currency by wire transfer of immediately available funds.

Section 22.05 No Set-off. Neither Party shall be entitled to set off claims it has against the other Party against claims of the other Party arising from this Agreement or to assert a right of retention against claims of the other Party, unless the other Party has acknowledged these claims of the first Party in writing or these have been confirmed by means of a final and binding judgment of a competent court or arbitral tribunal.

Section 22.06 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by email transmission (so long as confirmation of transmission is electronically or mechanically generated), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Persons at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 22.06):

(a) if to Supplier:

[●]
[●]
[●]
Attention: [●]
Email: [●]

with a copy, which shall not constitute notice, to:

[●]
[●]
[●]
Attention: [●]
Email: [●]

(b) if to Recipient:

[●]
[●]
[●]
Attention: [●]
Email: [●]

with a copy, which shall not constitute notice, to:

[●]
[●]
[●]
Attention: [●]
Email: [●]

Section 22.07 Amendment; Waiver. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 22.08 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 22.09 Separation and Distribution Agreement. Neither the making nor the acceptance of this Agreement shall enlarge, restrict or otherwise modify the terms of the Separation and Distribution Agreement or constitute a waiver or release by BorgWarner Inc. or PHINIA Inc. of any liabilities, obligations or commitments imposed upon them by the terms of the Separation and Distribution Agreement, including the representations, warranties, covenants, agreements and other provisions of the Separation and Distribution Agreement. In the event of any conflict between the provisions of this Agreement, on the one hand, and the provisions of the Separation and Distribution Agreement, on the other hand, the Separation and Distribution Agreement shall control.

Section 22.10 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between Parties with respect to the subject matter hereof.

Section 22.11 Governing law; Dispute Resolution; Jurisdiction.

(a) This Agreement and all matters, claims, controversies, disputes, suits, Actions or proceedings arising out of or relating to this Agreement and the negotiation, execution or performance of this Agreement or any of the transactions contemplated hereby, including all rights of the Parties (whether in contract, tort, common or statutory law, equity or otherwise) in connection therewith, shall be interpreted, construed and governed by and in accordance with the Laws of [●] without giving effect to any choice or conflict of law provision or rule that would cause the application of the Law of any jurisdiction other than those of [●].

(b) In the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of or related to this Agreement or the transactions contemplated hereby or thereby, including any Action based on contract, tort, equity, statute, regulation or constitution (a ***Dispute***), the Party raising the Dispute shall give written notice (which shall include a detailed description) of the Dispute (the ***Dispute Notice***). Following the service of such Dispute Notice, the Parties shall attempt to resolve the dispute in good faith within thirty (30) Business Days from and including the date of receipt of the Dispute Notice. If the dispute cannot be resolved by the Parties within such thirty (30) Business Day period, the dispute shall be escalated to the executive officers designated by the Parties, who shall then attempt to resolve the Dispute in good faith within further twenty (20) Business Days from the escalation (the period commencing from receipt of the Dispute Notice until the expiration of such escalation, the ***Negotiation Period***). Neither Party shall commence any Action in accordance with Section 22.11(c) until after having attempted to resolve the Dispute pursuant to this Section 22.11(b). However, in the event of any Action in accordance with Section 22.11(c), (i) the Parties shall not assert the defenses of statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (ii) any contractual time period or deadline under this Agreement relating to such Dispute occurring after the Dispute Notice is received shall not be deemed to have passed until such proceeding has been resolved.

(c) Subject to Section 22.11(b), any Action by a Party seeking any relief whatsoever arising out of, relating to or in connection with, this Agreement shall be brought only in the court of [●], and such Party (i) agrees to submit to the exclusive jurisdiction of such courts for purposes of all legal proceedings arising out of, or in connection with, this Agreement, (ii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any claim that any such Action brought in such a court has been brought in an inconvenient forum, (iii) agrees that mailing of process or other papers in connection with any such Action in the manner provided in Section 22.06 or any other manner as may be permitted by Law shall be valid and sufficient service thereof, and (iv) agrees that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

(d) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 22.12 Specific Performance. Subject to Section 22.11, except as provided below, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened

breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived. Any requirements for the securing or posting of any bond or similar security with such remedy are hereby waived. For the avoidance of doubt, the rights pursuant to this Section 22.12 shall be pursued in accordance with Section 22.11.

Section 22.13 No Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 22.14 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of Section 22.11 or Section 22.12 with respect to all matters not subject to such dispute resolution.

Section 22.15 Further Obligations. Each of the Parties hereto, upon the request of the other Party hereto, without further consideration, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary to effect complete consummation of the transactions contemplated by this Agreement. The Parties agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

Section 22.16 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

[*Signature Page follows*]

Executed in [●] (place) on [●] (date), by the duly authorized representatives of the Parties.

[RECIPIENT]

By: _____

Name:

Title

[SUPPLIER]

By: _____

Name:

Title:

Products

Exhibit 10.7

ECU SUPPLY AGREEMENT

dated as of [●], 2023

by and

between

[**BorgWarner**]

and

[**PHINIA**]

TABLE OF CONTENTS

ECU SUPPLY AGREEMENT

PARTIES

This **ECU Supply Agreement** (the ***Agreement***) is dated as of [●] (the ***Effective Date***) and entered between:

(1) [BorgWarner] (the ***Supplier***) and

(2) [PHINIA] (the ***Recipient***)

(each, a ***Party***, and together, the ***Parties***)

WHEREAS:

(A) BorgWarner Inc. and PHINIA Inc. have entered into a Separation and Distribution Agreement dated as of [●], 2023 (the ***Separation and Distribution Agreement***) which governs the principal transactions required to effect the spin-off of the SpinCo Business (as defined in the Separation and Distribution Agreement) into PHINIA Inc., and provides for certain other agreements that will govern certain matters relating to such spin-off and the relationship of BorgWarner Inc., PHINIA Inc. and their respective subsidiaries following such spin-off.

(B) In connection with the transactions contemplated by the Separation and Distribution Agreement, the Supplier and the Recipient wish to enter into this Agreement to establish a framework for the supply of Products (as defined below) by the Supplier to the Recipient, subject to the terms and conditions of this Agreement.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE I
DEFINITIONS, INTERPRETATION, HIERARCHY

Section 1.01 For the purpose of this Agreement, the terms listed in this Article I, when used in their capitalized form in this Agreement, shall have the meaning set forth below. Unless expressly provided otherwise herein, all capitalized terms not specifically defined in this Agreement have the meaning ascribed to them in the Separation and Distribution Agreement or the Electronics Collaboration Agreement.

Section 1.02 In this Agreement:

Affected Party has the meaning given in Section 16.02;

Agreement has the meaning given in the introductory sentence;

Binding Period has the meaning given in Section 4.04;

Business Day means a day other than a Saturday, Sunday or public holiday in [●] when banks in [●] are open for business;

Compliant Delivery Schedule has the meaning given in Section 4.02;

Confidential Information of a Party means all information of a confidential nature of that Party, including any information relating to that Party's intellectual property rights, products, software, operations, processes, technical methods, plans, documentation, market opportunities or business affairs (including all information of a financial nature), and including the terms of this Agreement (which shall constitute Confidential Information of either Party);

Defect means a Manufacturing Defect or – except where Schedule 1 excludes the Supplier's responsibility for Design Defects – a Design Defect, and ***Defective*** shall have a corresponding meaning;

Delivery means a delivery of Products from the Supplier to the Recipient or its designated carrier in accordance with the Delivery Terms, and ***Deliver*** and ***Delivered*** have corresponding meanings;

Delivery Terms has the meaning given in Section 4.07;

Design Defect means an impairment in the functionality, safety, performance or compatibility of a Product at the end customer to the extent not resulting from (i) the Application Software and/or Calibration Data provided by the Recipient or (ii) any instructions by the Recipient or a change to the design and/or composition of a Product after the Effective Date which is implemented upon request of the Recipient, but rather from the design and/or composition of the Product as identified in the Specifications as in place and applicable upon the Effective Date;

Disclosing Party has the meaning given in Section 14.01;

Dispute has the meaning given in Section 19.10(b);

Dispute Notice has the meaning given in Section 19.10(b);

Effective Date has the meaning given in the introductory sentence;

Electronics Collaboration Agreement means the agreement entered between BorgWarner PDS (USA) Inc. and PHINIA Technologies Inc. on or around the date of this Agreement that governs the Parties' collaboration with respect to certain scenarios of supply and sale of ECUs and Fuel Delivery Controllers;

EOP means, in respect of a Product, end of serial production according to the agreements between the Recipient and its end customers as amended from time to time at the sole discretion of the Recipient (including any lifetime extensions);

Firm Orders has the meaning given in Section 4.04;

Force Majeure Event has the meaning given in Section 16.01;

Lead Time means, for each Product, the total lead time required for the Supplier to manufacture and supply the Product (including procurement of required raw materials, commodities and components), as indicated per Product in Schedule 1;

Mandatory Change has the meaning given in Section 2.06;

Manufacturing Defect means, in respect of a Product, any manufacturing related non-conformance with the requirements set out in Section 2.04(b) and Section 2.04(e) upon Delivery;

Manufacturing Lead Time means, for each Product, the minimum number of days between receipt of a Firm Order (assuming availability of required raw materials, commodities and components) and earliest date of Delivery, as indicated per Product in Schedule 1;

Minimum Order Quantities means, for each Product, the volume of that Product set out in the 'MOQ' column in Schedule 1 or as otherwise agreed by the Parties in writing during the applicable Product Term; in respect of Product supplies after EOP, minimum order quantities shall be agreed between the Supplier and the Recipient in good faith, provided that any such amount shall not be higher than the amounts set out in the first three (3) months of the applicable delivery schedules;

Negotiation Period has the meaning given in Section 19.10(b);

Party and ***Parties*** has the meaning given in the introductory sentence;

Permitted Users has the meaning given in Section 14.02;

Products has the meaning given in Section 2.01;

Product Term means, on a Product-by-Product basis, the term during which a Product shall be supplied by the Supplier to Recipient according to this Agreement, as set out by Product in Schedule 1;

Purchase Price has the meaning given in Section 8.01;

Receiving Party has the meaning given in Section 14.01;

Recipient has the meaning given in the introductory sentence;

RFQ has the meaning given in Section 3.02(a)(ii);

Sales Tax has the meaning given in Section 10.01;

Separation and Distribution Agreement has the meaning given in Recital (A);

Specifications means the specifications of each Product as set out in the drawings and reference specifications for the relevant part number of each Product;

Supplier has the meaning given in the introductory sentence;

Supplier Manual means the BorgWarner supplier manual the current version of which is posted on the supplier section of BorgWarner's website (https://www.borgwarner.com/suppliers) which may be amended by BorgWarner from time-to-time at its discretion;

Term has the meaning given in Section 15.01;

Third Party means any Person other than the Supplier, the Recipient or any of the Supplier's or the Recipient's Affiliates;

Third-Party Supplier means a Third Party supplying any raw materials, commodities or components used in the manufacture of Products;

Working Hours means 9.00am to 5.00pm in the relevant location on a Business Day.

Section 1.03 In this Agreement, unless the context requires otherwise:

(a) (i) "include", "includes" or "including" shall be deemed to be followed by "without limitation"; (ii) "hereof", "herein", "hereby", "hereto" and "hereunder" shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (iii) "extent" in the phrase "to the extent" shall mean the degree to which a subject or other item extends and shall not simply mean "if"; (iv) "USD" shall mean United States Dollars; (v) the singular includes the plural and vice versa; (vi) reference to a gender includes the other gender; (vii) "any" shall mean "any and all"; (viii) "or" is used in the inclusive sense of "and/or"; (ix) reference to any agreement, document or instrument means such agreement, document or instrument as amended, supplemented, modified and in effect from time to time in accordance with its terms; and (x) reference to any Law means such Law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder;

(b) the table of contents, Articles, titles and headings to Articles, Sections and Paragraphs herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to "Articles", "Sections", or "Schedules" are intended to refer to Articles or Sections of this Agreement and Schedules to this Agreement. Schedules shall form part of this Agreement and any reference to this Agreement shall include the Schedules, unless reference is specifically made to a Schedule or the front-end of this Agreement, respectively; and

(c) in case of conflicts, the front-end of this Agreement shall prevail over its Schedules, unless otherwise stipulated in the front-end of this Agreement.

ARTICLE II
MANUFACTURE AND SUPPLY OF PRODUCTS

Section 2.01 Subject to and in accordance with the terms and conditions of this Agreement, during the applicable Product Term, the Supplier shall manufacture and supply to the Recipient the products specified in Schedule 1 (the ***Products***).

Section 2.02 The scope of Products identified in Schedule 1 may be amended from time to time to include additional products upon:

(a) mutual agreement of the Parties, or

(b) the Recipient's request to include a product that is, on the Effective Date, foreseen to be launched and sourced from the Supplier according to existing long-range business plans of the Recipient and is explicitly set out in Schedule 2.

Section 2.03 Upon request of the Recipient, the Supplier shall reasonably support the Recipient in connection with new product launches including by:

(a) prototype making or other development support which will be chargeable based on the standard cost for any standard components used with a charge of USD forty (USD 40) per hour for any additional activities required. Any related sub-supplier costs shall be chargeable to the Recipient. All prototype activity will be subject to a mark-up of fifteen percent (15%); or

(b) quotation preparation and providing required information and documents (at the Supplier's own cost).

Section 2.04 The Supplier shall manufacture and supply the Products in accordance with:

(a) Firm Orders;

(b) the Specifications;

(c) the (further) requirements of the Recipient's end customers according to relevant end customer contracts as of the Effective Date, provided that any changes or amendments of these requirements after the Effective Date shall be implemented according to the change process set out in Section 2.06;

(d) any additional policies as and if agreed which may be made available by the Recipient to the Supplier from time to time; and

(e) applicable Law relevant to the manufacture of the Products at the relevant manufacturing site.

Section 2.05 For the avoidance of doubt, the contractual relationship with end customers shall only be vested in the Recipient.

Section 2.06 With respect to changes to the Products, the following shall apply:

(a) Either Party shall be entitled to propose changes to the Products (including their Specifications, design, manufacturing process or manufacturing site) by written notice to the other Party setting out full details of such proposed changes (including any expected impact on the Purchase Price). Any such change request shall only be implemented upon the other Party's prior consent (such consent not to be unreasonably withheld, conditioned or delayed – in particular in case of change requests originating from the Recipient's end customers), except that the Supplier shall:

(i) be entitled to implement any changes without the Recipient's consent which are required to comply with applicable Law relevant to the manufacture of the Products at the relevant manufacturing site; and

(ii) implement, on request of the Recipient, any changes to an ECU required due to a change in the requirements of a customer of the Recipient, subject to

(A) the Recipient having performed any engineering works required in connection with such change at its own cost, and (B) Section 2.06(b) and Section 2.06(c).

Each such change referred to in lit. (i) and (ii) of this Section 2.06(a) shall be referred to as a ***Mandatory Change***. The Parties acknowledge that the Recipient may have to conduct testing to ensure that the performance of a Product under changed Specifications meets all applicable requirements before giving its consent to a change request.

(b) The Recipient shall bear the one-off costs arising in connection with the implementation of any Mandatory Change. For any other change, the one-off costs arising in connection with the implementation of such change shall be borne by the Party requesting the change. The Parties shall use commercially reasonable efforts to avoid or mitigate such one-off costs when implementing the relevant change. To the extent that one Party may charge one-off costs to the other Party according to this Section 2.06(b), these shall be calculated on a cost plus ten percent (10%) basis.

(c) Upon implementation of a change, the Purchase Price for the relevant Product shall be adjusted to reflect any increase or decrease of costs incurred by the Supplier in the manufacture and Delivery of the Products (according to the Supplier's internal transfer pricing principles) resulting from the change.

(d) Changes to Products agreed under this Section 2.06 shall be documented and reflected in Schedule 1 and, where applicable, the Specifications of that Product.

Section 2.07 To the extent a Firm Order concerns an ECU with (i) Application Software or (ii) Application Software and Calibration Data, the Recipient shall provide or cause to be provided to the Supplier the Application Software and Calibration Data to be incorporated in such ECU, as applicable, free of charge and costs for the Supplier, and the obligation of the Supplier to manufacture and supply under this Article II is subject to the Recipient making available to the Supplier the Application Software and Calibration Data, as applicable.

Section 2.08 In case of any updates to or new rollouts of the Application Software or Calibration Data, the Recipient shall provide, or cause to be provided, to the Supplier the Application Software or Calibration Data, as applicable, with at least eight (8) weeks lead time before the delivery date set out in the applicable accepted (or deemed accepted) delivery schedule issued by the Recipient for the first ECU containing such updated or new Application Software or Calibration Data. In the event of a safety implication, if required under applicable Law or if a delay in the implementation of updated or new Application Software or Calibration Data is likely to cause disruption to the manufacturing or distribution operations of the Recipient's Customer, the Supplier shall use commercially reasonable efforts, but without the obligation to incur additional costs, to implement updates or new rollouts in shorter time. In consideration for the implementation of any updates or new rollouts, the Supplier will charge the Recipient with a one-time fee of USD 12,000 per update or rollout (with up to two (2) releases for that update or rollout) which shall be paid by the Recipient in accordance with Article IX.

Section 2.09 The Supplier shall not be responsible for Defects or any delay or failure to manufacture and supply ECUs under this Article II or comply with any other obligations set forth

in this Agreement, and the remedies of the Recipient against the Supplier set forth in this Agreement shall not apply, to the extent such Defect or such delay or failure results from the provision of the Application Software and Calibration Data, including from any failure of the Recipient to provide the Application Software and Calibration Data, as applicable, in accordance with any of the requirements set forth in Section 2.07 and Section 2.08.

ARTICLE III
EXCLUSIVITY

Section 3.01 Exclusivity with respect to Existing ECU Programs.

(a) During the first three (3) Contract Years, the Recipient shall source all its requirements of Existing ECUs which are covered by Existing ECU Programs exclusively from the Supplier.

(b) After the third (3rd) Contract Year, the Recipient is free to both in-house manufacture and outsource to Third Parties the manufacture of Existing ECUs which are covered by Existing ECU Programs.

Section 3.02 Exclusivity with respect to Future ECU Programs.

(a) During the first three (3) Contract Years, with respect to Future ECU Programs, the Recipient shall:

(i) source its requirements for Existing ECUs or New ECUs that are covered by Future ECU Programs from the Supplier if:

(A) the Future ECU Program concerns the manufacture of ECUs which, compared to the Existing ECUs, have only minor changes, e.g., (i) the addition of I/Os onto the current ECU hardware (e.g., more H-bridges, sensor inputs); or (ii) upgrades or downgrades of microprocessors to higher or lower memory size or within the same microprocessor family, or

(B) the respective Customer of the Recipient does not initiate a request for quotation process for such Future ECU Program; and

(ii) with respect to any Future ECU Program that is not covered by Section 3.02(a)(i) above, initiate a request for quotation (***RFQ***) process and include the Supplier in any such RFQ process for such Future ECU Program, and if the Supplier submits a quotation for such Future ECU Program, the Recipient shall purchase the Existing ECUs or New ECUs covered by such Future ECU Program from the Supplier, provided that the price and other commercial terms offered by the Supplier are competitive to the market, and provided further that the Recipient shall grant the Supplier a right of last refusal to match a competitive offer.

If the Supplier is not selected for a Future ECU Program in accordance with the RFQ process described in Section 3.02(a)(ii) above, or elects to waive its right of last refusal, the Recipient is free to in-house manufacture Existing ECUs or New ECUs that are covered by such Future ECU Program and to outsource the manufacture to Third Parties. For the avoidance of doubt, in such

case the Recipient may exploit the BorgWarner IP for the purpose of in-house manufacturing or having Third Parties manufacture the relevant Existing ECUs or New ECUs, as applicable, in each case subject to the terms and limitations of the licenses granted to the Recipient pursuant to Sections 3.02 of the Electronics Collaboration Agreement.

(b) After the third (3rd) Contract Year, the Recipient is free to both in-house manufacture and outsource to Third Parties the manufacture of Existing ECUs or New ECUs which are covered by Future ECU Programs and is no longer obliged to include the Supplier in a request for quotation process as per Section 3.02(a)(ii) above.

(c) If the Recipient sources New ECUs from the Supplier, Section 7.05 shall apply *mutatis mutandis* with respect to warranty claims by Customers in respect of New ECUs, as applicable, manufactured and supplied by the Supplier to the Recipient.

ARTICLE IV
DEMAND PLANNING

Section 4.01 The Recipient shall provide the Provider with forecasts of its Product requirements (the ***Forecasts***) as follows:

(a) For Product comprising raw materials, commodities or components which the Supplier sources from the Third-Party Suppliers under the agreements listed in Schedule 3 from time to time, the Recipient has already before the Effective Date provided the Supplier with a Forecast for the period starting on Effective Date and ending on 31 December 2024 (or such later date as required by the lead times indicated per Third-Party Supplier agreement in Schedule 3). No later than by 30 April of each calendar year, the Recipient shall provide the Supplier with a Forecast for such Products for the next calendar year (or such longer period as required by the lead times indicated per Third-Party Supplier agreement in Schedule 3).

(b) For all other Products, the Recipient has already before the Effective Date provided the Supplier with a Forecast for the period starting on the Effective Date and ending on 31 December 2023. No later than by 30 November of each calendar year, the Recipient shall provide the Supplier with a Forecast for the next calendar year.

(c) Each Forecast shall be broken down by calendar quarter. Forecasts shall be non-binding, except that any Forecast according to Section 4.01(a) shall be binding on the Recipient as further set out in Section 4.10.

Section 4.02 The Recipient shall issue delivery schedules setting out its demand of Products on a rolling basis to the Supplier which shall:

(a) cover (i) a period of twelve (12) months for Products with Lead Times shorter or equal to twelve (12) months or (ii) for Products with Lead Times longer than twelve (12) months, at least the period of the applicable Lead Time,

(b) be updated on a weekly basis, and

(c) comply with the applicable Lead Times and the Minimum Order Quantities

(each delivery schedule issued in accordance with these requirements a ***Compliant Delivery Schedules***).

Section 4.03 The Supplier shall inform the Recipient within seven (7) Business Days after receipt of a Compliant Delivery Schedule whether it accepts or rejects such Compliant Delivery Schedule and any Compliant Delivery Schedule not rejected within such period shall be deemed accepted. The Supplier shall only be entitled to reject a Compliant Delivery Schedule if the Supplier would not be able to fulfill such Compliant Delivery Schedule (in terms of volumes and/or delivery dates) despite using commercially reasonable efforts (taking into account the allocation principles set out in Article V). If the Supplier rejects a Compliant Delivery Schedule in accordance with the foregoing sentence, it shall (together with its notice of rejection) make a reasonable proposal for modifications of such delivery schedule (in terms of volumes and/or delivery dates) that would make it acceptable. If the Recipient then re-issues a delivery schedule in line with these modifications, such delivery schedule shall be deemed accepted upon receipt by the Supplier. Accepted (and deemed accepted) delivery schedules shall serve as basis for the Supplier's production capacity planning, and the Supplier shall use its commercially reasonable efforts to fulfill any accepted (and deemed accepted) delivery schedule. Otherwise, accepted (and deemed accepted) delivery schedules shall, except during the Binding Period (as set out below), not be binding for either Party.

Section 4.04 The quantities of Products indicated for (i) the first two (2) weeks (if the Products are finished products) or (ii) the first sixteen (16) weeks (if the Products are raw materials) in each delivery schedule (the ***Binding Period***) shall be deemed to be binding orders (the ***Firm Orders***) which shall oblige the Supplier to Deliver, and the Recipient to take off and pay for, such quantities of Products, and the quantities of Products in the Binding Period may not be varied in any subsequent delivery schedule unless agreed by the Parties in writing.

Section 4.05 Each Firm Order shall, for each Product, comply with the Manufacturing Lead Times and be for not less than the Minimum Order Quantity for that Product. If a Firm Order is greater than the relevant Minimum Order Quantity, the Firm Order shall be for a multiple of the Minimum Order Quantity.

Section 4.06 Deliveries shall be made in the quantities, on the dates, and at the times specified in any accepted (or deemed accepted) delivery schedules issued by the Recipient for the Binding Period. Time and quantity are of the essence with respect to all accepted (or deemed accepted) delivery schedules issued by the Recipient.

Section 4.07 Unless otherwise agreed by the Parties, all Products shall be Delivered to the locations specified by the Recipient according to FCA (Incoterms 2020) at the locations indicated in Schedule 1 (the ***Delivery Terms***).

Section 4.08 Risk of loss of, and title to, the Products shall pass to the Recipient upon Delivery according to the Delivery Terms.

Section 4.09 If the Supplier fails, for any reason other than due to a Force Majeure Event or the Recipient's breach of its obligations under this Agreement, to have Products ready for shipment in time to meet any accepted (or deemed accepted) delivery schedules issued by the

Recipient when using the method of transportation originally specified or utilized by the Recipient, the Recipient shall have the right, at the Recipient's discretion, to either arrange for shipment of the Products on its own or require the Supplier to ship the Products, in each case using a premium (more expeditious) method of transportation than originally specified or utilized by the Recipient, and the Supplier shall pay or reimburse the Recipient for any additional cost of such premium shipment.

Section 4.10 With respect to any Products comprising raw materials, commodities or components which the Supplier sources from the Third-Party Suppliers listed in Schedule 3, the Recipient shall bear the cost and risk (and compensate the Supplier) for any obsolescence and non-cancellable payments to the Third-Party Suppliers listed in Schedule 3 for any quantities of raw materials, commodities or components which the Supplier has ordered:

(a) as required for the manufacture of Products in accordance with the Recipient's Forecast according to Section 4.01(a); and

(b) within the lead times indicated per each relevant Third-Party Supplier agreement in Schedule 3.

The list of Third-Party Suppliers and associated lead times in Schedule 3 may be amended annually in December by mutual agreement to reflect the current market conditions. Such agreement shall not be unreasonably withheld by either Party.

ARTICLE V
SHORTAGE OF MATERIALS AND SUPPLIES

If the Supplier becomes aware of shortages of materials or other supplies endangering the supply of Products in the quantities and on the dates specified in any accepted (or deemed accepted) delivery schedule issued by the Recipient due to a Force Majeure Event or other event outside of the Supplier's reasonable control, the Supplier shall:

(a) inform the Recipient about such circumstances without undue delay; and

(b) notwithstanding any other remedy the Recipient may have under this Agreement, allocate available materials and supplies to the Recipient and its other (internal and external) customers in a non-discriminatory ("fair share") way according to historic purchasing volumes (or – where historic purchasing volumes are not available – according to allocation principles applicable within BorgWarner group before the Effective Date; and provided that the allocation principles applied to the Recipient at any time under this Article V shall in no case be less favorable than the allocation principles applied to the relevant part of the [SpinCo Business] / [business of BorgWarner group] before the Effective Date).

ARTICLE VI
QUALITY

Section 6.01 The Supplier shall, at all times during the Term:

(a) maintain its DIN EN ISO 9001:2000, ISO/TS 16949:2002 and ISO 14001 accreditation (or any accreditation under any of their successor standards);

(b) comply with the requirements of the Product Part Approval Process (PPAP) and the Advanced Product Quality Planning (APQP) published by the Automotive Industry Action Group; and

(c) comply with the terms of the Supplier Manual as applicable on the Effective Date, provided that in case of a conflict between the terms of this Agreement and the Supplier Manual, the terms of this Agreement shall prevail.

Section 6.02 The Recipient may audit the Supplier's compliance with the quality requirements set out in this Article VI in accordance with Article XVIII.

ARTICLE VII
PRODUCT DEFECTS AND CLAIMS PROCESSING

Section 7.01 The Recipient shall inform the Supplier in writing of any Defect as promptly as practicable, but in any event within twenty-eight (28) days after the Recipient has discovered such Defect. If the Recipient does not inform the Supplier of a Defect within such time period, the Recipient shall be precluded from any claims it may have under this Agreement or applicable Law (including applicable product liability Laws and safety Laws) in respect of that Defect.

Section 7.02 If a Product is notified under Section 7.01 to be Defective, the Recipient shall, at the Supplier's option and to the extent possible:

(a) give the Supplier reasonable opportunity to inspect and analyze the relevant Product(s); and/or

(b) on the Supplier's request, return the relevant Product(s) to the Suppliers,

and provide to the Supplier all information and assistance that it may reasonably require to investigate the matter in good faith in accordance with industry standards. If an inspection or return of the Product is not possible or where it is not appropriate, the root cause investigation will be performed based on available information. The Supplier and the Recipient shall use commercially reasonable efforts to agree as soon as reasonably practicable whether or not the Product is Defective.

Section 7.03 If the Supplier and the Recipient agree that the Product is Defective, without limitation to any other remedies or claims the Recipient may have in connection with such Defect, be it under this Agreement or according to any applicable Law, the Supplier shall, in its sole discretion and at its own cost, repair or replace the Defective Products. If the Supplier fails to repair or replace any Defective Products in accordance with this Section 7.03 within reasonable time, the Recipient may request repayment of the Purchase Price.

Section 7.04 The terms of this Article VII shall apply *mutatis mutandis* to any repaired or replacement Products supplied by the Supplier.

Section 7.05 The Parties acknowledge and agree that if a Customer of the Recipient raises a warranty claim against the Recipient with respect to a Product supplied to the Recipient hereunder, the Recipient may pass-through, and the Supplier shall reimburse, any warranty costs

up to the value defined in the supply agreement with the respective Customer to the extent attributable to a Defect of the Product.

ARTICLE VIII
PURCHASE PRICES

Section 8.01 Subject to the adjustments according to Section 8.02, the Recipient shall pay for the Products the prices set forth in Schedule 1 (the ***Purchase Price***). The Parties agree that as of the Effective Date, the Purchase Price for each Product shall be equal to the transfer prices charged by the Supplier to its Affiliates for group-internal sales of such Products immediately prior to the Effective Date. This pricing already includes a discount of four-and-a-half percent (4.5%).

Section 8.02 The Supplier shall adjust the Purchase Prices payable by the Recipient with effect as of the beginning of each calendar quarter to reflect the following cost variations incurred in the previous calendar quarter (or, if the Purchase Prices had not been adjusted for the previous calendar quarter, since the last adjustment of the Purchase Prices):

(a) any FX fluctuations;

(b) any increase or decrease of the prices payable to Third-Party Suppliers for commodities used in the manufacture of Products (subject to Section 8.03); and

(c) any variations of costs incurred by the Supplier in the manufacture and Delivery of Products which result from any deviations of the volumes of Products actually ordered by the Recipient compared to the volumes of Products included in the annual Forecast provided by the Recipient according to Section 4.01 by more than ten percent (10%); and

(d) any increase or decrease of more than five percent (5%) of any (other) external cost incurred by the Supplier in the manufacture and Delivery of Products (such as logistics costs), (provided that the Supplier shall use commercially reasonable efforts to avoid or minimize any such cost increases during the applicable Product Terms, provided further (for clarification) that if the five percent (5%) threshold is not exceeded within a single calendar quarter but only cumulatively during multiple subsequent calendar quarters, the Purchase Prices shall be adjusted with effect as of the beginning of the calendar quarter following the exceedance of such threshold).

Section 8.03 The Supplier shall use commercially reasonable efforts to avoid or minimize any increase of prices payable to Third-Party Suppliers, including by asserting any reasonable contractual defense against any price increase requests. If the Supplier is not able to defend against a price increase request, and in any case before accepting any price increases, the Supplier shall allow and enable the Recipient to reasonably participate in (and contribute to) negotiations with Third-Party Suppliers, including by facilitating three-partite meetings with the relevant Third-Party Supplier.

Section 8.04 The Supplier shall provide the Recipient with all relevant documentation and evidence which may support the Recipient in recovering any price increases (in whole or in part) from its end customers.

Section 8.05 Purchase Prices for the supply of Products during the service period after EOP shall be re-negotiated in good faith between the Parties.

ARTICLE IX
TERMS OF PAYMENT

Section 9.01 The Supplier shall invoice the Purchase Price to the Recipient upon Delivery.

Section 9.02 The Recipient shall pay the full amount of each invoice within sixty (60) Business Days of the date of receipt of the invoice.

Section 9.03 Payments shall be made in immediately available funds by electronic transfer on the due date for payment without any deduction of transmission fees, bank charges or early payment discounts or rebates (unless otherwise agreed in writing). Receipt of the amount due shall be an effective discharge of the relevant payment obligation.

ARTICLE X
SALES AND OTHER TAXES

Section 10.01 All amounts payable under this Agreement by the Recipient shall be exclusive of any sales, use, value added or other similar tax (***Sales Tax***) (if any), which shall be paid by the Recipient at the rate and in the manner prescribed by the applicable Sales Tax Laws in addition to and on the conditions of the relevant Purchase Price as set out in Article VIII. The Supplier shall provide the Recipient with an invoice in accordance with applicable Sales Tax Law; Section 9.02 shall remain unaffected. The Parties shall cooperate with each other in good faith in order to enable each Party to comply with the formal requirements imposed on such Party under applicable Sales Tax Laws. Such cooperation includes, without limitation, that the Parties provide each other with all available information which is reasonably required for the other Party to comply with any reporting obligations under applicable Sales Tax Laws (for example, the filing of Sales Tax declarations and the request of Sales Tax refunds).

Section 10.02 All payments of Purchase Prices shall be made free and clear of any deduction or withholding of any kind (including taxes) other than any deduction or withholding required by applicable Law. In case a payment of a Purchase Price under this Agreement is subject to any withholding or deduction prescribed by applicable Law, then such amounts shall be borne by the Recipient, and any payment by the Recipient shall be grossed-up to ensure that the Supplier receives the full Purchase Price without any deduction and withholding. Where a relief, waiver or reduction of the withholding tax is possible in accordance with Law, the Supplier and the Recipient shall cooperate as far as reasonably practicable to achieve such tax exemption from the competent tax authorities. The Recipient shall provide the Supplier with sufficient proof of the deduction or withholding made, in particular provide certificates or other documents in a manner as prescribed by applicable Law.

Section 10.03 Any claims pursuant to Section 10.01 and Section 10.02 shall be time-barred upon expiration of a period of six (6) months after the respective assessment of the tax has become un-appealable and final or – if there has been no tax assessment insofar – the tax has been paid, but if and to the extent an assessment against the other Party is concerned, only at the

earliest six (6) months after the former Party has notified the other Party in reasonable details about the existence of such claim.

ARTICLE XI
COMPLIANCE WITH LAW

Section 11.01 The Supplier will comply with applicable Laws in connection with the performance of this Agreement. Upon request by the Recipient, the Supplier shall certify in writing, from time to time, its compliance with applicable Laws. Each Party shall, at the other Party's request, provide information necessary for the requesting Party to comply with all applicable Laws, including, without limitation, related legal reporting obligations, in the country(ies) of destination.

Section 11.02 In the performance of its obligations under this Agreement, the Recipient shall be (as between the Parties) solely responsible to obtain at its cost all necessary permits, consents, registrations and licenses required to enable the Recipient to market and sell the Products to its end customers, including transportation, importation and exportation of the Products to its end customers, distributors and agents.

ARTICLE XII
INTELLECTUAL PROPERTY RIGHTS

Nothing in this Agreement or in the performance of either Party's obligations hereunder shall be deemed to transfer, assign, grant or otherwise convey any rights, title or interests in or to any intellectual property rights belonging to a Party or its Affiliates.

ARTICLE XIII
WARRANTIES

Section 13.01 The Supplier hereby represents and warrants that upon Delivery:

(a) the Products are free from Defects, and

(b) the packaging of the Products is as agreed between the Parties, and where the Parties have not made any particular agreement, is of market standard quality, complies with applicable Law and has the proper and full declaration necessary for its intended purpose. For the avoidance of doubt, the representations and warranties in this Section 13.01(b) shall not apply in respect of any non-conformance which according to the reasonable conclusion of the Parties has likely been caused by any repacking of the Products by the Recipient after Delivery.

Section 13.02 The warranty period shall, on a Product-by-Product basis, start upon Delivery in accordance with the Delivery Terms and end, by Product, concurrently with the end of the corresponding warranty and indemnities periods stated in the agreements between the Recipient and its end customer as on the Effective Date (and any prolongations of such warranty and indemnity periods agreed between the Recipient and its end customers after the Effective Date to the extent such prolongations have been approved by the Supplier in its reasonable

discretion). The Recipient shall provide the Supplier with access to historical product data as reasonably necessary to address warranty claims.

Section 13.03 EXCEPT AS EXPRESSLY SET OUT IN THIS AGREEMENT, THE SUPPLIER DOES NOT PROVIDE ANY REPRESENTATION OR WARRANTY OF ANY KIND (EXPRESS OR IMPLIED) IN RESPECT OF THE PRODUCTS OR THEIR MANUFACTURE OR DELIVERY, AND ANY OTHER REPRESENTATIONS AND WARRANTIES THAT MAY BE IMPLIED BY STATUTE, PRECEDENTS OR OTHERWISE ARE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY EXCLUDED.

Section 13.04 The warranties set out in this Article XIII (and all related provisions of this Agreement) shall apply retroactively and *mutatis mutandis* to any Products delivered by the Supplier before the Effective Date (so that the Recipient shall be entitled to assert warranty claims against the Supplier under this Agreement in respect of any Defects or non-compliant packaging of Products delivered before the Effective Date); it being specified that the notification requirements and other processes set out in Article VII shall not apply retroactively, provided that in respect of any Defects discovered before the Effective Date, the Recipient shall inform the Supplier (and follow the other processes set out in Article VII) without undue delay after the Effective Date.

ARTICLE XIV
CONFIDENTIALITY

Section 14.01 Each Party (the ***Receiving Party***) undertakes to the other Party (the ***Disclosing Party***) to treat as confidential all Confidential Information of the Disclosing Party.

Section 14.02 The Receiving Party may only use the Confidential Information of the Disclosing Party for the purposes of, and in accordance with, this Agreement. The Receiving Party may only provide its employees, directors, sub-contractors, professional advisers and Affiliates (the ***Permitted Users***) with access to such Confidential Information on a strict "need-to-know" basis. The Receiving Party shall ensure that each of its Permitted Users is bound to hold all Confidential Information of the Disclosing Party in confidence to the standard required under this Agreement. Where a Permitted User is not an employee or director of the Receiving Party (and is not under a professional duty to protect confidentiality), the Receiving Party shall ensure that the Permitted User shall, prior to receiving the Confidential Information of the Disclosing Party, enter into a written confidentiality undertaking with the Receiving Party on substantially equivalent terms to this Agreement, a copy of which shall be provided to the Disclosing Party upon request.

Section 14.03 This Article XIV shall not apply to any information which:

(a) is in or subsequently enters the public domain other than as a result of a breach of this Article XIV;

(b) has been or is subsequently received by the Receiving Party from a Third Party (other than by a breach of confidentiality obligations by that Third Party) and the Recipient

is under no confidentiality obligation in respect of that information other than under this Agreement; or

(c) has been or is subsequently independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information; or

(d) the Disclosing Party has agreed in writing may be disclosed.

Section 14.04 Each Permitted User may disclose Confidential Information of the Disclosing Party where that Permitted User (or, where the Permitted User is an individual, his or her employer) is required to do so by applicable Law or by any competent court or by any competent regulatory authority. In these circumstances the Receiving Party shall, to the extent permitted by applicable Law, give the Disclosing Party prompt advance written notice of the disclosure (where lawful and practical to do so) so that the Disclosing Party has sufficient opportunity (where possible) to prevent or control the manner of disclosure by appropriate legal means.

Section 14.05 On termination or expiry of this Agreement, this Article XIV shall remain in full force and effect for three (3) years as from the expiry or the termination of this Agreement and, unless otherwise stated in this Agreement, each Party agrees that it must continue to keep the other Party's Confidential Information confidential in accordance with this Article XIV.

ARTICLE XV
TERM AND TERMINATION

Section 15.01 This Agreement becomes effective on the Effective Date and shall remain in force until expiration or termination of the last Product Term (the ***Term***).

Section 15.02 The Supplier and/or Recipient may terminate a Product Term for convenience if Schedule 1 provides for such termination right, in which case the Supplier and/or Recipient may terminate the Product Term in accordance with the notice periods and other requirements set out in Schedule 1; and provided that such termination right may only be exercised for a Product group in whole (as identified in Schedule 1).

Section 15.03 The Supplier may terminate this Agreement prior to the expiration of the Term in whole or with respect to individual Products with immediate effect if the Recipient fails to pay any undisputed amounts due within the time period set forth in Section 9.02 and Recipient fails to cure its failure to pay such undisputed amounts within fifteen (15) days of receipt of notice thereof from Supplier.

Section 15.04 The Supplier may terminate this Agreement prior to the expiration of the Term in whole or with respect to individual Products upon six (6) months' notice if the Recipient undergoes a direct or indirect change of control; whereas "control" of any entity shall (for the purposes of this Section 15.04) mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by Contract or otherwise; and whereas (for the avoidance

of doubt) the six (6)-month termination notice period shall start upon the change of control becoming effective).

Section 15.05 Either Party may terminate this Agreement prior to the expiration of the Term in whole or with respect to individual Products with immediate effect upon the occurrence of any of the following events:

(a) if the other Party materially breaches any of its obligations under this Agreement and does not cure such breach within thirty (30) calendar days after receiving written notice thereof from the non-breaching Party; or

(b) if the other Party files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency Law or makes or seeks to make a general assignment for the benefit of its creditors or applies for or consents to the appointment of a trustee, receiver or custodian for it or a substantial part of its property.

Section 15.06 Upon expiration or termination of this Agreement, either Party shall promptly:

(a) return to the other Party all equipment, materials and property belonging to the other Party that the other Party had supplied to it or any of its Affiliates in connection with the supply of the Products under this Agreement;

(b) subject to Section 15.07, return to the other Party all documents, records and materials (and any copies) containing the other Party's Confidential Information;

(c) subject to Section 15.07, expunge the other Party's data from any IT systems in its possession or control; and

(d) on request, certify in writing to the other Party that it has complied with the requirements of this Section 15.06.

Section 15.07 The Party returning, expunging or destroying Confidential Information may retain (i) a copy of such Confidential Information for the purposes of fulfilling, and so long as required by, retention obligations as imposed by any applicable Law or its internal compliance procedures, and (ii) copies of any computer records and files containing any Confidential Information that have been created pursuant to automatic archiving and back-up procedures.

Section 15.08 Termination of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of this Agreement which existed at or before the date of termination.

Section 15.09 Any provisions of this Agreement that by their nature or by explicit agreement shall survive the expiration or termination of this Agreement, shall remain in full force and effect (including Article XIV (*Confidentiality*) (for the period set out in Section 14.05),

Section 15.06 (*Obligations on termination*), Article XVIII (*Records, Audit*), Article XIX (*General*)).

ARTICLE XVI
FORCE MAJEURE

Section 16.01 ***Force Majeure Event*** means the occurrence of an event or circumstance beyond the reasonable control of a Party; provided that (i) the non-performing Party is without fault in causing or failing to prevent such occurrence; and (ii) such event may not be avoided by the use of reasonable precautions, it being specified that the Force Majeure Events shall include the following events:

(a) flood, drought, earthquake or other natural disaster;

(b) epidemic or pandemic;

(c) terrorist attack, civil war, civil commotion or riots, war (whether declared or undeclared), threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations;

(d) nuclear, chemical or biological contamination or sonic boom;

(e) any Law or any action taken by a Governmental Authority, including without limitation imposing an export or import restriction, quota or prohibition;

(f) collapse of buildings, fire, explosion or accident; and

(g) interruption or failure of utility service.

Section 16.02 If a Party is prevented, hindered or delayed from or in performing any of its obligations under this Agreement (other than a payment obligation) by a Force Majeure Event (the ***Affected Party***), then:

(a) the Affected Party's obligations under this Agreement are suspended while the Force Majeure Event continues and to the extent that the Affected Party is prevented, hindered or delayed and the Affected Party shall have no liability whatsoever for its failure or delay to perform such obligation;

(b) as soon as reasonably possible after becoming aware of the Force Majeure Event and in any event within five (5) Business Days the Affected Party shall notify the other Party in writing of (i) the Force Majeure Event, (ii) the date on which the Force Majeure Event started, (iii) the extent to which the Force Majeure Event affects its ability to perform its obligations under this Agreement and (iv) the expected duration of the Force Majeure Event;

(c) the Affected Party shall use its commercially reasonable efforts (at its own cost, including for premium freight or overtime) to mitigate the effects of the Force Majeure Event on the performance of its obligations under this Agreement; and

(d) promptly after the end of the Force Majeure Event, the Affected Party shall notify the other Party in writing that the Force Majeure Event has ended and resume performance of its obligations under this Agreement.

Section 16.03 Where any Force Majeure Event prevents, hinders or delays the performance of a material obligation under this Agreement and subsists for sixty (60) or more consecutive calendar days, the Party whose performance is not affected may terminate the service impacted by the Force Majeure Event by giving written notice to the other Party.

ARTICLE XVII
SUBCONTRACTING

The Supplier may subcontract the performance of any or all of its obligations hereunder to any of its Affiliates or Third Parties without the Recipient's consent, provided that the Supplier shall be liable to the Recipient for all acts and omissions of its subcontractors as if they were its own and no delegation or subcontracting of activities hereunder shall relieve the Supplier from its obligations towards the Recipient set forth herein.

ARTICLE XVIII
RECORDS, AUDIT

Section 18.01 During the Term, and for a period of six (6) years thereafter, the Supplier shall keep (and at the Recipient's reasonable request, grant the Recipient and its professional advisers access to) complete and accurate records reasonably necessary to verify that (i) the Products have been manufactured in accordance with the requirements set out in this Agreement, and (ii) the Purchase Prices as well as any one-off costs in connection with the implementation of changes according to Section 2.06(b) have been calculated in accordance with this Agreement (the ***Relevant Records***).

Section 18.02 Without limitation to Section 18.01, the Supplier shall once per each calendar year during the Term and the first year thereafter upon at least thirty (30) days' prior notice allow the Recipient (or its professional advisers) to access the Supplier's premises during Working Hours for the purposes of auditing whether (i) the Products have been manufactured in accordance with the requirements set out in this Agreement, and (ii) the Purchase Prices as well as any one-off costs in connection with the implementation of changes according to Section 2.06(b) have been calculated in accordance with this Agreement. Any such audit shall be conducted in a manner that does not unreasonably interfere with the operation of the day-to-day business affairs of the Supplier.

Section 18.03 In respect of Recipient (and its professional advisers) exercising rights referred to in Section 18.02, the Supplier:

(a) shall provide them with assistance, cooperation and facilities (including office space and photocopying facilities) in order to enable them to exercise such rights; and

(b) shall ensure that they are not prevented or obstructed in exercising such rights.

Section 18.04 Except as provided in Section 18.05, each Party shall bear its own costs in relation to the exercise of rights referred to in this Article XVIII.

Section 18.05 Supplier shall reimburse the Recipient for its reasonable costs and expenses in relation to the exercise of rights referred to in this Article XVIII on demand, if such exercise reveals an overcharge of ten percent (10%) or more of the amount invoiced for Products over the invoicing period to which such invoice relates.

Section 18.06 If an exercise of rights referred to in Section 18.02 demonstrates that the Supplier has overcharged the Recipient for the supply of the Products, then, within ten (10) Business Days of a request from the Recipient, the Supplier shall pay to the Recipient an amount equal to the amount overcharged (including any Sales Tax (if any)) incurred in respect of that amount overcharged).

ARTICLE XIX
GENERAL

Section 19.01 Relationship of the Parties. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind among or between the Parties, each Party being individually responsible only for its obligations as set forth in this Agreement. Supplier shall perform its obligations under this Agreement in the capacity of an independent contractor and not as an employee, agent or joint venture counterparty of Recipient. Without limiting the foregoing, Recipient shall not have any power or authority to bind Supplier to any contract, undertaking or other engagement with any Third Party.

Section 19.02 Assignment. Neither Party may assign, delegate or otherwise transfer, in whole or in part, directly or indirectly, by operation of Law or otherwise (including by merger, contribution, spin-off or otherwise) any of its rights, interests or obligations hereunder, without the prior written consent of the other Party, except that:

(a) either Party may assign its rights and obligations under this Agreement, without consent of the other Party, to an Affiliate; and

(b) if the Supplier divests a manufacturing site to a Third Party, the Supplier may assign its rights and obligations under this Agreement, without consent of the Recipient, to such Third Party to the extent a Product was indicated to be manufactured at such manufacturing site in Schedule 1.

Any permitted assignee or successor-in-interest will assume all obligations of its assignor under this Agreement. Any attempted assignment in violation of this Section 19.02 shall be null and void and of no effect. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assignees.

Section 19.03 Expenses.

(a) Except as otherwise provided in this Agreement, the Parties shall bear their respective direct and indirect costs and expenses incurred in connection with the

negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby.

(b) Unless otherwise indicated, all dollar amounts stated in this Agreement are stated in U.S. currency, and all payments required under this Agreement shall be paid in U.S. currency by wire transfer of immediately available funds.

Section 19.04 No Set-off. Neither Party shall be entitled to set off claims it has against the other Party against claims of the other Party arising from this Agreement or to assert a right of retention against claims of the other Party, unless the other Party has acknowledged these claims of the first Party in writing or these have been confirmed by means of a final and binding judgment of a competent court or arbitral tribunal.

Section 19.05 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by email transmission (so long as confirmation of transmission is electronically or mechanically generated), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Persons at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 19.05):

(a) if to Supplier:

[●]
[●]
[●]
Attention: [●]
Email: [●]

with a copy, which shall not constitute notice, to:

[●]
[●]
[●]
Attention: [●]
Email: [●]

(b) if to Recipient:

[●]
[●]
[●]
Attention: [●]
Email: [●]

with a copy, which shall not constitute notice, to:

[●]
[●]
[●]
Attention: [●]
Email: [●]

Section 19.06 Amendment; Waiver. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

Section 19.07 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

Section 19.08 Separation and Distribution Agreement. Neither the making nor the acceptance of this Agreement shall enlarge, restrict or otherwise modify the terms of the Separation and Distribution Agreement or constitute a waiver or release by BorgWarner Inc. or PHINIA Inc. of any liabilities, obligations or commitments imposed upon them by the terms of the Separation and Distribution Agreement, including the representations, warranties, covenants, agreements and other provisions of the Separation and Distribution Agreement. In the event of any conflict between the provisions of this Agreement, on the one hand, and the provisions of the Separation and Distribution Agreement, on the other hand, the Separation and Distribution Agreement shall control.

Section 19.09 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between Parties with respect to the subject matter hereof.

Section 19.10 Governing law; Dispute Resolution; Jurisdiction.

(a) This Agreement and all matters, claims, controversies, disputes, suits, actions or proceedings arising out of or relating to this Agreement and the negotiation, execution or performance of this Agreement or any of the transactions contemplated hereby, including all rights of the Parties (whether in contract, tort, common or statutory law, equity or otherwise) in connection therewith, shall be interpreted, construed and governed by and in accordance with the Laws of [●] without giving effect to any choice or conflict of law provision or rule that would cause the application of the Law of any jurisdiction other than those of [●].

(b) In the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of or related to this Agreement or the transactions contemplated hereby or thereby, including any Action based on contract, tort, equity, statute, regulation or constitution (a ***Dispute***), the Party raising the Dispute shall give written notice (which shall include a detailed description) of the Dispute (the ***Dispute Notice***). Following the service of such Dispute Notice, the Parties shall attempt to resolve the dispute in good faith within thirty (30) Business Days from and including the date of receipt of the Dispute Notice. If the dispute cannot be resolved by the Parties within such thirty (30) Business Day period, the dispute shall be escalated to the executive officers designated by the Parties, who shall then attempt to resolve the Dispute in good faith within further twenty (20) Business Days from the escalation (the period commencing from receipt of the Dispute Notice until the expiration of such escalation, the ***Negotiation Period***). Neither Party shall commence any Action in accordance with Section 19.10(c) until after having attempted to resolve the Dispute pursuant to this Section 19.10(b). However, in the event of any Action in accordance with Section 19.10(c), (i) the Parties shall not assert the defenses of statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (ii) any contractual time period or deadline under this Agreement relating to such Dispute occurring after the Dispute Notice is received shall not be deemed to have passed until such proceeding has been resolved.

(c) Subject to Section 19.10(b), any Action by a Party seeking any relief whatsoever arising out of, relating to or in connection with, this Agreement shall be brought only in the court of [●], and such Party (i) agrees to submit to the exclusive jurisdiction of such courts for purposes of all legal proceedings arising out of, or in connection with, this Agreement, (ii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any claim that any such Action brought in such a court has been brought in an inconvenient forum, (iii) agrees that mailing of process or other papers in connection with any such Action in the manner provided in Section 19.05 or any other manner as may be permitted by Law shall be valid and sufficient service thereof, and (iv) agrees that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

(d) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 19.11 Specific Performance. Subject to Section 19.10, except as provided below, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened

breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived. Any requirements for the securing or posting of any bond or similar security with such remedy are hereby waived. For the avoidance of doubt, the rights pursuant to this Section 19.11 shall be pursued in accordance with Section 19.10.

Section 19.12 No Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder and there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 19.13 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of Section 19.10 or Section 19.11 with respect to all matters not subject to such dispute resolution.

Section 19.14 Further Obligations. Each of the Parties hereto, upon the request of the other Party hereto, without further consideration, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary to effect complete consummation of the transactions contemplated by this Agreement. The Parties agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

Section 19.15 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

[*Signature Page follows*]

Executed in [●] (place) on [●] (date), by the duly authorized representatives of the Parties.

[PHINIA]

By: _____

Name:

Title:

[BorgWarner]

By: _____

Name:

Title:

Exhibit 10.8

PHINIA INC.
2023 STOCK INCENTIVE PLAN

SECTION 1. *Purpose and Effective Date.*

1.1 *Purpose.* The purpose of the Plan is to give the Company a significant advantage in attracting, retaining and motivating officers, employees and directors and to provide the Company, its subsidiaries and its Affiliates with the ability to provide incentives more directly linked to the profitability of the Company's businesses and increases in stockholder value. In addition, this Plan permits the issuance of Conversion Awards in connection with the equitable adjustment or replacement of certain equity-based awards granted by BorgWarner Inc. ("BorgWarner") that are outstanding immediately prior to the separation of the Company from BorgWarner.

1.2 *Effective Date.* The Plan will become effective, and Awards may be granted under the Plan, on and after [___], 2023 (the "Effective Date"). The Plan will terminate as provided in Section 17.1.

SECTION 2. *Definitions.*

For purposes of the Plan, the following terms are defined as set forth below:

2.1 "Affiliate" means a corporation or other entity controlled by the Company and designated by the Committee as such.

2.2 "Award" means a Stock Appreciation Right, Stock Option, Restricted Stock, Stock Unit, Performance Unit, Performance Stock Unit, Cash Incentive Award or Conversion Award granted pursuant to the Plan.

2.3 "Award Agreement" means a written agreement or notice memorializing the terms and conditions of an Award.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Breach of Conduct" means, for purposes of the Plan, any of the following:

(a) actions by the participant resulting in the termination of the participant's employment with the Company or any Affiliate for Cause,

(b) the participant's violation of the Company's Code of Ethical Conduct where such business standards have been distributed or made available to the participant,

(c) the participant's unauthorized disclosure to a third party of confidential information, intellectual property, or proprietary business practices, processes, or methods of the Company; or willful failure to protect the Company's confidential information, intellectual property, proprietary business practices, processes, or methods from unauthorized disclosure, or

(d) the participant's soliciting, inducing, or attempting to induce employees of the Company and its Affiliates to terminate their employment with the Company or an Affiliate.

2.6 "Cash Incentive Award" means the right granted under Section 12 to receive a cash payment to the extent Performance Goals are achieved (or other requirements are met).

2.7 "Cause" means:

(a) the participant's conviction of, or entering a guilty plea, no contest plea or *nolo contendre* plea to any felony or to any crime involving dishonesty or moral turpitude under Federal law or the law of the state in which such action occurred,

(b) the participant's commission of any material act or omission involving dishonesty or fraud with respect to the Company or any of its Affiliates or any of the customers, vendors or suppliers of the Company or its Affiliates,

(c) dishonesty in the course of fulfilling the participant's employment duties,

(d) the participant's misappropriation of material funds or assets of the Company for personal use or any act of theft or fraud as determined by the Company,

(e) the participant's engagement in harassment or discrimination based on a legally protected status with respect to any employee of the Company or any of its subsidiaries,

(f) the participant's breach of material Company policy,

(g) the participant's refusal to perform lawful duties as directed in good faith by the Company,

(h) willful and deliberate failure on the part of the participant to perform his employment duties in any material respect,

(i) the participant's substantial or repeated neglect of duties (even if not willful and deliberate) after notice and an opportunity to cure,

(j) the participant's gross negligence or willful misconduct that results or is reasonably expected to result in substantial harm to the Company (either singly or on a consolidated basis), or

(k) the participant's breach of written obligations to the Company or any subsidiary in respect of confidentiality and/or the use or ownership of proprietary information.

2.8 "CEO" means the chief executive officer of the Company or any successor corporation.

2.9 “Change in Control” has the meaning set forth in Section 16.2.

2.10 “Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. Any reference to a section of the Code shall include all the rules and regulations promulgated thereunder.

2.11 “Commission” means the Securities and Exchange Commission or any successor agency.

2.12 “Committee” means the Committee referred to in Section 3.1.

2.13 “Company” means PHINIA Inc., a Delaware corporation.

2.14 “Conversion Award” means an Award granted under Section 13.

2.15 “Disability” means that the participant:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(b) is, by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering the Company’s employees, or

(c) is determined to be permanently disabled by the Social Security Administration.

“Disability” shall be determined by the plan administrator of the RSP under the disability claims procedures of the RSP but applying the foregoing definition of “Disability.”

2.16 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto. Any reference to a section of the Exchange Act shall include all the rules and regulations promulgated thereunder.

2.17 “Fair Market Value” means, per Share on a particular date, (a) if the Shares are listed on a national securities exchange, the last sales price on that date on the national securities exchange on which the Shares are then listed (including without limitation, the New York Stock Exchange or the NASDAQ Stock Market), as reported on the composite tape or other reporting system of such exchange, or if no sales of Shares occur on such exchange on such date, then on the last preceding date on which there was a sale on such exchange; or (b) if the Shares are not listed on a national securities exchange, but are traded in an over-the-counter market, the last sales price (or, if there is no last sales price reported, the average of the closing bid and asked prices) for the Shares on that date, or on the last preceding date on which there was a sale of Shares on that market; or (c) if the Shares are neither listed on a national securities exchange nor

traded in an over-the-counter market, the price determined by the Committee, in its sole discretion.

2.18 "Full-Value Award" means Restricted Stock, Stock Units, Performance Stock Units and any other Award under which the value of the Award is measured as the full value of a Share, rather than the increase in the value of a Share.

2.19 "Incentive Stock Option" means any Stock Option intended to be and designated as an "incentive stock option" within the meaning of Section 422 of the Code.

2.20 "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

2.21 "Performance Goals" means a target or targets of performance (which may be objective or subjective) as established by the Committee in its sole discretion. A Performance Goal may include a threshold level of performance below which no payout or vesting will occur, target levels of performance at which a full payout or full vesting will occur, and/or a maximum level of performance at which a specified additional payout or vesting will occur.

2.22 "Performance Period" means the period of one year or longer established by the Committee in connection with the grant of an Award for which the Committee has established Performance Goals.

2.23 "Performance Unit" means an Award granted under Section 10, the value of which is expressed in terms of cash or in property other than Stock.

2.24 "Performance Stock Unit" means an Award granted under Section 11, the value of which is expressed in terms of, or valued by reference to, a Share.

2.25 "Plan" means the PHINIA Inc. 2023 Stock Incentive Plan, as set forth herein and as hereinafter amended from time to time.

2.26 "Restricted Stock" means an Award granted under Section 8.

2.27 "Restricted Stock Agreement" means an Award Agreement memorializing the terms and conditions of a grant of Restricted Stock.

2.28 "Restriction Period" means, for purposes of an Award granted under Section 8, the time or times within which such Award may be subject to forfeiture and during which the participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber shares of Restricted Stock.

2.29 “Retirement” means, the participant’s Termination of Employment with the Company and all Affiliates:

(a) on or after the last day of the calendar month coincident with or immediately following the day on which the participant attains age 55 if the participant has been credited with at least 10 Years of Service, or

(b) in the case of Section 8 (Restricted Stock), Section 9 (Stock Units), Section 10 (Performance Units), and Section 11 (Performance Stock Units) only, with the written consent of the Company that such Termination of Employment shall constitute “Retirement”.

2.30 “RSP” means the PHINIA Inc. Retirement Savings Plan, or any successor plan thereto.

2.31 “Rule 16b-3” means Rule 16b-3, as promulgated by the Commission under Section 16(b) of the Exchange Act, as amended from time to time or any successor definition adopted by the Commission.

2.32 “Share” means a share of Stock.

2.33 “Specified Employee” means a “specified employee” within the meaning of Section 409A(a)(2)(B) of the Code and using the methodology selected by the Company from time to time (including any permitted alternate means selected by the Company to identify specified employees), or if none, the default methodology provided by applicable Income Tax Regulations.

2.34 “Stock” means common stock, par value $0.01 per share, of the Company.

2.35 “Stock Appreciation Right” means a right granted under Section 7.

2.36 “Stock Option” means an option granted under Section 6 to purchase Shares at a stated price for a specified period of time.

2.37 “Stock Unit” means a right granted under Section 9 to receive a Share or cash in an amount equal to the Fair Market Value of a Share sometime in the future.

2.38 “Termination of Employment” means the termination of the participant’s employment with the Company and any subsidiary or Affiliate. A participant employed by a subsidiary or an Affiliate shall also be deemed to incur a Termination of Employment if the subsidiary or Affiliate ceases to be such a subsidiary or Affiliate, as the case may be, and the participant does not immediately thereafter become an employee of the Company or another subsidiary or Affiliate. In the case of a participant who is a member of the Board but not an employee of the Company or any subsidiary or Affiliate, “Termination of Employment” means the termination of the participant’s services as a member of the Board. For purposes of Section 16.1(b), a Termination of Employment” must constitute a “Separation from Service” for purposes of Section 409A of the Code.

2.39 "Year of Service" means each twelve (12) month period of employment (or fraction of a 12-month period of employment) with the Company, any subsidiary or Affiliate or, with respect to employment prior to the Separation (as defined below), with BorgWarner or its affiliates, based on the participant's aggregate elapsed time of employment. Credit toward Years of Service runs continuously beginning on the first day a participant performs an hour of service (upon initial employment or reemployment) and ending on the date of the participant's Termination of Employment. Any period during which a participant is on an authorized leave of absence will be considered as service for determining Years of Service. If a participant is reemployed following a Termination of Employment, the participant's Years of Service, including fractional years, credited before the Termination of Employment will be restored after the participant performs an hour of service after reemployment.

In addition, certain other terms used herein have definitions given to them in the first place in which they are used.

SECTION 3. *Administration.*

3.1 *Compensation Committee Administration.* Subject to Section 3.2, the Plan shall be administered by the Compensation Committee of the Board or such other committee of the Board, composed of not less than three (3) members of the Board, each of whom shall be appointed by and serve at the pleasure of the Board and who shall also be:

(a) "non-employee directors" within the meaning of Rule 16b-3, and

(b) "independent directors" within the meaning of any applicable stock exchange rule.

3.2 *Awards Granted to the Board.* With respect to Awards granted to members of the Board who are not officers or employees of the Company, a subsidiary, or an Affiliate, the Plan shall be administered by the Committee subject to the approval of a majority of all members of the Board (including members of the Committee) who are "non-employee directors" within the meaning of Rule 16b-3 and "independent directors" with the meaning of any applicable stock exchange rule. With respect to such Awards, all references to the "Committee" contained in the Plan shall be deemed and construed to mean the Committee, the decisions of which shall be subject to the approval of a majority of such members of the Board who are both "non-employee directors" within the meaning of Rule 16b-3 and "independent directors" within the meaning of any applicable stock exchange rule.

3.3 *Committee Authority; Conversion Awards.* Among other things, the Committee shall have the authority, subject to the terms of the Plan:

(a) to interpret the provisions of the Plan or any agreement covering an Award;

(b) to select the officers, employees and directors to whom Awards may from time to time be granted;

(c) to determine whether and to what extent Awards are to be granted hereunder and the type or types of Awards to be granted;

(d) to determine the number of Shares to be covered by each Award granted hereunder;

(e) to determine the terms and conditions of any Award granted hereunder (including, but not limited to, the exercise price (subject to Section 6.3(a)), any vesting restriction or limitation and any vesting acceleration or forfeiture waiver regarding any Award and the Shares relating thereto, based on such factors as the Committee shall determine);

(f) to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time to the extent required or permitted by the Plan or by applicable law, including but not limited to any clawback requirements or policy of the Company as may be in effect from time to time;

(g) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan;

(h) to determine to what extent and under what circumstances Stock and other amounts payable with respect to an Award shall be deferred; and

(i) to determine under what circumstances a Stock Option or a Stock Appreciation Right may be settled in cash or Stock under Section 6 or Section 7, respectively.

Notwithstanding any of other provision of this Plan to the contrary, the number of Shares to be subject to a Conversion Award and the other terms and conditions of each Conversion Award shall be determined by the Committee, all in accordance with the terms of the Employee Matters Agreement entered into in connection with the Separation.

3.4 *Grants by the CEO*. The Committee may authorize the CEO to grant Awards pursuant to the terms of the Plan with respect to 6,000 Shares or fewer per individual, per year, to:

(a) officers and employees of the Company and its subsidiaries and Affiliates who are not, at the time of grant, subject to Section 16 of the Exchange Act; and

(b) any individual as an inducement to accept an offer of employment (including Awards to individuals who may become, upon accepting an offer of employment, officers of the Company and its subsidiaries and Affiliates who are subject to Section 16 of the Exchange Act).

Any such authorization so made shall be consistent with recommendations made by the Board's Compensation Committee to the Board regarding non-CEO compensation, incentive-compensation plans and equity-based plans. When such authorization is so made by the Committee, the CEO shall have the authority of the Committee described in Sections 3.3(a), 3.3(b), 3.3(c), and 3.3(d) with respect to the granting of such Awards; provided, however, that the Committee may limit or qualify such authorization in any manner it deems appropriate.

3.5 *Committee Actions.* The Committee may act only by a majority of its members then in office, except that the members thereof may:

(a) delegate all or a portion of the administration of the Plan to one or more officers of the Company, provided that no such delegation may be made that would cause Awards or other transactions under the Plan to cease to be exempt from Section 16(b) of the Exchange Act, and

(b) authorize any one or more of its members or any officer of the Company to execute and deliver documents on behalf of the Committee.

3.6 *Determinations Final.* Any determination made by the Committee or pursuant to delegated authority pursuant to the provisions of the Plan with respect to the Plan or any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Plan participants.

3.7 *Indemnification.* In addition to such other rights of indemnification from the Company as they may have, the members of the Committee shall be indemnified by the Company against reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except that such member is liable for negligence or misconduct in the performance of his duties; provided that within sixty days after institution of any such action, suit or proceeding, the member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

SECTION 4. *Stock Subject To Plan; Individual Limitations.*

4.1 *Share Reserve.* Subject to adjustment as provided herein, [_____][1] Shares are reserved for issuance under the Plan, all of which may be issued pursuant to the exercise of Incentive Stock Options. The Stock to be delivered under the Plan may be made available from authorized but unissued Shares, treasury stock, or Shares purchased on the open market. The aggregate

[1] Note to draft: This number will be 10% of the outstanding stock as of immediately after the separation.

number of Shares reserved under this Section 4.1 shall be depleted on the date of grant of an Award by the maximum number of Shares, if any, that may be payable with respect to the Award, as determined at the time of grant. Notwithstanding the foregoing, Shares subject to Conversion Awards shall not be counted against the reserve under the Plan.

4.2 *Replenishment of Shares.* If (a) an Award lapses, expires, terminates or is cancelled without the issuance of Shares under the Award (whether due currently or on a deferred basis), (b) it is determined during or at the conclusion of the term of an Award that all or some portion of the Shares with respect to which the Award was granted will not be issuable on the basis that the conditions for such issuance will not be satisfied, (c) Shares are forfeited under an Award, (d) an Award that is denominated in Shares (in whole or in part) is settled in cash or (e) Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares shall be recredited to the Plan's reserve and may again be used for new Awards under the Plan, but Shares recredited to the Plan's reserve pursuant to clause (v) may not be issued pursuant to Incentive Stock Options. Notwithstanding the foregoing, in no event shall the following Shares be recredited to the Plan's reserve: (w) Shares purchased by the Company using proceeds from Option exercises; (x) Shares tendered or withheld in payment of the exercise price of an Option or as a result of the net settlement in Shares of an outstanding Stock Appreciation Right; (y) Shares tendered or withheld to satisfy federal, state or local tax withholding obligations and (z) Shares subject to Conversion Awards.

4.3 *Individual Award Limits.* Subject to adjustment as provided in Section 4.4, during any fiscal year of the Company, no individual non-employee director may be granted:

(a) Stock Options, Stock Appreciation Rights, Restricted Stock, Stock Units, or Performance Stock Units that, in total, could result in a maximum payout on settlement of more than 6,000 Shares, but excluding from this limitation any additional Stock Units or Shares credited to the participant as dividend equivalents on any Award or cash or stock dividends on Restricted Stock that are paid or credited to a participant as additional Restricted Stock; and

(b) an Award or payment or payment right outside the Plan that is payable or settleable in cash (or property other than Shares) that could result in a maximum payment of more than four hundred fifty thousand dollars ($450,000), but excluding from this limitation any additional amounts paid or credited to a participant as interest or dividend equivalents on any Award.

4.4 *Adjustments.* In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, extraordinary distribution with respect to the Stock, other change in corporate structure affecting the Stock or any other event, which other event the Committee determines necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable to prevent dilution or enlargement of the benefits

or potential benefits intended to be made available under the Plan, adjust any or all of the following:

(a) the number and type of Shares reserved for issuance and future grant under the Plan and the individual award limits under the Plan;

(b) the exercise, purchase or grant prices with respect to any Award;

(c) the number and type of Shares subject to outstanding Awards;

(d) the maximum number of Shares that may be issued as ISOs set forth in Section 4.1; and

(e) the Performance Goals of an Award,

and in all cases subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws and rules of the stock exchange on which the Shares are then traded. Notwithstanding the foregoing, in the case of a stock dividend (other than a stock dividend declared in lieu of an ordinary cash dividend) or stock split or combination of the Shares (including a reverse stock split), if no action is taken by the Committee, adjustments contemplated by this Section that are proportionate shall nevertheless automatically be made as of the date of such stock dividend or stock split or combination of the Shares.

However, if any adjustment results in fractions of a Share, such fractional shares shall not be issued and shall be canceled for no consideration. Notwithstanding the forgoing, no adjustment will be made to outstanding Stock Options if (i) the adjustment would cause the Stock Options to provide for a deferral of compensation subject to Section 409A of the Code (and any applicable related regulations and guidance) or (ii) in the case of Incentive Stock Options, such adjustment would cause the Plan to violate Section 422 of the Code.

If any of the transactions or events described in this Section constitutes a Change in Control or occurs subsequent to any Change in Control occurring after the Effective Date, then, subject to participants' rights under Section 16 and the cash payment provisions of the following sentence, and unless the Committee otherwise determines prior to the first Change in Control occurring after the Effective Date, proportionate adjustments of the type described in this Section shall be made automatically such that the full economic value of the Awards to participants that are outstanding at the time of the transaction or event shall be preserved and not diminished as a result of the transaction or event. If any of the events described in this Section occur, the Committee may also (or in lieu of the adjustments described in this Section) make provision for a cash payment to the holder of an outstanding Award in exchange for the cancellation of all or a portion of the Award (without the consent of the holder of the Award) in an amount determined by the Committee effective at such time as the Committee specifies (which may be the time such transaction or event is effective), but if such transaction or event constitutes a Change in Control, then (i) such payment shall be at least as favorable to the holder as the greatest amount the holder could have received in respect of such Award under Section 16, (ii) if Section 16 applies to the Award, such payment shall be allowed only to the extent Section 16(b) would allow acceleration

of exercisability, vesting, issuance of shares or other payment in respect of such Award in connection with the Change in Control and (iii) from and after the Change in Control, the Committee may make such a provision only if the Committee determines that doing so is necessary to substitute, for each Share subject to an Award, the number and kind of shares of stock, other securities, cash or other property to which holders of Shares are or will be entitled in respect of each Share pursuant to the transaction or event in accordance with the last sentence of this Section. Further, and without limitation, subject to a participant's rights under Section 16, in the event of any such merger or similar transaction, stock dividend, stock split or combination of Shares, distribution or other event described above, whether or not constituting a Change in Control (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Shares are not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Committee shall substitute, on an equitable basis as the Committee determines, for each Share then subject to an Award, the number and kind of shares of stock, securities, cash or other property to which holders of Shares are or will be entitled with respect to each Share pursuant to the transaction.

SECTION 5. *Eligibility.*

The Committee may grant Awards under the Plan to any of the following individuals: (a) officers and other employees of the Company, its subsidiaries and Affiliates who are responsible for or contribute to the management, growth and profitability of the business of the Company, its subsidiaries and Affiliates, as determined by the Committee, (b) any individual that the Company, a subsidiary or an Affiliate has engaged to become an officer or employee and (c) directors of the Company.

SECTION 6. *Stock Options.*

6.1 *Types.* Stock Options granted under the Plan may be of two types: Incentive Stock Options and Non-Qualified Stock Options, provided however, that Incentive Stock Options may be granted only to employees of the Company and its subsidiaries (within the meaning of Section 424(f) of the Code). To the extent that any Stock Option is not designated as an Incentive Stock Option or even if so designated does not qualify as an Incentive Stock Option, it shall constitute a Non-Qualified Stock Option.

6.2 *Grant.* The Committee shall have the authority to grant participants Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options (in each case with or without Stock Appreciation Rights). The grant of a Stock Option shall be evidenced by an Award Agreement, which shall be delivered to the optionee and indicate on its face whether it is intended to be an agreement for an Incentive Stock Option or a Non-Qualified Stock Option. The grant of a Stock Option shall occur on the date the Committee by resolution selects an individual to receive a grant of a Stock Option, determines the number of Shares to be subject to such Stock Option to be granted to such individual and specifies the terms and provisions of the Stock Option.

6.3 *Option Terms and Conditions*. Stock Options granted under the Plan shall be subject to the following terms and conditions and any additional terms and conditions as the Committee shall deem desirable:

(a) *Exercise Price*. The exercise price per Share purchasable under a Stock Option shall be determined by the Committee and set forth in the Award Agreement, provided that (other than with respect to Conversion Awards) the exercise price shall never be less than the Fair Market Value of the Shares subject to the Stock Option on the date of grant.

(b) *Option Term*. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten years after the date of grant.

(c) *Exercisability*. Except as otherwise provided herein, Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides that any Stock Option is exercisable only in installments, the Committee may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine. In addition, the Committee may at any time, in whole or in part, accelerate the exercisability of any Stock Option.

6.4 *Exercise*. Stock Options may be exercised by following the procedures the Committee establishes from time to time. The exercise price shall be paid in full in cash (by certified or bank check or such other instrument as the Company may accept) at the time of exercise or, if and to the extent set forth in the Award Agreement, may also be paid by one or more of the following:

(a) in the form of unrestricted Stock already owned by the optionee having a Fair Market Value on the date of exercise equal to the exercise price; provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned Shares may be authorized only at the time the Stock Option is granted;

(b) by requesting that the Company withhold from the number of Shares otherwise issuable upon exercise of the Stock Option that number of shares having an aggregate Fair Market Value on the date of exercise equal to the exercise price for all of the Shares subject to such exercise; or

(c) by a combination thereof, in each case in the manner provided in the Award Agreement.

In the discretion of the Committee and if not prohibited by law, payment for any Shares subject to a Stock Option may also be made by delivering a properly executed exercise notice to the Company or its agent, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the exercise price. To

facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms.

6.5 *Rights as a Stockholder*. No Shares shall be issued until full payment of the option exercise price has been made. An optionee shall have all of the rights of a stockholder of the Company holding the Stock that is subject to such Stock Option (including, if applicable, the right to vote the shares and the right to receive dividends) when the optionee has given written notice of exercise, has paid in full for such shares and, if requested, has given the representation described in Section 19.3, but shall have no rights of a stockholder of the Company prior to such notice of exercise, full payment, and if requested providing the representation described in Section 19.3. For the avoidance of doubt, in no event will dividends or dividend equivalents be distributed to a participant unless, until and to the same extent as the related shares of Stock have vested.

6.6 *Cash Out*. On receipt of a notice of exercise of a Stock Option, the Committee may elect to cash out all or part of the portion of the Shares for which a Stock Option is being exercised by paying the optionee an amount, in cash or Stock, equal to the excess of the Fair Market Value of the Shares over the exercise price times the number of Shares for which the Option is being exercised on the effective date of such cash out.

SECTION 7. *Stock Appreciation Rights.*

7.1 *Grant*. Stock Appreciation Rights may be granted as Awards under the Plan and may be granted alone or in addition to other Awards under the Plan. Each grant of a Stock Appreciation Right shall be confirmed by, and be subject to the terms of, an Award Agreement.

7.2 *Stock Appreciation Rights Terms and Conditions*. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Committee, including the following:

(a) A Stock Appreciation Right shall be exercisable as determined by the Committee and specified in the Award Agreement, but in no event after ten years from the date of grant. A Stock Appreciation Right may be exercised by giving written notice of exercise to the Company or its designated agent specifying the number of Shares as to which Stock Appreciation Right is being exercised.

(b) The base price of a Stock Appreciation Right (other than a Conversion Award) shall not be less than the Fair Market Value of a Share on date of grant.

(c) Upon the exercise of a Stock Appreciation Right, a participant shall be entitled to receive an amount in cash, Shares, or a combination thereof, as determined by the Committee in its discretion, equal to the product of (i) the difference between the base price of the Stock Appreciation Right and the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right, and (ii) the number of Shares as to which such Stock Appreciation Right shall have been exercised.

7.3 *No Rights as a Stockholder.* In the case of any Stock Appreciation Right providing for, or in which the Committee has determined to make, payment in whole or in part in Stock, the holder thereof shall have no rights of a stockholder of the Company prior to the proper exercise of such Stock Appreciation Right, and if requested, prior to providing the representation described in Section 19.3, and the issuance of Stock in respect thereof. For the avoidance of doubt, in no event will dividends or dividend equivalents be distributed to a participant unless, until and to the same extent as the related shares of Stock have vested.

SECTION 8. *Restricted Stock.*

8.1 *Grant*. The Committee shall determine the time or times at which grants of Restricted Stock will be awarded, the number of shares to be awarded to any participant, the Restriction Period and any other terms and conditions of the Awards. Each grant of Restricted Stock shall be confirmed by, and be subject to the terms of, a Restricted Stock Agreement.

The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance measures of the participant or of the Company or subsidiary, division or department of the Company for or within which the participant is primarily employed or upon such other factors or criteria as the Committee shall determine. Where the grant or vesting of Restricted Stock is subject to the attainment of one or more Performance Goals, such shares of Restricted Stock shall be released from such restrictions only after the attainment of such Performance Goals has been certified by the Committee, unless the Committee determines otherwise.

The provisions of Restricted Stock Awards need not be the same with respect to each participant.

8.2 *Issuance of Restricted Stock; Stop Transfer Orders and Legends*. Shares of Restricted Stock shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. All shares of Restricted Stock shall be subject to such stop transfer orders or bear such legends as the Committee may deem advisable under the Plan or under applicable laws, rules or regulations or the requirements of any national securities exchange.

8.3 *Termination of Employment*. Shares of Restricted Stock shall be subject to the following terms and conditions:

(a) Except to the extent otherwise provided in the applicable Restricted Stock Agreement and Sections 8.3(b) and 16.1(b)(2), upon a participant's Termination of Employment for any reason during the Restriction Period, all shares still subject to restriction shall be forfeited by the participant.

(b) Except to the extent otherwise provided in Section 16.1(b)(2), the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of a participant's shares of Restricted Stock in the event that such participant's employment is involuntarily terminated (other than for

Cause), or in the event of the participant's death, Disability, or Retirement, or the Committee may provide for such waiver in the applicable Award Agreement.

8.4 *Rights as a Stockholder; Dividends.* Except as provided in this Section 8 and the applicable Restricted Stock Agreement, the participant shall have, with respect to the shares of Restricted Stock, all of the rights of a stockholder of the Company holding the class or series of Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the shares and the right to receive any dividends, provided, however, that cash dividends will either, at the discretion of the Committee, (a) be automatically deferred and reinvested in additional Restricted Stock that shall be subject to the same restrictions, terms and conditions, including the vesting period, as the original grant of Restricted Stock, or (b) be paid out in cash at the time that the Restricted Stock vests. If dividends are credited to the participant as additional shares of Restricted Stock, then the number of additional shares of Restricted Stock that shall be credited to the participant shall not exceed the amount that is the result of multiplying the number of shares of Restricted Stock held by the participant on the dividend record date by the dividend paid on each Share, and then dividing the amount by the Fair Market Value of a Share on the dividend payment date. For the avoidance of doubt, in no event will dividends be distributed to a participant unless, until and to the same extent as the underlying Restricted Stock vests.

SECTION 9. *Stock Units.*

9.1 *Grant*. The Committee shall determine the time or times at which grants of Stock Units will be awarded, the number of Stock Units to be awarded to any participant, the time or times within which such Awards may be subject to forfeiture, and any other terms and conditions of the Awards, in addition to those contained in Section 9.2. The provisions of Stock Units Awards need not be the same with respect to each participant. Each grant of Stock Units shall be confirmed by, and be subject to, the terms of an Award Agreement.

9.2 *Terms and Conditions*. All grants of Stock Units shall be subject to the following terms and conditions.

(a) Except to the extent otherwise provided in the applicable Award Agreement and Section 9.2(b) and Section 16.1(b)(3), upon a participant's Termination of Employment for any reason prior to the date on which Stock Units awarded to the participant shall have vested, all rights to receive cash or Stock in payment of such Stock Units shall be forfeited by the participant.

(b) The Committee shall have the discretion to waive, in whole or in part, any or all remaining payment limitations with respect to any or all of a participant's Stock Units in the event that such participant's employment is involuntarily terminated (other than for Cause), or in the event of the participant's death, Disability, or Retirement, or the Committee may provide for such waiver in the applicable Award Agreement.

(c) In any case in which the Committee has waived, in whole or in part, any or all remaining payment limitations with respect to any or all of a participant's Stock

Units, payment of such participant's Stock Units shall occur on the time(s) or event(s) otherwise specified pursuant to Section 9.2(e), in such participant's Award Agreement.

(d) With respect to any grant of Stock Units, the participant who receives such grant shall acquire no rights of a stockholder unless and until the participant becomes the holder of Shares delivered to such participant with respect to such Stock Units.

(e) The Award Agreement for each award of Stock Units shall specify the time(s) or event(s) of payment of vested Stock Units, which time(s) or event(s) shall be limited to one or more of the following:

(1) the date on which the Stock Units shall have vested,

(2) the date of the participant's Termination of Employment, or

(3) a specified date.

In the case of an Award of Stock Units providing for payment upon the vesting of the Stock Units, payment shall be made as soon as administratively practicable thereafter, but in no event later than March 15 of the year following the year in which the vesting of the Stock Units occurs. In the case of an Award of Stock Units providing for payment upon Termination of Employment, payment shall be made on or after the Termination of Employment in the year in which the Termination of Employment occurs, except that in the case of a Specified Employee, payment shall be made on the first day of the seventh month following the month in which such Termination of Employment occurs or, if earlier, the date of the participant's death. In the case of an Award of Stock Units providing for a specified date for payment, payment shall be made as soon as practicable on or after the specified date, but in no event no later than December 31 of the year in which the specified date occurs.

(f) On the time(s) or event(s) specified in the applicable Award Agreement for the payment of cash or Stock with respect to vested Stock Units, the Company shall deliver to the participant either (1) a number of Shares equal to the number of vested Stock Units, or (2) cash equal to the Fair Market Value of such number of Shares. The form of payment shall be determined by the Committee in its discretion or as provided in the applicable Award Agreement.

9.3 *Dividend Equivalents*. The Committee may in its discretion provide that a participant shall be entitled to receive dividend equivalents on outstanding Stock Units. Such dividend equivalents may, as determined by the Committee at the time the Award is granted, be:

(a) paid in cash at the time the Stock Unit to which it relates is settled;

(b) credited to the participant as additional Stock Units, which shall vest and be settled at the same time as the Stock Unit to which it relates; or

(c) paid or credited (as appropriate) in any combination of cash and additional Stock Units; provided that in no event may dividend equivalents relating to a Stock Unit provide for payment prior to such Stock Unit's vesting and, notwithstanding anything to the contrary herein, dividend equivalents paid or credited with respect to Stock Units shall only be paid out to or earned by a participant to the extent that the vesting conditions applicable to the underlying Stock Units are satisfied.

If dividend equivalents are credited to the participant as additional Stock Units, then the number of additional Stock Units that shall be credited to the participant with respect to any dividend on Stock shall not exceed the amount that is the result of multiplying the number of Stock Units credited to the participant on the dividend record date by the dividend paid on each Share and then dividing this amount by the Fair Market Value of a Share on the dividend payment date.

For the avoidance of doubt, in no event will dividends or dividend equivalents be distributed to a participant unless, until and to the same extent as the related shares of Stock or Stock Units have vested.

SECTION 10. *Performance Units.*

10.1 *Grant*. The Committee shall determine the time or times at which Performance Units shall be awarded, the number of Performance Units to be awarded to any participant, the duration of the Performance Period and any other terms and conditions of the Award, in addition to those contained in Section 10.2. Each grant of Performance Units shall be confirmed by, and be subject to, the terms of an Award Agreement.

10.2 *Terms and Conditions*. Performance Units shall be subject to the following terms and conditions.

(a) The Committee may condition payment with respect to Performance Units on the attainment of Performance Goals. The Committee may also condition Performance Unit payments upon the continued service of the participant. The provisions of such Awards (including without limitation any applicable Performance Goals) need not be the same with respect to each participant.

(b) Except to the extent otherwise provided in the applicable Award Agreement, Section 10.2(c) and Section 16.1(b)(4), upon a participant's Termination of Employment for any reason during the Performance Period or before any applicable Performance Goals are satisfied, all rights to receive cash or Stock in payment of the Performance Units shall be forfeited by the participant.

(c) The Committee shall have the discretion to waive, in whole or in part, any or all remaining payment limitations with respect to any or all of such participant's Performance Units in the event that such participant's employment is involuntarily terminated (other than for Cause), or in the event of the participant's death, Disability, or

Retirement, or the Committee may provide for such waiver in the applicable Award Agreement.

(d) In any case in which the Committee has, prior to the expiration of the Performance Period, waived, in whole or in part, any or all payment limitations with respect to a participant's Performance Units, such participant shall receive payment with respect to his or her Performance Units in the year following the year in which the Performance Period ends or would have ended, at the same time as the Committee has provided for payment to all other Award recipients.

(e) At the expiration of the Performance Period, unless otherwise determined by the Committee, the Committee shall evaluate the extent to which the Performance Goals for the Award have been achieved and shall determine the number of Performance Units granted to the participant that have been earned, and the cash value thereof. The Company shall then deliver to the participant either a cash payment equal in amount to the cash value of the Performance Units or Shares equal in value to the cash value of the Performance Units, with the form of payment determined by the Committee in its discretion or as provided in the applicable Award Agreement. Payment shall occur as soon as administratively practicable thereafter, but in no event later than March 15 of the year following the year in which the Performance Period ends.

SECTION 11. *Performance Stock Units.*

11.1 *Grant*. The Committee shall determine the time or times at which Performance Stock Units shall be awarded, the number of Performance Stock Units to be awarded to any participant, the duration of the Performance Period and any other terms and conditions of the Award, in addition to those contained in Section 11.2. Each grant of Performance Stock Units shall be confirmed by, and be subject to, the terms of an Award Agreement. Performance Stock Units may be conditioned upon the attainment of Performance Goals and continued employment or service of the participant. The provisions of such Awards (including without limitation any applicable Performance Goals) need not be the same with respect to each recipient.

11.2 *Terms and Conditions.*

(a) Unless otherwise provided in Section 11.2(b) or Section 16.1(b)(4), upon a participant's Termination of Employment during the Performance Period or before any applicable Performance Goals are satisfied, all rights to receive cash or Stock in payment of the Performance Stock Units shall be forfeited.

(b) Except to the extent otherwise provided in Section 16.1(b)(4), the Committee shall have the discretion to waive, in whole or in part, any or all remaining payment limitations with respect to any or all such participant's Performance Stock Units in the event that a participant's employment is involuntarily terminated (other than for Cause), or in the event of a participant's death, Disability, or Retirement, or the Committee may provide for such waiver in the applicable Award Agreement.

(c) In any case in which the Committee has waived, in whole or in part, prior to the expiration of the Performance Period, any or all payment limitations with respect to a participant's Performance Stock Units, such participant shall receive payment with respect to his or her Performance Stock Units in the year following the year in which Performance Period ends, at the same time as the Committee has provided for payment to all other Award recipients.

(d) At the expiration of the Performance Period, unless otherwise determined by the Committee, the Committee shall evaluate the extent to which the Performance Goals for the Award have been achieved and shall determine the number of Performance Stock Units granted to the participant which shall have been earned, and the cash value thereof. The Company shall then deliver to the participant either (1) a number of Shares equal to the number of Performance Stock Units determined by the Committee to have been earned, or (2) cash equal to the Fair Market Value of such number of Shares, as determined by the Committee in its discretion or as provided in the applicable Award Agreement. Payment shall occur as soon as administratively practicable thereafter, but in no event later than March 15 of the year following the year in which the Performance Period ends.

11.3 *Dividend Equivalents*. The Committee may in its discretion provide that a participant shall be entitled to receive dividend equivalents on outstanding Performance Stock Units. Such dividend equivalents may, as determined by the Committee at the time the Award is granted, be:

(a) paid in cash at the time the Performance Stock Units to which it relates are settled;

(b) credited to the participant as additional Performance Stock Units, which shall vest and be earned and settled at the same time as the Performance Stock Units to which they relate; or

(c) paid or credited (as appropriate) in any combination of cash and additional Performance Stock Units;

provided that in no event may dividend equivalents relating to Performance Stock Units provide for payment prior to the time at which such Performance Stock Units are earned and vested and, notwithstanding anything to the contrary herein, dividend equivalents paid or credited with respect to Performance Stock Units shall only be paid out to or earned by a participant to the extent that the vesting and performance conditions applicable to the underlying Performance Stock Units are satisfied.

If dividend equivalents are credited to the participant as additional Performance Stock Units, then the number of additional Performance Stock Units that shall be credited to the participant with respect to any dividend on Stock shall not exceed the amount that is the result of multiplying the number of Performance Stock Units credited to the participant on the dividend

record date by the dividend paid on each Share and then dividing this amount by the Fair Market Value of a Share on the dividend payment date.

For the avoidance of doubt, in no event will dividends or dividend equivalents be distributed to a participant unless, until and to the same extent as the related shares of Stock or Performance Stock Units have vested.

SECTION 12. *Cash Incentive Awards.*

Subject to the terms of the Plan, the Committee will determine all terms and conditions of Cash Incentive Awards, including but not limited to the Performance Goals, the Performance Period, the potential amount payable, and the timing of payment; provided that the Committee must require that payment of all or any portion of the amount subject to the Cash Incentive Award is contingent on the achievement or partial achievement of one or more Performance Goals during the period the Committee specifies, although the Committee may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a participant's death, Disability, or Retirement or in the event that such participant's employment is involuntarily terminated (other than for Cause). Notwithstanding the foregoing, nothing hereunder shall preclude or limit the Company or the Administrator from granting annual incentive awards that are solely payable in cash outside of the terms of the Plan.

SECTION 13. *Converted BorgWarner Awards.*

The Company is authorized to issue Awards ("Conversion Awards") in connection with the equitable adjustment or replacement of certain equity-based awards granted by BorgWarner prior to the separation of the Company from BorgWarner (the "Separation") (collectively, the "BorgWarner Awards"). Notwithstanding any other provision of the Plan to the contrary, all terms and conditions of the BorgWarner Awards, including the number of Shares subject to such Awards and, in the case of Options or Stock Appreciation Rights, the exercise or grant price per Share, shall be determined by the Committee in its discretion; provided that such terms and conditions shall be determined in a manner consistent with the Separation and applicable legal, tax, accounting and other requirements.

SECTION 14. *Minimum Vesting Period.*

All Awards (other than Conversion Awards) shall have a minimum vesting period of one year from the date of grant. For purposes of Awards granted to non-employee directors, "one year" may mean the period of time from one annual meeting of stockholders to the next annual meeting of stockholders, provided that such period of time is not less than 50 weeks. Notwithstanding the foregoing, the Committee may grant Awards with less than a one-year vesting requirement, provided such Awards (other than Conversion Awards) do not relate to more than 5% of the number of shares reserved under Section 4.1.

SECTION 15. *Repricing and Backdating Prohibited.*

Notwithstanding anything in the Plan to the contrary, and except for the adjustments provided for under the Plan, neither the Committee nor any other person may (a) amend the terms of outstanding Options or Stock Appreciation Rights to reduce the exercise or base price of such outstanding Options or Stock Appreciation Rights; (b) cancel outstanding Options or Stock Appreciation Rights in exchange for Options or Stock Appreciation Rights with an exercise or base price that is less than the exercise or base price of the original Options or Stock Appreciation Rights; or (c) cancel outstanding Options or Stock Appreciation Rights with an exercise or base price above the current Fair Market Value of a Share in exchange for cash or other securities, in each case, without prior approval of the Company's stockholders. In addition, the Committee may not make a grant of an Option or SAR with a grant date that is effective prior to the date the Committee takes action to approve such Award.

SECTION 16. *Change in Control Provisions.*

16.1 *Impact of Event*. If a participant has in effect an employment, retention, change in control, severance or similar agreement with the Company, a subsidiary or any Affiliate that provides a more favorable result upon a Change in Control on the participant's Awards, then such agreement shall control in respect of such Awards. In all other cases, unless the Committee provides for a more favorable result in an Award Agreement (in which case such Award Agreement shall control over the provisions hereof), in the event of a Change in Control:

(a) The successor or purchaser in the Change in Control transaction may assume an Award or provide a replacement award with terms and conditions at least as favorable as the terms and conditions in effect prior to the Change in Control, provided that any such assumed Award or replacement award shall:

(1) have substantially equivalent economic value to the Award (as determined by the Committee as constituted immediately prior to the Change in Control);

(2) relate to a class of equity that is (or will be within 5 business days following the Change in Control) listed to trade on a recognized securities market;

(3) provide the participant with rights and entitlements substantially equivalent to or better than the rights and entitlements applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment (to the extent consistent with Section 409A of the Code, if applicable), including all provisions applicable in respect of such Award that provide for accelerated vesting;

(4) with respect to Awards that vest upon the attainment of one or more Performance Goals, if the Change in Control occurs during the course of a Performance Period applicable to the Award, then (i) the Performance Goals shall be deemed to have been satisfied at the target level specified in the participant's

award agreement or, if greater, as otherwise specified by the Committee at or after grant, and (ii) any assumed or substituted award shall not include a performance objective, unless otherwise determined by the Committee as constituted immediately prior to the Change in Control; and

(5) have terms and conditions providing that, if within two (2) years following a Change in Control either (i) the successor or purchaser in the Change in Control transaction (or any affiliate thereof) terminates the participant's employment or service without Cause or (ii) if the participant is subject to any employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company or any affiliate thereof under which the participant has the right to certain benefits if the participant terminates his or her employment or service for "good reason" (as such term is defined in such agreement), such participant does, in fact, terminate his or her employment or service for "good reason", then the following provisions shall apply to any assumed Awards or replacement awards described herein:

(A) Effective upon the date of the participant's termination of employment or service, all of such participant's outstanding Awards or replacement awards automatically shall vest (assuming, for any Award the vesting of which is subject to Performance Goals for which the Performance Period had not been completed as of the date of such termination, that such goals had been met at the target level); and

(B) If the assumed Award or replacement award relates to a class of equity that is not then listed to trade on a recognized securities market, then, at the election of a participant, at the time of exercise or settlement of such Awards or replacement awards, the participant may elect to receive, in lieu of the issuance of such equity, a cash payment equal to the fair market value of the equity otherwise issuable thereunder (such payment calculated using the definition of "Fair Market Value" under the Plan as applied to the equity otherwise issuable under the assumed Award or replacement award).

(b) If the successor or purchaser in the Change in Control transaction does not assume the Awards or issue replacement awards as provided in clause (a), then immediately prior to the date of the Change in Control:

(1) Any Stock Options and Stock Appreciation Rights outstanding as of the date such Change in Control is determined to have occurred and not then exercisable and vested shall become fully exercisable and vested to the full extent of the original grant.

(2) The restrictions applicable to any outstanding Restricted Stock shall lapse as of the date such Change in Control is determined to have occurred, and such Restricted Stock shall become free of all restrictions and become fully vested and transferable to the full extent of the original grant.

(3) The restrictions applicable to any outstanding Stock Units shall lapse as of the date such Change in Control is determined to have occurred, and such Stock Units shall become free of all restrictions and become fully vested. Payment for Stock Units that have vested as a result of this Section 16.1(b)(3) shall occur on the time(s) or event(s) otherwise specified in the Award recipient's Award Agreement.

(4) The restrictions applicable to any outstanding Performance Units and Performance Stock Units shall lapse as of the date such Change in Control is determined to have occurred, the Performance Goals of all such outstanding Performance Units and Performance Stock Units shall be deemed to have been achieved at target levels, the relevant Performance Period shall be deemed to have ended on the effective date of the Change in Control, and all other terms and conditions thereto shall be deemed to have been satisfied. If due to a Change in Control, a Performance Period is shortened, then the target Performance Award initially established for such Performance Period shall be prorated by multiplying the initial target Performance Award by a fraction, the numerator of which is the actual number of whole months in the shortened Performance Period and the denominator of which is the number of whole months in the original Performance Period. Payment for such Performance Units and Performance Stock Units that vest as a result of the Change in Control shall be made in cash or Stock (as determined by the Committee) as promptly as is practicable upon such vesting, but in no event later than March 15 of the year following the year in which the Performance Units and Performance Stock Units shall have vested pursuant to this Section 16.1(b)(4). Payment for Performance Units and Performance Stock Units that have vested prior to the Change in Control as a result of the Committee's waiver of payment limitations prior to the date of the Change in Control shall be made in cash or Stock (as determined by the Committee):

(A) in the year following the year in which the Performance Period would have otherwise ended absent a Change in Control, or

(B) if earlier, as soon as practicable in the year in which the Award recipient's Termination of Employment occurs; provided, however, that in the case of a "Specified Employee" who becomes entitled to payment of Performance Units or Performance Stock Units under this Section 16.1(b)(4)(B) by reason of his or her Termination of Employment, payment shall be made on the first day of the seventh month following the month in which such Termination of Employment occurs, or, if earlier, the date of the Specified Employee's death.

16.2 *Definition of Change in Control*. For purposes of the Plan, a "Change in Control" shall mean the happening of any of the following events after the Effective Date:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership

(within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either:

(1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or

(2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities");

provided, however, that for purposes of Section 16.2(a), the following acquisitions shall not constitute a Change in Control:

(W) any acquisition directly from the Company,

(X) any acquisition by the Company,

(Y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or

(Z) any acquisition by any corporation pursuant to a transaction described in paragraphs (1), (2) and (3) of Section 16.2(c); or

(b) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") and cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation by the Company of a reorganization, statutory share exchange, merger or consolidation or similar transaction involving the Company or any of its Subsidiaries or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity by the Company or any of its Subsidiaries (each of the foregoing, a "Business Combination"), in each case, unless, following such Business Combination,

(1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of,

respectively, the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be,

(2) no Person (excluding any corporation resulting from such Business Combination or any employee plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination and

(3) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, the Separation shall not constitute a Change in Control and, if an Award is considered deferred compensation subject to the provisions of Section 409A of the Code, and if a payment under such Award is triggered upon a "Change in Control," then the foregoing definition shall be deemed amended as necessary to comply with Section 409A of the Code.

SECTION 17. *Term, Amendment and Termination.*

17.1 *Term of Plan.* Unless terminated sooner by the Board, the Plan will terminate on the tenth (10^{th}) anniversary of the date on which it has most recently been approved by the Company's stockholders. Awards outstanding as of the date on which the Plan terminates shall not be affected or impaired by the termination of the Plan.

17.2 *Amendment by the Board.* The Board may amend, alter, or discontinue the Plan at any time, but no amendment, alteration or discontinuation shall be made which would

(a) impair the rights of a participant under an Award theretofore granted without the participant's consent, except such an amendment made to cause the Plan to qualify for the exemption provided by Rule 16b-3, or

(b) disqualify the Plan from the exemption provided by Rule 16b-3,

except that the Board shall always have the authority to amend the Plan and the terms of any Award theretofore granted to take into account changes in law and tax and accounting rules.

17.3 *Amendment by the Committee.* The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of any holder without the holder's consent except:

(a) to the extent required or permitted by the Plan or by applicable law, including but not limited to any clawback requirements or policy of the Company as may be in effect from time to time, or

(b) an amendment made to cause the Plan or Award to qualify for the exemption provided by Rule 16b-3.

17.4 *Approval by Stockholders.* No amendment shall be made to the Plan without the approval of the Company's stockholders to the extent such approval is required by law, rules of the stock exchange on which the Shares are then traded, or agreement.

SECTION 18. *Cancellation and Rescission of Awards.*

18.1 *Reasons for Cancellation or Recession.* The Committee may cancel, declare forfeited, or rescind any unexercised, undelivered, or unpaid Award upon its determining that

(a) a participant has violated the terms of the Plan or the Award Agreement under which such Award has been made, or

(b) the participant has committed a Breach of Conduct.

In addition, for a period of one year following the exercise, payment or delivery of an Award, the Committee may rescind any such exercise, payment or delivery of an Award upon its determining that the participant committed a Breach of Conduct prior to the exercise, payment or delivery of the Award, or within six months thereafter subject to any clawback requirements or policy of the Company as may be in effect from time to time.

18.2 *Committee's Determination Binding.* In the case of an Award's cancellation, forfeiture, or rescission due to a Breach of Conduct by reason of the participant's conviction of, or entering a guilty plea, no contest plea or *nolo contendre* plea to any felony or to any crime involving dishonesty or moral turpitude, the Committee's determination that a participant has

committed a Breach of Conduct, and its decision to require rescission of an Award's exercise, payment or delivery shall be conclusive, binding, and final on all parties. In all other cases, the Committee's determination that a participant has violated the terms of the Plan or the Award, or has committed a Breach of Conduct, and the Committee's decision to cancel, declare forfeited or rescind an Award or to require rescission of an Award's exercise, payment or delivery shall be conclusive, binding, and final on all parties unless the participant makes a written request to the Committee to review such determination and decision within thirty days of the Committee's written notice of such actions to the participant. In the event of such a written request, the members of the Board who are "independent directors" within the meaning of the applicable stock exchange rule (including members of the Committee) shall review the Committee's determination no later than the next regularly scheduled meeting of the Board. If, following its review, such directors approve, by a majority vote,

(a) the Committee's determination that the participant violated the terms of the Plan or the Award or committed a Breach of Conduct, and

(b) the Committee's decision to cancel, declare forfeited, or rescind the Award,

such determination and decision shall thereupon be conclusive, binding, and final on all parties.

18.3 *Rescinded Awards.* In the event an Award is rescinded or recovered, the affected participant shall repay or return to the Company any cash amount, Stock, or other property received from the Company upon the exercise, payment or delivery of such Award (or, if the participant has disposed of the Stock or other property received and cannot return it, its cash value at the time of exercise, payment or delivery), and, in the case of Stock or other property delivered to the participant, any gain or profit realized by the participant in a subsequent sale or other disposition of such Stock or other property. Such repayment and (or) delivery shall be on such terms and conditions as the Committee shall prescribe.

18.4 *Disgorgement of Awards.* Any Awards granted pursuant to the Plan, and any Stock issued or cash paid pursuant to an Award, shall be subject to any recoupment or clawback policy that is adopted by, or any recoupment or similar requirement otherwise made applicable by law, regulation or listing standards to, the Company from time to time.

SECTION 19. *General Provisions.*

19.1 *Prohibition on Certain Dividends and Dividend Equivalent Payments*. Notwithstanding anything to the contrary in the Plan, in no event may dividends or dividend equivalents be awarded with respect to Options, Stock Appreciation Rights or any other Award that is not a Full-Value Award; and, for the avoidance of doubt, this Plan expressly prohibits the payment of dividends or dividend equivalents on unvested Awards for all equity Award types.

19.2 *Unfunded Status.* The Plan constitutes an "unfunded" plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or make payments;

provided, however, that, unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

19.3 *Transferability*. Participants shall not be permitted to sell, assign, transfer, pledge or otherwise encumber any Award granted under the Plan, unless and to the extent the Committee allows a participant to designate in writing a beneficiary to exercise the Award or receive payment under the Award after the participant's death, other than:

(a) by will or by the laws of descent and distribution, or, in the Committee's discretion, pursuant to a written beneficiary designation,

(b) pursuant to a qualified domestic relations order (as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder), or

(c) in the Committee's discretion, pursuant to a gift to such optionee's "immediate family" members directly, or indirectly by means of a trust, partnership, or limited liability company, provided that the participant may not receive consideration for such transfer of an Award,

provided that an Incentive Stock Option may only be transferred according to subsection (a).

Subject to the terms of the Plan and the relevant Award Agreement, all Stock Options shall be exercisable only by the optionee, guardian, legal representative or beneficiary of the optionee or permitted transferee, it being understood that the terms "holder" and "optionee" include any such guardian, legal representative or beneficiary or transferee. For purposes of this Section 19.2, "immediate family" shall mean, except as otherwise defined by the Committee, the optionee's spouse, children, siblings, stepchildren, grandchildren, parents, stepparents, grandparents, in-laws and persons related by legal adoption. Such transferees may transfer an Award only by will or by the laws of descent and distribution.

19.4 *Representations; Issuance of Shares*. The Committee may require each person purchasing or receiving shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. All Shares issued under the Plan shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. All Shares delivered (whether in book-entry or certificated form) pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders or bear such legends as the Committee may deem advisable under the Plan or under applicable laws, rules or regulations or the requirements of any national securities exchange.

The Company shall have no obligation to issue, or make a book -entry transfer or deliver certificates for, Shares under the Plan prior to:

(a) obtaining approval from any governmental agency which the Company determines is necessary or advisable,

(b) admission of such shares to listing on the stock exchange on which the Stock may be listed, and

(c) completion of any registration or other qualification of such shares under any state or federal law or ruling of any governmental body which the Company determines to be necessary or advisable.

19.5 *Other Compensation.* Nothing contained in the Plan shall prevent the Company or any subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.

19.6 *No Right to Employment.* The adoption of the Plan shall not confer upon any employee any right to continued employment nor shall it interfere in any way with the right of the Company or any subsidiary or Affiliate to terminate the employment of any employee at any time.

19.7 *Tax Withholding.* In the event the Company or one of its Affiliates is required to withhold any Federal, state or local taxes or other amounts in respect of any income recognized by a participant as a result of the grant, vesting, payment or settlement of an Award or disposition of any Shares acquired under an Award, the Company may deduct (or require an Affiliate to deduct) from any payments of any kind otherwise due to the participant cash, or with the consent of the Committee, Shares otherwise deliverable or vesting under an Award, to satisfy such tax or other obligations. Alternatively, the Company or its Affiliate may require such participant to pay to the Company or its Affiliate, in cash, promptly on demand, or make other arrangements satisfactory to the Company or its Affiliate regarding the payment to the Company or its Affiliate of the aggregate amount of any such taxes and other amounts. If Shares are deliverable upon exercise or payment of an Award, then the Committee may permit a participant to satisfy all or a portion of the Federal, state and local withholding tax obligations arising in connection with such Award by electing to (i) have the Company or its Affiliate withhold Shares otherwise issuable under the Award, (ii) tender back Shares received in connection with such Award or (iii) deliver other previously owned Shares, in each case having a Fair Market Value equal to the amount to be withheld; provided that, to the extent needed for the Company and its Affiliates to avoid an accounting charge, the amount to be withheld in Shares may not exceed the total maximum statutory tax withholding obligations associated with the transaction. If an election is provided, the election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Committee requires. In any case, the Company and its Affiliates may defer making payment or delivery under any Award if any such tax may be pending unless and until indemnified to its satisfaction.

19.8 *Right of First Refusal.* At the time of grant, the Committee may provide in connection with any grant made under the Plan that the Shares received as a result of such grant shall be subject to a right of first refusal pursuant to which the participant shall be required to offer to the Company any shares that the participant wishes to sell at the then Fair Market Value of the Stock, subject to such other terms and conditions as the Committee may specify at the time of grant.

19.9 *Reinvestment of Dividends*. The reinvestment of cash dividends in additional shares of Restricted Stock, and the crediting of dividend equivalents or interest equivalents (if such interest equivalents are payable in Stock when distributed) on Stock Units or on the deferred payment of Stock Units, Performance Units or Performance Stock Units, shall only be permissible if sufficient shares of Stock are available under Section 4 (taking into account then outstanding Awards).

19.10 *Beneficiary Designations*. The Committee shall establish such procedures as it deems appropriate for a participant to designate a beneficiary to whom any amounts payable in the event of the participant's death are to be paid.

19.11 *Code Section 409A*. It is intended that Stock Options awarded pursuant to Section 6, Stock Appreciation Rights awarded pursuant to Section 7, Restricted Stock awarded pursuant to Section 8 and Conversion Awards awarded pursuant to Section 13 not constitute a "deferral of compensation" within the meaning of Section 409A of the Code. It is further intended that Performance Stock Units and Performance Units granted pursuant to Sections 10 and 11 not constitute a "deferral of compensation" within the meaning of Section 409A of the Code excepting, however, Performance Stock Units and Performance Units that become vested as a result of the Committee's waiver of payment limitations prior to the end of the applicable Performance Period. It is also intended that Stock Units awarded pursuant to Section 9, and Performance Units and Performance Stock Units that are or become vested as a result of the Committee's waiver of payment limitations prior to the end of the applicable Performance Period satisfy the requirements of Sections 409A(2) through (a)(4) of the Code in all material respects to the extent required to avoid the imposition of any additional tax upon a participant under Section 409A of the Code. The Plan shall be interpreted for all purposes and operated to the extent necessary to comply with the intent expressed in this Section 19.10.

19.12 *No Guarantee of Tax Treatment*. Notwithstanding any provisions of the Plan to the contrary, the Company does not guarantee to any participant or any other Person with an interest in an Award that (i) any Award intended to be exempt from Section 409A of the Code shall be so exempt, (ii) any Award intended to comply with Section 409A of the Code or Section 422 of the Code shall so comply, or (iii) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any Affiliate be required to indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

19.13 *Severability*. If any provision of the Plan is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be impaired or affected thereby. The invalid, illegal, or unenforceable provision shall be treated as amended to the minimum extent necessary to make the provision valid, legal, and enforceable and to accomplish the Company's original objectives for establishing the Plan.

19.14 *Choice of Law; Legal Actions*. The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions. The exclusive venue for

any legal action or proceeding with respect to this Plan or any Award, or for recognition and enforcement of any judgment in respect of this Plan or any Award, shall be a court sitting in Oakland County, Michigan. Any legal action or proceeding with respect to the Plan or any Award must be brought within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. Any such legal action may be heard only in a "bench" trial, and any party to such action shall agree to waive his, her or its right to a jury trial.

Exhibit 10.9

PHINIA INC.
MANAGEMENT INCENTIVE BONUS PLAN

1. Purposes

The purposes of the PHINIA Inc. Management Incentive Bonus Plan are (a) to assist the Corporation in attracting and retaining in the employ of the Corporation and its Subsidiaries individuals of outstanding competence, and (b) to provide performance incentives for officers, executives and other key employees of the Corporation and its Subsidiaries.

2. Definitions

Unless otherwise required by the context, the terms used in the Plan shall have the meanings indicated in this Section 2.

BENEFICIARY: As applied to a Participant, a person or entity (including a trust or the estate of the Participant) designated in writing by the Participant, on such forms as the Committee may prescribe, to receive an award made to the Participant by the Committee but not paid prior to the Participant's death;

BOARD or BOARD OF DIRECTORS: The Board of Directors of the Corporation.

COMMITTEE: The committee designated to administer the Plan pursuant to the provisions of paragraph 4.01.

CORPORATION: PHINIA Inc., a Delaware corporation, its successors and assigns.

PARTICIPANT: An employee of the Corporation or of a subsidiary regularly employed on a full-time basis, including an officer or director, who is approved by the Committee as eligible to participate in the Plan and who, in the opinion of the Committee, is in a position to make significant contributions to the earnings of the Corporation or of a Subsidiary.

PLAN: The PHINIA Inc. Management Incentive Bonus Plan, as from time to time amended.

SUBSIDIARY: A corporation or other form of business association of which shares (or other ownership interests) having more than 50% of the voting power are owned or controlled, directly or indirectly, by the Corporation.

3. Scope

The Plan shall apply to the Corporation and Subsidiaries which have not been specifically excluded by the Board of Directors. The Plan is effective as of [____], 2023.

4. Administration

4.01 The Plan shall be administered by a committee of three or more persons selected by the Board of Directors from its own membership, which shall be the Compensation Committee of the Board of Directors unless another committee of the Board shall be designated by the Board.

4.02 The Committee shall have full power to interpret and administer the Plan and full authority to act in determining who shall be Participants in the Plan, the amount to be awarded to each Participant, and the conditions, form, manner, time and terms of payment of awards. The interpretations by the Committee of the terms and provisions of the Plan and the administration thereof, and all action taken by the Committee, shall be final, binding and conclusive on the Corporation's stockholders, the Corporation, its Subsidiaries, all Participants and employees, and upon their successors and assigns, and upon all other persons claiming under or through any of them.

4.03 The Committee may adopt such rules and regulations, not inconsistent with the provisions of the Plan, as it deems necessary (i) to determine participation in the Plan, the amount to be awarded to each Participant, the conditions, form, manner, time and terms of payment of such awards and (ii) to administer the Plan, and may amend or revoke any such rule or regulation.

4.04 Except as otherwise provided under Delaware General Corporation Law, and without limiting the rights and powers of the Corporation under such Law, members of the Board of Directors and members of the Committee acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and on written reports by the certified public accountants of the Corporation and shall incur no liability except from gross negligence or willful misconduct in the performance of their duties.

5. Participant Awards

5.01 Participation. The determination of the Participants eligible to receive awards for any fiscal year shall be made by the Committee after consultation with the officers of the Corporation. The Committee, in its sole discretion, may refrain from making an award to any Participant who has voluntarily or involuntarily left his or her employment with the Corporation or any Subsidiary or has given notice of intention to leave before the award is actually made.

5.02 Awards. The determination of an award to a Participant for a fiscal year shall be made by the Committee after consultation with officers of the Corporation. The total amount awarded for any fiscal year shall not exceed such limitations as may from time to time be established by the Committee.

5.03 Form of Awards. Awards shall be made in cash payable immediately after the award shall have been made but in no event later than March 15th of the calendar year following the calendar year the Award is made.

6. General

6.01 Neither the adoption of the Plan nor its operation, nor any booklet or other document describing or referring to the Plan, or any part thereof, shall confer upon any Participant any right to continue in the employ of the Corporation or any Subsidiary or shall in any way affect the right and power of the Corporation or any Subsidiary to dismiss or otherwise terminate the employment of any Participant at any time for any reason with or without cause. If the Corporation shall terminate the employment of a Participant for any reason, whether or not for cause, the Corporation shall incur no liability to the Participant due to the inability of the Participant by reason of such termination to receive payment of any award under the Plan or to be eligible thereafter for any award under the Plan.

6.02 By accepting any benefits under the Plan, each Participant shall be conclusively deemed to have indicated his acceptance and ratification of, and consent to, all provisions of the Plan and any action or decision under the Plan by the Corporation, the Board of Directors or the Committee.

6.03 Appropriate provision shall be made for all taxes which the Corporation requires to be withheld from awards under the laws of governmental authority, whether Federal, state or local and whether domestic or foreign.

6.04 (a) No rights under the Plan shall be assignable, either voluntarily or involuntarily by way of encumbrance, pledge, attachment, levy or charge of any nature (except as may be required by state or federal law). Notwithstanding anything in the Plan to the contrary, a Participant may designate a Beneficiary or receive an award made to the Participant by the Committee but not paid prior to the Participant's death. A Beneficiary shall be paid an award at the same time and in the same manner as it would have been paid to the Participant.

(b) Nothing in the Plan shall require the Corporation or any Subsidiary to segregate or set aside any funds or other property for the purpose of paying any portion of an award. No Participant or other person shall have any right, title or interest in any amount awarded under the Plan prior to payment thereof, or in any property of the Corporation or its Subsidiaries or affiliated corporations.

6.05 Headings are given to the sections of the Plan solely as a convenience to facilitate reference; neither such headings nor numbering or paragraphing shall be deemed in any way material or relevant to the construction of the Plan or any provision thereof.

6.06 The use of the masculine gender shall also include within its meaning the feminine. The use of the singular shall include within its meaning the plural and vice versa.

7. Amendment or Termination

7.01 The Board of Directors or the Committee may, at any time, without the consent of the Participants in the Plan, amend the Plan, or any portion thereof.

7.02 The Board of Directors may, by resolution adopted by a majority of the entire Board of Directors, at any time terminate the Plan or any portion thereof.

7.03 No amendment or termination of the Plan or any portion thereof by the Board of Directors shall, without the consent of a Participant, adversely affect any award previously made to the Participant.

8. Code Section 409A

Although the Corporation does not guarantee to the Participant any particular tax treatment relating to the awards under the Plan, it is intended that the awards be exempt from Section 409A of Code and the regulations and guidance promulgated thereunder (collectively, "Code Section 409A"), and the Plan shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. Notwithstanding anything herein to the contrary, in no event whatsoever shall the Corporation be liable for any additional tax, interest or penalties that may be imposed on a Participant by Code Section 409A or any damages for failing to comply with Code Section 409A.

MANAGEMENT INCENTIVE BONUS PLAN (MIP): The purposes of the PHINIA Inc. ("Company") Management Incentive Bonus Plan are (a) to assist the Company in attracting and retaining in the employ of the Company and its Subsidiaries, individuals of outstanding competence, and (b) to provide performance incentives for officers, executives and other key employees of the Company and its Subsidiaries.

TERMS AND CONDITIONS: The incentive opportunity may, with the consent of the Committee selected by the Board of Directors of the Company or the Compensation Committee if no Committee is selected ("Committee"), be communicated to participants; provided, however, that the actual amount to be awarded and the form, the manner of payment, conditions, time and terms of payment of awards shall at all times remain within the sole discretion of the Committee, provided that any such payment is exempt from, Section 409A of the Internal Revenue Code of 1986, as amended. The Committee may refrain from paying an incentive award to participants who may have attained one or more of the performance criteria, but who in the Committee's opinion upon review of a recommendation by management have otherwise failed to perform satisfactorily.

The Committee, in its sole discretion, may refrain from granting an incentive award to any participant who has voluntarily or involuntarily left his or her employment with the Company or its Subsidiaries or has given notice of intention to leave before the award is actually made.

INCENTIVE AWARD: A participant may be eligible for an incentive award based on attaining the year-end financial results as determined by the Committee.

TIME OF PAYMENT: Payment shall be made by March 15th of the calendar year following the calendar year the award is granted, and payment is subject to applicable tax withholding.

PLAN ADMINISTRATION:

Event	Effect on Incentive Award
1. Promotion / Lateral Transfer	New incentive agreement with incentive opportunity prorated based on time in each position and/or Unit. The payout will be based on prior and new unit performance for the period employed by each.
2. Demotion	New incentive agreement with incentive opportunity prorated based on time in each position.
3. Voluntary Termination	No current calendar year incentive award if not continuously employed by the Company or its Subsidiaries through December 31st of such year and employed by the Company or its Subsidiaries on the date payment is made.
4. Involuntary Termination (not for cause)/ Disability / Retirement	A participant employed at least three months during the current calendar year whose employment ends as a result of involuntary termination, disability or retirement may be eligible to receive an incentive award based on year-end financial results and calculated on a prorated basis for the period of employment in that calendar year, payable by March 15th of the calendar year following the calendar year such award is granted.
5. Termination for Cause	No incentive or carryover award will be made.
6. Death	A beneficiary of a participant employed at least three months during the calendar year in which employment terminates due to Death may be eligible to receive an incentive award based on year-end financial results and calculated on a prorated basis for the period of employment in that calendar year, payable by March 15th of the calendar year following the calendar year such award is granted.

Exhibit 10.10

CHANGE OF CONTROL EMPLOYMENT AGREEMENT

AGREEMENT by and between PHINIA Inc., a Delaware corporation (the "Company") and _____ (the "Executive") dated as of the ___ of _____ 2023.

WHEREAS, the Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat, or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the distraction from the Executive's personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company, and to provide the Executive with satisfactory and competitive compensation and benefits arrangements upon a Change of Control.

WHEREAS, because the Executive will obtain intimate and valuable knowledge and experience concerning the Company, as well as technical, financial, customer and other confidential information, as a condition to the Company's willingness to enter into this Agreement, the Company has required and the Executive has delivered a non-compete agreement in a form determined by the Company (the "Employee Agreement"), pursuant to which Executive has agreed not to compete with the Company or solicit the Company's employees and customers during Executive's employment with the Company and during a specified period following Executive's termination of employment with the Company.

WHEREAS, the Company would not have entered into this Agreement but for Executive's execution of the Employee Agreement and, accordingly the Executive and the Company have entered into the Employee Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions. (a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if (i) the Executive's employment with the Company is terminated by the Company, (ii) the Date of Termination is before the date on which a Change of Control occurs, and (iii) it is reasonably demonstrated by the Executive that such termination of employment (A) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (B) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement, the "Effective Date" shall mean the date immediately prior to such Date of Termination.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. Under this Agreement, a "Change of Control" shall mean an event listed below occurring after the consummation of the transactions contemplated by the Separation and Distribution Agreement by and between BorgWarner Inc. and the Company:

(a) The acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either

(i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or

(ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities");

provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control:

A. any acquisition directly from the Company,

B. any acquisition by the Company,

C. any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or

D. any acquisition pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation by the Company of a reorganization, statutory share exchange, merger or consolidation or similar transaction involving the Company or any of its subsidiaries or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each of the foregoing, a "Business Combination"), in each case, unless, following such Business Combination,

(i) all or substantially all of the individuals and entities that were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then outstanding voting

securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be,

(ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination and

(iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

3. Effect of Change of Control on Outstanding Awards. If the Executive holds any outstanding awards ("Awards") under the Company's 2023 Stock Incentive Plan or any successor incentive plan thereto (any "Plan") at the Effective Date, then, unless the applicable award agreement provides a more favorable result for the Executive, the following will apply:

(a) The successor or purchaser in the Change of Control transaction may assume such Awards or provide replacement awards with terms and conditions at least as favorable as the terms and conditions in effect prior to the Change of Control, provided that any such assumed Award or replacement award shall:

(i) have substantially equivalent economic value to the Award (as determined by the Compensation Committee of the Board as constituted immediately prior to the Change of Control (the "Committee"));

(ii) relate to a class of equity that is (or will be within five (5) business days following the Change of Control) listed to trade on a recognized securities market;

(iii) provide the Executive with rights and entitlements substantially equivalent to or better than the rights and entitlements applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment (to the extent consistent with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), if applicable), including all provisions applicable in respect of such Award that provide for accelerated vesting;

(iv) with respect to Awards that vest upon the attainment of one or more performance goals, if the Change of Control occurs during the course of a performance period applicable

to the Award, then (A) the performance goals shall be deemed to have been satisfied at the target level specified in the Executive's award agreement or, if greater, as otherwise specified by the Committee at or after grant, and (B) any assumed or substituted award shall not include a performance objective, unless otherwise determined by the Committee; and

(v) have terms and conditions providing that, if within two (2) years following a Change of Control either (x) the successor or purchaser in the Change of Control transaction (or any affiliate thereof) terminates the Executive's employment or service without Cause or (y) the Executive terminates the Executive's employment for Good Reason, then the following provisions shall apply to any assumed Awards or replacement awards described herein:

(A) Effective upon the date of the Executive's termination of employment or service, all of the Executive's outstanding Awards or replacement awards automatically shall vest (assuming, for any Award the vesting of which is subject to performance goals for which the performance period had not been completed as of the date of such termination, that such goals had been met at the target level); and

(B) If the assumed Award or replacement award relates to a class of equity that is not then listed to trade on a recognized securities market, then, at the election of the Executive, at the time of exercise or settlement of such Awards or replacement awards, the Executive may elect to receive, in lieu of the issuance of such equity, a cash payment equal to the fair market value of the equity otherwise issuable thereunder (such payment calculated using the definition of "Fair Market Value" (or similar definition) under the Plan as applied to the equity otherwise issuable under the assumed Award or replacement award).

(b) If the successor or purchaser in the Change of Control does not assume the Awards or issue replacement awards as provided in Section 3(a), then immediately prior to the date of the Change of Control:

(i) Any stock options and stock appreciation rights outstanding as of the date such Change of Control is determined to have occurred and not then exercisable and vested shall become fully exercisable and vested to the full extent of the original grant.

(ii) The restrictions applicable to any outstanding restricted stock shall lapse as of the date such Change of Control is determined to have occurred, and such restricted stock shall become free of all restrictions and become fully vested and transferable to the full extent of the original grant.

(iii) The restrictions applicable to any outstanding stock units shall lapse as of the date such Change of Control is determined to have occurred, and such stock units shall become free of all restrictions and become fully vested. Payment for stock units that have vested as a result of this Section 3(b)(iii) shall occur on the time(s) or event(s) otherwise specified in the applicable award agreement.

(iv) The restrictions applicable to any outstanding performance units and performance shares shall lapse as of the date such Change of Control is determined to have occurred, the performance goals of all such outstanding performance units and performance shares shall be deemed to have been achieved at target levels, the relevant performance period shall be deemed to have ended on the effective date of the Change of Control, and all other terms and conditions thereto shall be deemed to

have been satisfied. If, due to a Change of Control, a performance period is shortened, then the target performance award initially established for such performance period shall be prorated by multiplying the initial target performance award by a fraction, the numerator of which is the actual number of whole months in the shortened performance period and the denominator of which is the number of whole months in the original performance period. Payment for such performance units and performance shares that vest as a result of the Change of Control shall be made in cash or shares of the Company's common stock (as determined by the Committee) as promptly as is practicable upon such vesting, but in no event later than March 15 of the year following the year in which the performance units and performance shares shall have vested pursuant to this Section 3(b)(iv). Payment for performance units and performance shares that have vested prior to the Change of Control as a result of the Committee's waiver of payment limitations prior to the date of the Change of Control shall be made in cash or shares of the Company's common stock (as determined by the Committee):

(A) in the year following the year in which the performance period would have otherwise ended absent a Change of Control, or

(B) if earlier, as soon as practicable in the year in which the Executive has a separation from service; provided, however, that if the Executive is a "specified employee" (within the meaning of Code Section 409A) at the time of the Executive's separation from service and the Executive becomes entitled to payment of performance units or performance shares under this Section 3(b)(iv) by reason of such separation from service, payment shall be made on the first day of the seventh month following the month in which such separation from service occurs, or, if earlier, the date of the Executive's death.

Notwithstanding anything to the contrary in this Agreement, if an Award is considered deferred compensation subject to the provisions of Section 409A of the Code, and if a payment under such Award would otherwise be triggered upon a Change of Control, then the definition of Change of Control shall be deemed amended to the extent necessary to comply with Section 409A of the Code.

4. Employment Period. The Company agrees to continue the Executive in its employ, and the Executive agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, from the Effective Date and ending on the second anniversary of such date (the "Employment Period"). The Employment Period shall terminate upon the Executive's termination of employment for any reason.

5. Terms of Employment. (a) Position and Duties. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned to the Executive at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it

shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic, or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements, or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) after the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. (i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at an annual rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. During the Employment Period, Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. The Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the average of the bonuses paid or payable to the Executive under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the Effective Date (or, if the Executive was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the Effective Date during which the Executive was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Executive was not employed by the Company for the whole of such fiscal year) (the "Recent Average Bonus"). For the purposes of this section, if the Executive was employed by BorgWarner Inc. or its affiliates immediately prior to the consummation of the Company's separation from BorgWarner Inc., then any comparable annual bonus under any predecessor plan shall include any annual bonus earned by the Executive while so employed during the applicable prior three year period. If the Executive has not been eligible to earn such a bonus for any period prior to the Effective Date, the "Recent Average Bonus" shall mean the Executive's target annual bonus for the year in which the Effective Date occurs. Each such Annual Bonus shall be paid no later than two and a half months after the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus pursuant to an arrangement that meets the requirements of Section 409A of the Code.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable and, with respect to regular incentive

opportunities, taking into account annual bonuses pursuant to Section 5(b)(ii)), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) ("Company Welfare Benefit Plans") to the extent applicable generally to other peer executives of the Company and its affiliated companies, but if the Company Welfare Benefit Plans provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date (the "Former Company Welfare Benefit Plans"), the Company shall provide the Executive with supplemental arrangements (such as individual insurance coverage purchased by the Company for the Executive) such that the Company Welfare Benefit Plans together with such supplemental arrangements provide the Executive with benefits which are at least as favorable, in the aggregate, as those provided by the Former Company Welfare Benefit Plans.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies; provided, that such fringe benefits may be provided in cash or in kind, so long as the after-tax benefits to the Executive of such fringe benefits are not diminished in the aggregate.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation as well as paid days off for the period between Christmas and January 1, in each case in accordance with the most favorable plans, policies, programs and practices of the Company and its

affiliated companies as in effect for the Executive at any time during the 365-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

6. Termination of Employment. (a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 13(b) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. Under this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days (or for 180 business days in any consecutive 365 days) as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period with or without Cause. Under this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness or following the Executive's delivery of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer of the Company believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or if the Company is not the ultimate parent entity and is not publicly-traded, the board of directors (or, for a non-corporate entity, equivalent governing body) of the ultimate parent of the Company (the "Applicable Board")or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Applicable Board (excluding the Executive if the Executive is a member of the Applicable Board) at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before

the Applicable Board), finding that, in the good faith opinion of the Applicable Board, the Executive is guilty of the conduct described in subsection (i) or (ii), and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason or by the Executive voluntarily without Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 5(a), or any other diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 5(b), other than an isolated, insubstantial, and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 5(a)(i)(B) or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 12(c).

For purposes of this Section 6(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(d) Incapacity. The Executive's mental or physical incapacity following the occurrence of an event described in clauses (i) through (v) of Section 6(c) shall not affect the Executive's ability to terminate employment for Good Reason and the Executive's death following delivery of a Notice of Termination for Good Reason shall not affect the entitlement of the estate of the Executive to severance payments or benefits provided hereunder upon a termination of employment for Good Reason.

(e) Notice of Termination. Any termination of employment by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(b). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not

waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination, (iii) if the Executive resigns without Good Reason, the date on which the Executive notifies the Company of such termination and (iv) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be. Notwithstanding the foregoing, in no event shall the Date of Termination occur until the Executive experiences a "separation from service" within the meaning of Section 409A of the Code, and notwithstanding anything contained herein to the contrary, the date on which such separation from service takes place shall be the "Date of Termination."

7. Obligations of the Company upon Termination. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause, Death or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the Executive's business expenses that are reimbursable pursuant to Section 5(b)(v) but have not been reimbursed by the Company as of the Date of Termination; (3) the Executive's Annual Bonus for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been determined but not paid as of the Date of Termination; (4) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in subclauses (1), (2), (3) and (4), the "Accrued Obligations") and (5) an amount equal to the product of (x) the Recent Average Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 (the "Pro Rata Bonus"); provided, that notwithstanding the foregoing, if the Executive has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or the Annual Bonus described in clauses (1) or (3), then for all purposes of this Section 7 (including, without limitation, Sections 7(b) through 7(e)), such deferral election, and the terms of the applicable arrangement shall apply to the same portion of the amount described in such clause (1) or clause (3), and such portion shall not be considered as part of the "Accrued Obligations" but shall instead be an "Other Benefit" (as defined below); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Recent Average Bonus; and

(C) an amount equal to the product of (1) two and (2) the sum of (a) the Company Retirement Contributions (as defined in the PHINIA Inc. Retirement

Savings Plan ("RSP")) that would have been made under the RSP for the first Plan Year (as defined in the RSP) ending after the Date of Termination if there had been no Limitations (as defined below) on such Company Retirement Contributions and (b) an amount equal to the Company Matching Contributions (as defined in the RSP) that would have been made under the RSP in the first Plan Year after the Date of Termination if there had been no Limitations on such Company Matching Contributions, and assuming for these purposes that the Executive had elected to defer the maximum amount of Compensation (as defined in the RSP) permitted by the RSP (without regard to any Limitations on such deferral), and assuming for purposes of calculating the amounts in clauses (a) and (b) that the Executive had remained employed by the Company through the end of such Plan Year with compensation equal to that required by Section 5(b)(i) and Section 5(b)(ii) ("Limitations" meaning limitations contained in the RSP, the Employee Retirement Income Security Act ("ERISA") or the Code);

(ii) for eighteen months following the Date of Termination (the "Benefits Period"), the Company shall provide the Executive and his eligible dependents with medical and dental insurance coverage (the "Health Care Benefits") and life insurance benefits no less favorable to those which the Executive and his spouse and eligible dependents were receiving immediately prior to the Date of Termination or, if more favorable to such persons, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies; provided, however, that the Health Care Benefits shall be provided during the Benefits Period in such a manner that such benefits are excluded from the Executive's income for federal income tax purposes; provided, further, however, that if the Executive becomes re-employed with another employer and is eligible to receive health care benefits under another employer-provided plan, the health care benefits provided hereunder shall be secondary to those provided under such other plan during such applicable period of eligibility. The receipt of the Health Care Benefits shall be conditioned upon the Executive continuing to pay the Applicable COBRA Premium with respect to the level of coverage that the Executive has elected for the Executive and the Executive's spouse and eligible dependents (*e.g.*, single, single plus one, or family). During the portion of the Benefits Period in which the Executive and his eligible dependents continue to receive coverage under the Company's Health Care Benefits plans, the Company shall pay to the Executive a monthly amount equal to the Applicable COBRA Premium in respect of the maximum level of coverage that the Executive could have elected to receive for the Executive and the Executive's spouse and eligible dependents if the Executive were still an employee of the Company during the Benefits Period (*e.g.*, single, single plus one, or family) regardless of what level of coverage is actually elected, which payment shall be paid in advance on the first payroll day of each month, commencing with the month immediately following the Executive's Date of Termination. The Company shall use its reasonable best efforts to ensure that, following the end of the Benefit Period, the Executive and the Executive's spouse and eligible dependents shall be eligible to elect continued health coverage pursuant to Section 4980B of the Code or other applicable law ("COBRA Coverage"), as if the Executive's employment with the Company had terminated as of the end of such period. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to the Company's retiree welfare benefit plans, if any, the Executive shall be considered to have remained employed until the end of the Benefit Period and to have retired on the last day of such period. For purposes of this Provision, "Applicable COBRA Premium" means the monthly premium in effect from time to time for coverage provided to former employees under Section 4980B of the Code and the regulations thereunder with respect to a particular level of coverage (*e.g.*, single, single plus one, or family).

(iii) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in the Executive's sole discretion, but the cost thereof shall not exceed $40,000; provided, further, that such outplacement benefits shall end not later than the last day of the second calendar year that begins after the Date of Termination; and

(iv) except as otherwise set forth in the last sentence of Section 8, to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits") in accordance with the terms of the underlying plans or agreements.

Notwithstanding the foregoing provisions of Section 7(a)(i) and Section 7(a)(ii), in the event that the Executive is a "specified employee" within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination) (a "Specified Employee"), amounts that constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code that would otherwise be payable and benefits that would otherwise be provided under Section 7(a)(i) or Section 7(a)(ii) during the six-month period immediately following the Date of Termination (other than the Accrued Obligations) shall instead be paid, with interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("Interest") determined as of the Date of Termination, or provided on the first business day after the date that is six months following the Executive's Date of Termination (the "Delayed Payment Date");

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, the Company shall provide the Executive's estate or beneficiaries with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 7(a)(1)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 7(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits (either pursuant to a plan, program, practice or policy or an individual arrangement) at least equal to the most favorable benefits provided by the Company and the affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, the Company shall provide the Executive with the Accrued Obligations and Pro Rata Bonus and the timely payment or delivery of the Other Benefits in accordance with the terms of the underlying plans or agreements, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 7(a)(1)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination, provided, that in the event that the Executive is a Specified Employee, the Pro Rata Bonus shall be paid, with Interest, to the Executive on the Delayed

Payment Date. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 7(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits (either pursuant to a plan, program, practice or policy or an individual arrangement) at least equal to the most favorable of those generally provided by the Company and the affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and the affiliated companies and their families.

(d) Cause. If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide the Executive with the Executive's Annual Base Salary (subject to the proviso set forth in Section 7(a)(1)(A) to the extent applicable) through the Date of Termination, and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement.

(e) Other than for Good Reason. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide to the Executive the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations (subject to the proviso set forth in Section 7(a)(1)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination, provided, that in the event that the Executive is a Specified Employee, the Pro Rata Bonus shall be paid, with Interest, to the Executive on the Delayed Payment Date.

8. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy, or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 13(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice, or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Without limiting the generality of the foregoing, the Executive's resignation under this Agreement with or without Good Reason, shall in no way affect the Executive's ability to terminate employment by reason of the Executive's "retirement" under any compensation and benefits plans, programs or arrangements of the affiliated companies, including without limitation any retirement or pension plans or arrangements or to be eligible to receive benefits under any compensation or benefit plans, programs or arrangements of the Company or any of its affiliated companies, including without limitation any retirement or pension plan or arrangement of the Company or any of its affiliated companies or substitute plans adopted by the Company or its successors, and any termination which otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if the Executive receives payments and benefits pursuant to Section 7(a), the Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and the affiliated companies, unless otherwise specifically provided therein in a specific reference to this Agreement.

9. Full Settlement; Legal Fees. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as specifically provided in Section 7(a)(ii), such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), at any time from the Effective Date through the Executive's remaining lifetime (or, if longer, through the 20th anniversary of the Effective Date) to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof whether such contest is between the Company and the Executive or between either of them and any third party, and (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case Interest determined as of the date such legal fees and expenses were incurred. In order to comply with Section 409A of the Code, in no event shall the payments by the Company under this Section 9 be made later than the end of the calendar year next following the calendar year in which such fees and expenses were incurred, provided that the Executive or the Executive's estate shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred. The amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, and the Executive's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit.

10. Certain Reduction of Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event the independent accounting firm then used by the Company or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm") shall determine that receipt of all payments, distributions or benefits provided by the Company or the affiliated companies in the nature of compensation to or for the Executive's benefit, whether paid or payable pursuant to this Agreement or otherwise (a "Payment"), would subject the Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Agreement (the "Agreement Payments") to the Reduced Amount (as defined below). The Agreement Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Executive's Agreement Payments were reduced to the Reduced Amount. If the Accounting Firm determines that the Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Executive's Agreement Payments were so reduced, the Executive shall receive all Agreement Payments to which the Executive is entitled under this Agreement.

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 10 shall be binding upon the Company and the Executive and shall be made as soon as reasonably practicable and in no event later than fifteen (15) days following the Date of Termination. For purposes of reducing the Agreement Payments to the Reduced Amount, only amounts payable under this

Agreement (and no other Payments) shall be reduced. The reduction hereunder of the amounts payable, if applicable, shall be made by reducing the Payments in the following order to the extent such Payments have not already been made at the time the reductions hereunder have become applicable: (i) the Payment with the higher ratio of the parachute payment value (as determined for purposes of Code Section 280G) to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a Payment with a lower ratio; (ii) the Payment with the later possible payment date shall be reduced or eliminated before a Payment with an earlier payment date; and (iii) cash Payments shall be reduced prior to non-cash benefits; provided that if the foregoing order of reduction or elimination would violate Section 409A of the Code, then the reduction shall be made pro rata among the Payments on the basis of the relative present value of the Payments. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, the Executive shall pay any such Overpayment to the Company together with Interest; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent such payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than 60 days following the date on which the Underpayment is determined) by the Company to or for the benefit of the Executive together with Interest.

(d) For purposes hereof, the following terms have the meanings set forth below:

(i) "Reduced Amount" shall mean the greatest amount of Agreement Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Agreement Payments pursuant to Section 10(a).

(ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determined to be likely to apply to the Executive in the relevant tax year(s).

(e) To the extent requested by the Executive, the Company shall cooperate with the Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Executive (including without limitation, the Executive agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant) before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of

Section 280G of the Code), such that payments in respect of such services (or refraining from performing such services) may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of Section 280G of the Code in accordance with Q&A-5(a) of Section 280G of the Code.

11. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate, or divulge any such information, knowledge, or data to anyone other than the Company and those persons designated by it. In no event shall an asserted violation of the provisions of this Section 11 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement, but the Company otherwise shall be entitled to all other remedies that may be available to it at law or equity.

12. Successors. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 12(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

13. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Subject to the last sentence of Section 13(g), this Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

[EXECUTIVE NAME]

[EXECUTIVE ADDRESS]

If to the Company:
PHINIA Inc.
3000 University Drive
Auburn Hills, Michigan 48326
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 6(c)(i)-(v), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a), prior to the Effective Date, the Executive's employment may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

(g) The Agreement is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, shall in all respects be administered in accordance with Section 409A of the Code. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. If the Executive dies following the Date of Termination and prior to the payment of the any amounts delayed on account of Section 409A of the Code, such amounts shall be paid to the personal representative of the Executive's estate within 30 days after the date of the Executive's death. All reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall reimbursements by the Company under this Agreement be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that the Executive shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount

of in-kind benefits that the Company is obligated to pay or provide in any given calendar year shall not affect the in-kind benefits that the Company is obligated to

pay or provide in any other calendar year; (iii) the Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive's remaining lifetime (or if longer, through the 20th anniversary of the Effective Date). Prior to the Effective Date but within the time period permitted by the applicable Treasury Regulations, the Company may, in consultation with the Executive, modify the Agreement, in the least restrictive manner necessary and without any diminution in the value of the payments to the Executive, in order to cause the provisions of the Agreement to comply with the requirements of Section 409A of the Code, so as to avoid the imposition of taxes and penalties on the Executive pursuant to Section 409A of the Code.

14. Survivorship. Upon the expiration or other termination of this Agreement or the Executive's employment, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

_____

[NAME]

PHINIA INC.

By: _____

Name: _____

Title: _____

Exhibit 21.1

PHINIA INC.

Subsidiaries of the Registrant

The following entities are expected to be subsidiaries of PHINIA Inc. upon completion of the separation from BorgWarner Inc. described in the information statement:

Name of Subsidiary	Jurisdiction of Organization
BorgWarner Australia Pty Ltd.	Australia
BorgWarner Industria E Comercio Ltda.	Brazil
BorgWarner PDS Brazil Produtos Automotivos Ltda.	Brazil
BorgWarner Toronto Inc.	Canada
Shanghai BorgWarner Automotive (Group) Co., Ltd.	China
BorgWarner Gasoline System (Yantai) Co., Ltd.	China
BorgWarner Trading (Shanghai) Co., Ltd.	China
BorgWarner (Shanghai) Automobile Fuel Systems Co., Ltd.	China
BorgWarner Fuel Systems (Yantai) Co. Ltd.	China
Delphi Diesel Systems (Yantai) Co., Ltd. - Suzhou Branch	China
Yantai Research and Development Center of BorgWarner Fuel Systems (Yantai) Co., Ltd.	China
BorgWarner France SAS	France
Delphi Powertrain Systems Deutschland GmbH	Germany
Delphi Powertrain Systems Hungary Kft	Hungary
BorgWarner India Private Limited	India
Delphi Powertrain Systems Italia Srl	Italy
BorgWarner Japan Ltd. Co.	Japan
BorgWarner Technologies Korea LLC	Korea
BorgWarner Luxembourg Holdings SARL	Luxembourg
BorgWarner Luxembourg Technologies Holdings SARL	Luxembourg
BorgWarner Luxembourg Operations SARL	Luxembourg
BorgWarner Luxembourg Operations SARL - Mexican Establishment	Luxembourg
BorgWarner Holdfi Holdings SARL	Luxembourg
BorgWarner European Holdings SARL	Luxembourg
BorgWarner Luxembourg Investments SARL	Luxembourg
Delphi Technologies Malta Ltd.	Malta
BorgWarner Mexico, S. de R.L. de C.V.	Mexico
BorgWarner PDS Mexico Holdings, S. de R.L. de C.V.	Mexico
BorgWarner Comercializadora PDS, S. de R.L. de C.V.	Mexico
BorgWarner Componentes PDS, S. de R.L. de C.V.	Mexico
Delphi Netherlands BV	Netherlands
BorgWarner Mexico Holdings (PDS) BV	Netherlands
BorgWarner Mobility Poland Sp. z.o.o.	Poland
BorgWarner Mobility Poland Sp. z.o.o. oddzial Jasionka	Poland
BorgWarner Mobility Poland Sp. z.o.o. oddzial Krakow	Poland
BorgWarner Bucharest Services S.R.L.	Romania
BorgWarner Romania S.R.L.	Romania
D2 Industrial Development and Production S.R.L.	Romania

Joint Stock Company Delphi Samara	Russia
BorgWarner Automotive Systems Singapore Investments Pte. Ltd	Singapore
BorgWarner Singapore Investments Pte. Ltd.	Singapore
PHINIA Delphi Spain SLU	Spain
BorgWarner Otomotiv Sistemleri Sanayi ve Ticaret A.S.	Turkey
BorgWarner Otomotiv Sistemleri Sanayi ve Ticaret A.S. Ege Serbest Bolge Subesi	Turkey
BorgWarner Technologies Limited Jafza Branch	United Arab Emirates
BorgWarner Jersey Limited	United Kingdom
BorgWarner UK Holding and Financing Ltd.	United Kingdom
BorgWarner Kingway Financing LLC	Delaware
BorgWarner UK Management Ltd.	United Kingdom
Delphi Technologies Pension Trustees Ltd.	United Kingdom
BorgWarner UK Financial Operations Ltd.	United Kingdom
BorgWarner APAC Financial Services Ltd.	United Kingdom
BorgWarner UK Financial Services Ltd.	United Kingdom
BorgWarner UK Automotive Operations Ltd.	United Kingdom
Hartridge Ltd.	United Kingdom
Delphi Lockheed Automotive Ltd.	United Kingdom
Delphi Electronics Overseas Company Ltd.	United Kingdom
BorgWarner Technologies Ltd.	United Kingdom
BorgWarner Jersey Holdings LLC	Delaware
PHINIA Anderson NewCo	Delaware
BorgWarner USA LLC	Delaware
PHINIA Technologies Inc.	Delaware
BorgWarner Technologies Services, LLC	Delaware
PHINIA International Holdings LLC	Delaware
BorgWarner PDS (Anderson) LLC	Delaware
BorgWarner Propulsion System LLC	Delaware
BorgWarner International Services, LLC	Delaware
Mobilion Ventures, L.P.*	Delaware
Alliance Friction Technology Private Ltd.*	India
Delphi TVS - Technologies Ltd.*	India
TecAlliance GmbH*	Germany

* The registrant owns less than a 100% equity interest in this joint venture entity.

, 2023

Dear BorgWarner Shareholders:

In December 2022, we announced the intended separation of BorgWarner's Fuel Systems and Aftermarket Segments into a new, publicly traded entity. The name of the new, publicly traded entity is PHINIA Inc. Through this transaction, we will create two industry-leading, focused companies positioned to drive value creation – BorgWarner will be a leader in electrification with a focused ICE business, and PHINIA will be a product leader in fuel systems and aftermarket distribution with advanced technologies that optimize performance, increase efficiency and reduce emissions. The intended separation supports advancing our electrification journey and optimizing our combustion portfolio and will best position BorgWarner for sustainable and profitable growth. As separate companies, both businesses will benefit from enhanced strategic focus and flexibility to pursue their differentiated market opportunities and deliver significant value to shareholders.

The intended separation is the next step in our *Charging Forward* strategy. BorgWarner will be positioned as one of the market leaders in electric vehicle ("EV") propulsion technology and will have the opportunity to capitalize on long-term, secular tailwinds in electrification, with an enhanced focus on the development and commercialization of EV technologies. BorgWarner will also retain a focused portfolio of conventional propulsion assets to support customers as they go through their own EV transitions, while driving operational and financial benefits for our EV business. With organic bookings and acquisitions to date, we believe we are on track to meet or exceed our goal of 25% of revenue from EV by 2025 as part of *Charging Forward.* The intended separation will also address our previously stated goal of completing dispositions by 2025 of internal combustion assets generating approximately $3 billion to $4 billion in annual revenue.

Upon completion of the intended separation, BorgWarner shareholders will receive one share of PHINIA common stock for each five shares of BorgWarner common stock they hold via a pro rata, special distribution of PHINIA shares. The effect of the distribution will be that BorgWarner shareholders as of the record date for the distribution will own shares in both companies. We expect that the spin-off will be tax-free to BorgWarner and its stockholders for U.S. federal income tax purposes, except for cash that shareholders may receive (if any) in lieu of fractional shares. Shareholder approval is not required for the distribution. Shareholders will not need to pay any consideration or surrender or exchange their shares of BorgWarner common stock to receive common shares of PHINIA on the distribution date.

I encourage you to read the attached information statement, which is being provided to all BorgWarner shareholders as of the record date for the distribution of PHINIA shares. The information statement describes the separation in detail and contains important business and financial information about PHINIA.

This is an exciting time for the company, and we are extremely proud of BorgWarner's accomplishments thus far. Our company's 100-plus-year history is a story of evolution, built on superior product leadership and disciplined financial and operational management. This announcement is the next step, and we are confident that its execution will deliver substantial value for shareholders. We thank you for your investment in BorgWarner.

Sincerely,

Frédéric B. Lissalde
President and CEO, BorgWarner

[PHINIA Logo]

, 2023

Dear Future PHINIA Shareholders:

I want to extend a warm welcome to you as the future shareholders of PHINIA when we become a newly independent, publicly traded company following the completion of PHINIA's planned spin-off from BorgWarner.

PHINIA will be a product leader in fuel systems and aftermarket distribution with advanced technologies that optimize performance, increase efficiency and reduce emissions. As a standalone company, we expect to benefit from a set of unique strategic advantages and a differentiated financial profile:

- **Market-leading, technology-driven** fuel systems, starters, alternators and aftermarket portfolio
- **Embedded relationships with global OEMs**, with sales to most major OEMs and no single customer accounting for more than 12% of our revenues
- **Balanced and synergistic exposure** across Commercial Vehicle and Industrial Applications, Light Vehicle and Aftermarket end markets globally
- **Positioned to benefit from secular growth trends** in Gasoline Direct Injection and Hydrogen Injection Systems
- **Expected to maintain a strong operating margin profile, solid free cash flow, and moderate levels of leverage** to support current business operations and longer-term strategies that further enhance shareholder value

We expect to deliver shareholder value through our focused strategy, and we will continue to innovate and expand on our portfolio of advanced technologies. We are also committed to continuing in the BorgWarner tradition of superior product leadership, operational excellence and disciplined financial management.

I encourage you to learn more about us and our strategic initiatives by reading the attached information statement. Thank you in advance for your support as a future shareholder of PHINIA.

Sincerely,

Brady D. Ericson
President and CEO, PHINIA

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Subject to Completion—Dated May 18, 2023

INFORMATION STATEMENT

PHINIA Inc.

Common Stock

(par value $0.01 per share)

We are sending you this Information Statement in connection with the spin-off by BorgWarner Inc. ("BorgWarner" or the "Parent") of its wholly-owned subsidiary, PHINIA Inc. ("PHINIA," the "Company," "we," "us," or "our"), which holds BorgWarner's Fuel Systems and Aftermarket businesses.

To effect the Spin-Off, BorgWarner will contribute to PHINIA Inc. certain assets of BorgWarner's Fuel Systems and Aftermarket businesses in exchange for our common stock and our assumption of certain liabilities of BorgWarner's Fuel Systems and Aftermarket businesses and distribute 100% of our common stock on a pro rata basis to the holders of BorgWarner common stock (the "BorgWarner stockholders") (such transactions, the "Spin-Off").

We expect that the distribution of our common stock will be tax-free to holders of BorgWarner common stock for U.S. federal income tax purposes, except for cash that stockholders may receive (if any) in lieu of fractional shares.

If you are a holder of record of BorgWarner common stock as of the close of business on , 2023, which is the record date for the Spin-Off, you will be entitled to receive one share of our common stock for every five shares of BorgWarner common stock that you hold on that date. BorgWarner will distribute its shares of our common stock in book-entry form, which means that we will not issue physical stock certificates. The distribution agent will not distribute any fractional shares of our common stock.

The distribution will be effective as of , New York City time, on , 2023. Immediately after the distribution becomes effective, we will be an independent, publicly traded company.

BorgWarner's stockholders are not required to vote on or take any other action to approve the Spin-Off. **We are not asking you for a proxy and request that you do not send us a proxy.** BorgWarner stockholders will not be required to pay any consideration for the shares of our common stock they receive in the Spin-Off, and they will not be required to surrender or exchange their shares of BorgWarner common stock or take any other action in connection with the Spin-Off.

No trading market for our common stock currently exists. We expect, however, that a limited trading market for our common stock, commonly known as a "when-issued" trading market, will develop on the third trading day prior to the distribution date, and we expect "regular-way" trading of our common stock will begin on the first trading day after the distribution date. We have applied to list our common stock on the New York Stock Exchange under the ticker symbol "PHIN."

In reviewing this Information Statement, you should carefully consider the matters described in the section entitled "Risk Factors" beginning on page 12 of this Information Statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement is not an offer to sell, or a solicitation of an offer to buy, any securities.

The date of this Information Statement is , 2023.

TABLE OF CONTENTS

INDUSTRY, RANKING AND MARKET DATA

This Information Statement contains various historical and projected information concerning our industry, the markets in which we participate and our positions in these markets. Some of this information is from industry publications and other third-party sources, and other information is from our own analysis of data received from these third-party sources, our own internal data, and market research that our management team commissions for our own evaluations and planning. All of this information involves a variety of assumptions, limitations, and methodologies and is inherently subject to uncertainties, and therefore you are cautioned not to give undue weight to these estimates.

NON-GAAP FINANCIAL DATA

All financial information presented in this Information Statement is derived from our Combined Financial Statements included elsewhere in this Information Statement. All financial information presented in this Information Statement has been prepared in U.S. Dollars in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), except for the presentation of the following non-GAAP financial measures: adjusted operating income, adjusted operating margin, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net earnings, and free cash flow.

We present adjusted operating income, adjusted operating margin, adjusted net earnings, and free cash flow in this Information Statement because we believe such measures provide investors with additional information to measure our performance. Please refer to "Information Statement Summary—Summary Historical and Unaudited Pro Forma Condensed Combined Financial Information" for an explanation on why we use these non-GAAP financial measures, their definitions, and their limitations.

Because of their limitations, these non-GAAP financial measures are not intended as alternatives to U.S. GAAP financial measures as indicators of our operating performance and should not be considered as measures of cash available to us to invest in the growth of our business or that will be available to us to meet our obligations. We compensate for these limitations by using these non-GAAP financial measures along with other comparative tools, together with U.S. GAAP financial measures, to assist in the evaluation of operating performance.

For more information on the use of adjusted operating income, adjusted operating margin, adjusted net earnings, and free cash flow and reconciliations to their nearest U.S. GAAP financial measures, see "Information Statement Summary—Summary Historical and Unaudited Pro Forma Condensed Combined Financial Information."

BASIS OF PRESENTATION

Unless otherwise indicated or the context otherwise requires, in this Information Statement:

(i) the “Company,” “PHINIA,” “we,” “us,” and “our” refer to PHINIA Inc. (a newly formed holding company) and its direct and indirect subsidiaries after giving effect to the Spin-Off;

(ii) the “Board” and “our Board” refer to the board of directors of the Company;

(iii) our “bylaws” refer to our amended and restated bylaws that will become effective as part of the Spin-Off, the form of which is filed as an exhibit to our Registration Statement on Form 10 of which this Information Statement is a part;

(iv) our “certificate of incorporation” refers to our amended and restated certificate of incorporation that will become effective as part of the Spin-Off, the form of which is filed as an exhibit to our Registration Statement on Form 10 of which this Information Statement is a part;

(v) the “Spin-Off” refers to the transactions in which BorgWarner will (1) contribute certain assets of BorgWarner’s Fuel Systems and Aftermarket businesses to PHINIA Inc. in exchange for our common stock and our assumption of certain liabilities of BorgWarner’s Fuel Systems and Aftermarket businesses and (2) distribute to BorgWarner’s stockholders 100% of the shares of our common stock on a pro-rata basis (the “distribution”);

(vi) the “Exchange” refers to the New York Stock Exchange;

(vii) “BorgWarner” or the “Parent” refers to BorgWarner Inc. and its direct and indirect subsidiaries;

(viii) the “BorgWarner Board” refers to the board of directors of BorgWarner;

(ix) “stockholders” refer to stockholders of BorgWarner or stockholders of PHINIA, depending on the context; and

(x) the “Internal Restructuring” refers to a series of internal transactions that will result in all of the assets, liabilities, and legal entities comprising BorgWarner’s Fuel Systems and Aftermarket businesses being owned directly, or indirectly through its subsidiaries, by PHINIA.

Certain percentages and other figures provided and used in this Information Statement may not add up to 100.0% due to the rounding of individual components.

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Questions and Answers about BorgWarner's Reasons for the Spin-Off

The following provides only a summary of certain information regarding BorgWarner's reasons for the Spin-Off. You should read this Information Statement in its entirety for a more detailed description of the matters described below.

Q: Why am I receiving this document?

A: BorgWarner is making this document available to you because you are a BorgWarner stockholder. If you are a holder of BorgWarner common stock as of the close of business on the Record Date (as defined below), you will be entitled to receive a distribution of one share of our common stock for every five shares of common stock of BorgWarner that you hold on that date. This document will help you understand how the Spin-Off will result in your ownership of shares in PHINIA and the operations of PHINIA as a stand-alone entity.

Q: What are the reasons for the Spin-Off?

A: The BorgWarner Board believes that the separation of BorgWarner's Fuel Systems and Aftermarket businesses from BorgWarner is in the best interests of BorgWarner and its stockholders and for the success of the Fuel Systems and Aftermarket businesses for a number of reasons. See "The Spin-Off—Reasons for the Spin-Off."

Q: Why is our separation structured as a spin-off?

A: Following a comprehensive review of alternative disposition strategies, the BorgWarner Board, with the help of its legal and financial advisors, concluded that separating the businesses as a spin-off would maximize value for its stockholders. See "The Spin-Off—Reasons for the Spin-Off."

Questions and Answers about the Spin-Off

The following provides only a summary of certain information regarding the Spin-Off. You should read this Information Statement in its entirety for a more detailed description of the matters described below.

Q: What is the Spin-Off?

A: The Spin-Off is the method by which PHINIA will separate from BorgWarner. In the Spin-Off, BorgWarner will distribute to its stockholders 100% of the outstanding shares of our common stock. Following the Spin-Off, we will be an independent, publicly traded company.

Q: Is the completion of the Spin-Off subject to the satisfaction or waiver of any conditions?

A: Yes, the completion of the Spin-Off is subject to the satisfaction, or the BorgWarner Board's waiver, of certain conditions. Any of these conditions may be waived by the BorgWarner Board to the extent such waiver is permitted by law. In addition, BorgWarner may at any time until the distribution decide to abandon the Spin-Off or modify or change the terms of the Spin-Off. See "The Spin-Off—Conditions to the Spin-Off." Alternatively, BorgWarner may waive any of the conditions to the distribution and proceed with the distribution even if all of such conditions have not been met. If BorgWarner waives any such condition and the distribution is completed, such waiver could have a material adverse effect on BorgWarner's and PHINIA's respective business, financial condition or results of operations, the trading price of our common stock, or the ability of stockholders to sell their shares after the distribution, including, without limitation, as a result of illiquid trading due to the failure of

our common stock to be accepted for listing or litigation giving rise to any preliminary or permanent injunctions sought to prevent the consummation of the distribution. If BorgWarner elects to proceed with the distribution notwithstanding that one or more of the conditions to

the distribution has not been met, BorgWarner will evaluate the applicable facts and circumstances at that time and make such additional disclosure and take such other actions as BorgWarner determines to be necessary or appropriate in accordance with applicable law.

In particular, if BorgWarner waives the condition that BorgWarner will receive an opinion of Ernst & Young LLP to the effect that the Spin-Off will qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code, then we would notify BorgWarner stockholders (1) by filing an amendment to the Registration Statement on Form 10 of which this Information Statement forms a part if the waiver occurs before the Registration Statement becomes effective or (2) by filing a Current Report on Form 8-K if the waiver occurs after the Registration Statement becomes effective, as described in "The Spin-Off — Conditions to the Spin-Off." If BorgWarner waives that condition and then it is determined that the Spin-Off does not qualify as a tax-free "reorganization," then in addition to the potential material adverse effects described above, there could be material adverse tax consequences to BorgWarner and its stockholders. See "Risk Factors—Risks Related to the Spin-Off— The Spin-Off could result in significant tax liability to BorgWarner and its stockholders if it is determined to be a taxable transaction" and "Material U.S. Federal Income Tax Consequences of the Spin-Off— Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable." BorgWarner does not currently intend to waive this condition to the distribution.

Q: Can BorgWarner cancel the Spin-Off even if all conditions have been met?

A: Yes. Until the distribution has occurred, BorgWarner has the right to not complete the Spin-Off, even if all of the conditions are satisfied. See "The Spin-Off—Conditions to the Spin-Off."

Q: Will the number of BorgWarner shares I own change as a result of the Spin-Off?

A: No, the number of shares of BorgWarner common stock you own will not change as a result of the Spin-Off.

Q: Will the Spin-Off affect the trading price of my BorgWarner common stock?

A: BorgWarner believes that our separation from BorgWarner offers its stockholders the greatest long-term value. It is possible that, after the Spin-Off, the combined equity value of PHINIA and BorgWarner will be less than BorgWarner's equity value before the Spin-Off, and the trading price of BorgWarner's shares of common stock will be lower than immediately prior to the Spin-Off, as the trading price of BorgWarner's shares will no longer reflect the value of the Fuel Systems and Aftermarket businesses.

Q: What will I receive in the Spin-Off in respect of my BorgWarner common stock?

A: As a holder of BorgWarner common stock, you will receive a distribution of one share of our common stock for every five shares of BorgWarner common stock you hold on the Record Date. The distribution agent will distribute only whole shares of our common stock in the Spin-Off. See "The Spin-Off—Treatment of Fractional Shares" for more information on the treatment of the fractional shares you might otherwise be entitled to receive in the Spin-Off. Your proportionate interest in BorgWarner will not change as a result of the Spin-Off. For a more detailed description, see "The Spin-Off."

Q: What is being distributed in the Spin-Off?

A: BorgWarner will distribute approximately shares of our common stock in the Spin-Off, based on the approximately shares of BorgWarner common stock outstanding as of , 2023. The actual number of shares of our common stock that BorgWarner will distribute will depend on the total number of

shares of BorgWarner common stock outstanding on the Record Date. The shares of our common stock that BorgWarner

distributes will constitute 100% of the issued and outstanding shares of our common stock immediately prior to the Spin-Off. For more information on the shares being distributed in the Spin-Off, see “Description of Our Capital Stock—Common Stock.”

Q: What do I have to do to participate in the Spin-Off?

A: All holders of BorgWarner’s common stock as of the Record Date will participate in the Spin-Off. You are not required to take any action to participate, but we urge you to read this Information Statement carefully. Holders of BorgWarner common stock on the Record Date will not need to pay any cash or deliver any other consideration, including any shares of BorgWarner common stock, to receive shares of our common stock in the Spin-Off. In addition, no stockholder approval of the Spin-Off is required. We are not asking you for a vote and request that you do not send us a proxy card.

Q: What is the record date for the distribution?

A: BorgWarner will determine record ownership as of the close of business on , 2023, which we refer to as the “Record Date.”

Q: When will the distribution occur?

A: The distribution will be effective as of , New York City time, on , 2023, which we refer to as the “Distribution Date.”

Q: How will BorgWarner distribute shares of PHINIA common stock?

A: On the Distribution Date, BorgWarner will release the shares of our common stock to the distribution agent to distribute to BorgWarner stockholders. The whole shares of our common stock will be credited in book-entry accounts for BorgWarner stockholders entitled to receive the shares in the Spin-Off. If you own BorgWarner common stock as of the close of business on the Record Date, the shares of our common stock that you are entitled to receive in the Spin-Off will be issued to your account as follows:

Registered stockholders: If you own your shares of BorgWarner common stock directly, either in book-entry form through an account at Computershare, BorgWarner’s transfer agent, and/or if you hold paper stock certificates, you are a registered stockholder. In this case, the distribution agent will credit the whole shares of our common stock you receive in the Spin-Off by way of direct registration in book-entry form to a new account with our transfer agent. Registration in book-entry form refers to a method of recording share ownership where no physical stock certificates are issued to stockholders, as will be the case in the Spin-Off. You will be able to access information regarding your book-entry account for shares of our common stock at www.computershare.com or by calling 800-851-4229 (domestic) and 201-680-6578 (international).

“Street name” or beneficial stockholders: If you own your shares of BorgWarner common stock beneficially through a bank, broker, or other nominee, then the bank, broker, or other nominee holds the shares in “street name” and records your ownership on its books. In this case, your bank, broker, or other nominee will credit your account with the whole shares of our common stock that you receive in the Spin-Off on or shortly after the Distribution Date. We encourage you to contact your bank, broker, or other nominee if you have any questions concerning the mechanics of having shares held in “street name.”

See “The Spin-Off—When and How You Will Receive Our Shares” for a more detailed explanation.

Q: If I sell my shares of BorgWarner common stock on or before the Distribution Date, will I still be entitled to receive shares of PHINIA common stock in the Spin-Off?

A: If you sell your shares of BorgWarner common stock before the Record Date, you will not be entitled to receive shares of our common stock in the Spin-Off. If you hold shares of BorgWarner common stock on the Record Date and decide to sell them on or before the Distribution Date, you may have the ability to choose to sell your BorgWarner common stock with or without your entitlement to receive our common stock in the Spin-Off. You should discuss the available options in this regard with your bank, broker, or other nominee. See "The Spin-Off—Trading Prior to the Distribution Date."

Q: How will fractional shares be treated in the Spin-Off?

A: The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of BorgWarner stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees, transfer taxes and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). See "The Spin-Off—Treatment of Fractional Shares" for a more detailed explanation of the treatment of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient BorgWarner stockholders for U.S. federal income tax purposes as described in the section entitled "Material U.S. Federal Income Tax Consequences of the Spin-Off." The distribution agent will, in its sole discretion, without any influence by BorgWarner or us, determine when, how, through which broker-dealer and at what price to sell the whole shares of our common stock. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either BorgWarner or us.

Q: What will govern my rights as a PHINIA stockholder?

A: Your rights as a PHINIA stockholder will be governed by Delaware law, our amended and restated certificate of incorporation and our amended and restated by-laws. We believe that, immediately following the Spin-Off, the only material differences between your rights as a PHINIA stockholder and your rights as a BorgWarner stockholder will be that PHINIA stockholders (1) will not be entitled to act by written consent, (2) will not be entitled to call a special meeting and (3) will be subject to an exclusive forum provision in our amended and restated by-laws. See "Description of Our Capital Stock" and "Risk Factors—Our by-laws will provide that certain courts in the State of Delaware or the federal district courts of the United States will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees."

Q: What are the U.S. federal income tax consequences to me of the Spin-Off?

A: A condition to the closing of the Spin-Off is BorgWarner's receipt of a written opinion of Ernst & Young LLP, to the effect that the Spin-Off will qualify under the Internal Revenue Code of 1986, as amended (the "Code"), as a transaction that is tax-free to BorgWarner and to its stockholders. If the Spin-Off so qualifies, for U.S. federal income tax purposes, you will not recognize any gain or loss, and no amount will be included in your income in connection with the Spin-Off, except with respect to any cash received in lieu of fractional shares. You should review the section entitled "Material U.S. Federal Income Tax Consequences of the Spin-Off" for a discussion of the material U.S. federal income tax consequences of the Spin-Off and should consult your own tax advisor as

to the particular consequences of the Spin-Off to you, including the applicability and effect of any U.S. federal, state, and local tax laws as well as any non-U.S. tax laws.

Q: What will PHINIA's relationship be with BorgWarner following the Spin-Off?

A: In connection with the Spin-Off, we and BorgWarner will enter into the Separation and Distribution Agreement and various other agreements, including transition services agreements, a tax matters agreement, an employee matters agreement, real estate lease agreements, intellectual property agreements, an electronics collaboration agreement and contract manufacturing and supply agreements. These agreements will provide a framework for our relationship with BorgWarner after the Spin-Off and provide for the allocation between us and BorgWarner of BorgWarner's assets, employees, liabilities, and obligations (including its property, employee benefits, environmental liabilities, pension liabilities and tax liabilities) attributable to periods prior to, at, and after our Spin-Off from BorgWarner. For additional information regarding the Separation and Distribution Agreement and other transaction agreements, see "Certain Relationships and Related Person Transactions—Agreements with BorgWarner" and "Risk Factors—Risks Related to the Spin-Off."

Q: Who will manage PHINIA after the Spin-Off?

A: Led by Brady D. Ericson, who will be our President and Chief Executive Officer after the Spin-Off, our executive management team possesses deep knowledge of, and extensive experience in, our business and our industry. Our executive management team has been involved in strategic decisions with respect to PHINIA and in establishing a vision for the future of PHINIA. See "Management."

Q: Do I have appraisal rights in connection with the Spin-Off?

A: No. Holders of BorgWarner common stock are not entitled to appraisal rights in connection with the Spin-Off.

Q: Where can I get more information?

A: If you have any questions relating to the mechanics of the Spin-Off, you should contact the distribution agent at:

Computershare
150 Royal Street
Canton, MA 02021
Attention: Client Services
800-851-4229 (domestic) and 201-680-6578 (international)

Before the Spin-Off, if you have any questions relating to the Spin-Off, you should contact BorgWarner at:

BorgWarner, Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attention: Investor Relations

After the Spin-Off, if you have any questions relating to PHINIA, you should contact us at:

PHINIA Inc.
3000 University Drive
Auburn Hills, MI 48326
Attention: Investor Relations

Questions and Answers about PHINIA

The following provides only a summary of certain information regarding PHINIA. You should read this Information Statement in its entirety for a more detailed description of the matters described below.

Q: Does PHINIA intend to pay cash dividends?

A: Once the Spin-Off is effective, our Board will evaluate whether to pay cash dividends to our stockholders. The timing, declaration, amount, and payment of future dividends to stockholders, if any, will fall within the discretion of our Board. Among the items our Board will consider when establishing a dividend policy will be the capital needs of our business and opportunities to retain future earnings for use in the operation of our business and to fund future growth. See "Dividend Policy."

Q: Will PHINIA incur any debt prior to or at the time of the Spin-Off?

A: In connection with the Spin-Off, we expect to incur indebtedness in an aggregate principal amount of approximately $800 million, consisting of term loans. We expect to use the debt issuance proceeds to repay historical indebtedness to BorgWarner of approximately $[ ] million. We also intend to enter into $500 million of committed credit facilities; however, the facilities are not expected to be utilized at the closing of the Spin-Off. The terms of such indebtedness are subject to change and will be finalized prior to the closing of the Spin-Off. See "Capitalization," "Unaudited Pro Forma Condensed Combined Financial Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Q: How will PHINIA common stock trade?

A: We have applied to list our common stock on the Exchange under the ticker symbol "PHIN." Currently, there is no public market for our common stock. We anticipate that trading in our common stock will begin on a "when-issued" basis on the third trading day prior to the Distribution Date and will continue up to and including the Distribution Date. "When-issued" trading in the context of a spin-off refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. "When-issued" trades generally settle within two trading days after the Distribution Date. On the first trading day following the Distribution Date, any "when-issued" trading of our common stock will end and "regular-way" trading will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the second full trading day following the date of the trade. See "The Spin-Off—Trading Prior to the Distribution Date." We cannot predict the trading prices for our common stock before, on, or after the Distribution Date.

Q: Who is the transfer agent and registrar for PHINIA common stock?

A: Computershare is the transfer agent and registrar for our common stock.

Q: Are there risks associated with owning shares of PHINIA common stock?

A: Yes, there are substantial risks associated with owning shares of our common stock. Accordingly, you should read carefully the information set forth under "Risk Factors" in this Information Statement.

INFORMATION STATEMENT SUMMARY

The following summary contains selected information about us and about the Spin-Off. It does not contain all of the information that is important to you. You should review this Information Statement in its entirety, including matters set forth under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Combined Financial Statements and the notes thereto included elsewhere in this Information Statement. Some of the statements in the following summary constitute forward-looking statements. See "Cautionary Statements for Forward-Looking Information."

Our Business

Overview

PHINIA's business is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions in combustion and hybrid propulsion for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). We are a global supplier to most major original equipment manufacturers ("OEMs") seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, we offer a wide range of original equipment service ("OES") solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

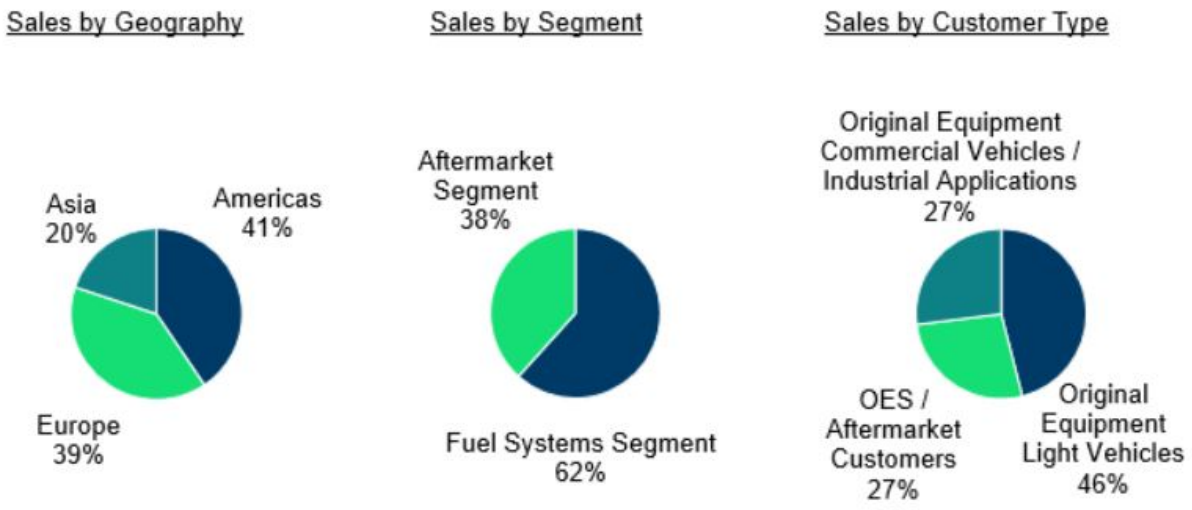
We have an extensive original equipment portfolio of advanced fuel injection systems, fuel delivery modules, canisters, starters, alternators, sensors, electronic control modules and associated software. Our global footprint includes 17 major manufacturing facilities and seven major technical centers utilizing a regional service model, which enables us to efficiently and effectively serve our global customers. We have a presence in 24 countries and a team of approximately 1,500 scientists, engineers and technicians globally who focus on innovating and developing market-relevant product solutions.

We also manufacture and sell our products to leading aftermarket participants, including independent retailers and wholesale distributors. In addition to the range of OEM products we describe above, we supply the independent aftermarket with a suite of new and remanufactured products such as diagnostic equipment, ignition coils, smart remote actuators, exhaust gas recirculation valves, brakes, steering, suspension, and other products. We add aftermarket know-how in category management, logistics, training, marketing, and other dedicated services to provide a broad range of aftermarket solutions that extend the service lives of vehicles and industrial equipment.

Our business is well diversified across regions, product types, customer types and customers. In 2022, we derived 39% of our revenue from Europe, 41% from the Americas, and 20% from Asia. Further, 27% of our net sales in 2022 were for original equipment commercial vehicles and industrial applications, 46% were

for original equipment light vehicles, and 27% were for OES and aftermarket customers. We have a diverse customer base with only one customer accounting for more than 10% of our net sales in 2022 (General Motors accounted for 12% of net sales), and our top five customers accounted for a total of approximately 32% of net sales.

Breakdown of 2022 Sales by Geography, Segment and Customer Type



Strengths

Our business is a recognized leader in combustion and hybrid propulsion technologies for both OEMs and aftermarket customers. Our competitive strengths stem from our portfolio of advanced technologies, history of proven innovation, strong customer relationships across diverse markets and global operations near key OEM customer manufacturing sites. We believe we are well positioned to partner with global OEMs and help them meet tighter regulations and improve efficiency. We believe we can also expand channel penetration and global reach with our independent aftermarket business leveraging our strong brands, product breadth and leading off-the-shelf product availability.

- *Portfolio of Advanced Technologies Aligned to Customer Demands*: We have an established product portfolio that includes technologies for all combustion and hybrid propulsion systems including gas, diesel, and alternative fuels including hydrogen, ethanol and natural gas, which we sell to our diverse OEM and aftermarket customer base.

  Fuel Systems:

  Our Fuel Systems segment comprises a range of technologies that enable us to provide complete fuel management solutions, from tank to combustion chamber. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies and engine control modules that reduce emissions and improve fuel economy for traditional and hybrid applications. Our common rail fuel injection system is the core technology for both on- and off-highway commercial vehicle,

industrial and light vehicle applications. We also offer software and calibration services which allows us to develop a complete turnkey system.

Our fuel delivery modules and canisters are specifically engineered to individual vehicle applications to maximize safety, efficiency, performance and emissions legislation compliance. We believe our strong market position, especially in the North American market, is built on strong engineering capabilities, which enable us to customize the product to fit within specific application envelopes and to deliver high performance, high durability products.

Aftermarket:

Our Aftermarket segment sells products to independent aftermarket customers and OES customers with both new and remanufactured products. Our product portfolio includes a wide

range of products as well as maintenance, test equipment and vehicle and industrial equipment diagnostics solutions. We believe the Aftermarket segment's business provides a recurring and stable revenue base, as replacement of many of these products is non-discretionary in nature. The growing number of vehicles on the road, along with the higher average age of vehicles and increasing miles driven, collectively represent trends that we expect to lead to growing demand for our aftermarket products.

Our Aftermarket segment includes our extensive range of OEM and aftermarket starters and alternators for commercial vehicle, industrial and light vehicle applications. These deliver class-leading power density, durability and performance for the most demanding applications. Based on our proven track record of leading performance for premium commercial vehicle and industrial solutions, customers actively choose to specify our starters and alternators.

- *Technology Advantage from Long History of Investment and Differentiated System Capabilities*: We have a team of approximately 1,500 scientists, engineers and technicians across seven major technical centers globally. With rights to approximately 2,260 active patents and patent applications, we have a strong track record of developing technologies focused on addressing consumer demands and industry trends. We have well-defined product and system technology roadmaps designed to provide solutions for a variety of different emission standards and engine architectures. With our extensive portfolio of products, we believe we are well positioned to benefit from increasing OEM demand for turnkey solutions. We are developing an extensive hydrogen portfolio to capitalize on secular growth trends in hydrogen injection systems, with our first product launch planned for 2024. We also leverage our OEM product engineering capabilities across our aftermarket product lines to capture value over the lifetime of a vehicle or piece of industrial equipment. Our ability to provide the latest technologies to improve fuel economy and lower emissions has enabled us to realize revenue growth above that associated with changes in global production of combustion and hybrid propulsion vehicles and, we believe, industrial applications.
- *Diverse Business Mix Across Customer Types and Customers*: Our business is well diversified across customer types and customers with 27% of net sales in 2022 to commercial vehicle and industrial application OEM customers, 46% to light vehicle OEM customers and 27% to OES and independent aftermarket customers. Our customer base includes most of the largest commercial vehicle and industrial application OEMs and light vehicle OEMs in the world. Our top five customers collectively represented 32% of our net sales in 2022 with our largest customer accounting for only 12%. We believe our longstanding relationships with leading global OEMs will position us well to continue to capitalize on opportunities for geographic and portfolio expansion to drive growth.
- *Established Global Platform with Operations Near Key OEM Customer Manufacturing Sites*: We operate 17 major manufacturing facilities and seven major technical centers and have a presence

in 24 countries throughout the world. Our global manufacturing footprint enables us to efficiently manufacture in and supply from primarily best-cost countries near our customers. Our regional engineering teams also allow us to stay connected to local market requirements and partner with our customers during all phases of the development process, from design through production. By working in collaboration with our customers, we expect to continue to increase market share and grow through technological advancements.

- *Track Record of Operational Excellence*: We have made significant investments to reduce our cost structure by rotating our manufacturing capabilities toward best-cost countries and consolidating our engineering organization to further improve our cost position and drive margin expansion. From 2020 to 2022, our Fuel Systems and Aftermarket segments adjusted operating margins increased by 300 and 510 basis points, respectively, as the benefits of these investments began to take hold. Additionally, we leverage our lean enterprise operating system to reduce product lead times and successfully execute product launches. We believe our enterprise

operating system, strong supply chain strategy and strategic manufacturing footprint will allow us to continue to maintain strong operating margins.

- *Strong Margins and Free Cash Flow with Above-Market Growth*: We expect to continue to leverage our portfolio of leading products and systems and strong customer relationships to drive key program wins, deliver strong margins and realize revenue growth above changes in global production of combustion and hybrid propulsion vehicles and, we believe, industrial applications. Some of our long-time competitors have exited or are in the process of exiting the market, which we believe provides us additional opportunities for future growth. We believe our innovative culture, lean cost structure and manufacturing expertise, combined with a robust aftermarket (independent aftermarket and OES) revenue stream, will allow us to generate consistent earnings growth and strong cash flow.
- *Proven Leadership Team with Operational Momentum*: We have a strong management team with extensive experience both within the industry and across our business. Through the combination of their longstanding customer relationships and proven track record of operational excellence, we believe the leadership team has positioned us for future revenue growth and strong cash flow.

Strategies

- *Maintain Leadership in our Technologies to Solve Our Customers' Most Complex Challenges*: We are focused on providing technologies and solutions that solve our customers' biggest challenges. Leveraging the breadth and depth of our engineering capabilities, we believe we have strong positions in fuel injection systems, fuel delivery modules, canisters, starters, and alternators. Additionally, we are a leading provider of aftermarket products. Our extensive product portfolio helps customers meet increasingly stringent global regulatory requirements while also enhancing performance. We expect to maintain and grow our leadership through enhanced focus and dedicated resources to capitalize on future opportunities.
- *Greater Focus on Commercial Vehicle and Industrial Customers and Systems*: We have strong customer relationships with most of the largest global commercial vehicle OEMs and numerous industrial application OEMs. We plan to continue to focus and expand our commercial vehicle and industrial application offerings, as we expect this market to be predominantly combustion-based through at least 2040 and that liquid or gaseous fuels will continue to be primary energy sources to propel vehicles and power other industrial solutions. We are developing the next generation of products, including fuel injection systems, starters and alternators, needed to support Euro 7 and other future advanced emissions requirements. We plan to continue to invest in the development of innovative products and solutions that take advantage of key secular trends, including hydrogen, ethanol, and natural gas. We aim to invest across our organization to win new customers and expand into new markets.

- *Global Expansion of Leading Aftermarket Position*: We have strong relationships with many of the largest global aftermarket customers, including independent retailers and wholesale distributors. We supply a wide suite of aftermarket products, category management, logistics, training, marketing and other dedicated services to support our customers over the lifetime of a vehicle or piece of industrial equipment. We plan to continue to increase scale with a focus on higher growth markets, including Asia. In addition, we plan to prioritize high-value solutions where we have expertise, including diagnostics, software, services, training and repair kits.
- *Capitalize on Identified Organic Growth Opportunities*: We have identified several high-value opportunities where we see potential to deliver the breadth of our company-wide capabilities to drive continued organic growth. We see a significant market opportunity to develop a portfolio of hydrogen and other alternative combustion solutions to serve as viable alternatives to electrification or fuel cell solutions. In addition, we believe we are well positioned to continue to expand differentiated offerings in electronics, software and complete systems capabilities. We

also see an opportunity to increase our revenues from sales to OEMs of static industrial applications, such as power generation systems and pump sets.

- *Accelerate Growth Through Targeted Acquisitions*: Our business has a history of successful strategic acquisitions and integration. We believe we have developed a pipeline of acquisition candidates that complement existing products, expand geographic reach, and enhance our technical expertise and capabilities. We believe our industry knowledge, culture of operational excellence, and integration experience will position us well to continue to pursue disciplined and accretive strategic acquisitions.
- *Leverage Our Lean and Flexible Cost Structure to Deliver Strong Earnings and Cash Flow Growth*: We recognize the importance of maintaining a lean and flexible business model to deliver earnings and cash flow growth. We intend to improve our cost competitiveness by increasing operational efficiency, maximizing manufacturing output and leveraging our facilities in best-cost countries.

Summary of Risk Factors

An investment in our company is subject to a number of risks. These risks relate to our strategy, our industry, our business, our customers, our suppliers, the Spin-Off, and our common stock and the securities markets. Any of these risks and other risks could materially and adversely affect our business, financial condition or results of operations and the actual outcome of matters as to which forward-looking statements are made in this Information Statement. Please read the information in the section captioned “Risk Factors” of this Information Statement for a description of the principal risks that we face. Some of the more significant challenges and risks we face include the following:

- If we do not deliver new products, services and technologies in response to changing consumer preferences and increased regulation of greenhouse gas emissions, or if the market for electric vehicles accelerates faster than expected, our business could suffer.
- The failure to realize the expected benefits of acquisitions and other risks associated with acquisitions could adversely affect our business.
- Goodwill and indefinite-lived intangible assets, which are subject to periodic impairment evaluations, represent a significant portion of our total assets. An impairment charge on these assets could have a material adverse impact on our financial condition and results of operations.
- Conditions in the vehicle industry may adversely affect our business.
- We face strong competition.
- We are subject to potential governmental investigations and related proceedings relating to vehicle emissions standards.

- We face risks related to the COVID-19 pandemic that could adversely affect our business and financial performance.
- We are under substantial pressure from OEMs to reduce the prices of our products.
- We continue to face volatile costs of commodities used in the production of our products and elevated levels of inflation.
- We may not be able to access the capital and credit markets on terms that are favorable to us or at all.
- Our business may be adversely affected by the current credit market environment.
- Changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international trade relations, may have an adverse effect on us.

- We use important intellectual property in our business. If we are unable to protect our intellectual property or if a third party makes assertions against us or our customers relating to intellectual property rights, our business could be adversely affected.
- A failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity, could adversely impact our business and operations.
- Our business success depends on attracting and retaining qualified employees.
- Work stoppages, production shutdowns and similar events could significantly disrupt our business.
- Changes in interest rates and asset returns could increase our pension funding obligations, which could reduce our profitability and cash flow.
- We are subject to extensive environmental regulations that are subject to change and involve significant risks.
- Climate change and regulations related to climate change may adversely impact our operations.
- We have liabilities related to product warranties, litigation and other claims.
- We are subject to risks related to our international operations.
- We could incur restructuring charges as we execute actions in an effort to improve future profitability and competitiveness and to optimize our product portfolio and may not achieve the anticipated savings and benefits from these actions.
- The occurrence or threat of extraordinary events, including natural disasters, political disruptions, terrorist attacks, public health issues, and acts of war, could significantly disrupt production or impact consumer spending.
- We could be adversely affected by supply shortages of components from our suppliers.
- Suppliers' economic distress could result in the disruption of our operations and could adversely affect our business.
- The Spin-Off could result in significant tax liability to BorgWarner and its stockholders if it is determined to be a taxable transaction.
- If the Spin-Off were determined not to qualify as tax-free for U.S. federal income tax purposes, we could have an indemnification obligation to BorgWarner, which could adversely affect our business, financial condition, cash flows, and results of operations.
- We intend to agree to restrictions to preserve the tax-free treatment of the Spin-Off, which may reduce our strategic and operating flexibility.

- We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.
- Some of the terms we will receive in our agreements with BorgWarner could be less beneficial than the terms we may have otherwise received from unaffiliated third parties, and our costs under the agreements could be greater than we anticipate.
- We are a smaller company relative to BorgWarner, which could result in increased costs because of a decrease in our purchasing power and make it difficult to maintain existing customer relationships and obtain new customers.

- Following the Spin-Off, we could incur substantial additional costs and experience temporary business interruptions, and we may not be adequately prepared to meet the requirements of an independent, publicly traded company on a timely or cost-effective basis.
- As an independent, publicly traded company, we may not enjoy the same benefits that we did as a part of BorgWarner.
- We have no operating history as an independent, publicly traded company, and our historical combined financial information is not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.
- We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business.
- We expect to incur new indebtedness concurrently with or prior to the Spin-Off, and the degree to which we will be leveraged following completion of the Spin-Off could adversely affect our business, results of operations, cash flows, and financial condition.
- Certain provisions in our certificate of incorporation, by-laws, and Delaware law may discourage takeovers and limit the power of our stockholders.

The Spin-Off

On December 6, 2022, BorgWarner announced plans for the complete legal and structural separation of BorgWarner's Fuel Systems and Aftermarket businesses from BorgWarner by the Spin-Off. Prior to the decision to pursue the Spin-Off of the Fuel Systems and Aftermarket businesses, BorgWarner considered a range of potential structural alternatives and concluded that the Spin-Off is the most attractive alternative for enhancing stockholder value. To effect the Spin-Off, BorgWarner will undertake the Internal Restructuring and subsequently distribute 100% of our common stock to BorgWarner's stockholders. These transactions will result in all of the assets, liabilities, and legal entities comprising BorgWarner's Fuel Systems and Aftermarket businesses being owned directly, or indirectly through its subsidiaries, by PHINIA. Following the Spin-Off, PHINIA, holding the Fuel Systems and Aftermarket businesses, will become an independent, publicly traded company. Prior to completion of the Spin-Off, we intend to enter into a separation and distribution agreement (the "Separation and Distribution Agreement") and several other agreements with BorgWarner related to the Spin-Off. These agreements will govern our relationship with BorgWarner up to and after completion of the Spin-Off and allocate between us and BorgWarner various assets, liabilities and obligations, including employee benefits, intellectual property, and tax-related

assets and liabilities. See “Certain Relationships and Related Person Transactions—Agreements with BorgWarner.”

Completion of the Spin-Off is subject to the satisfaction or waiver of a number of customary conditions. In addition, BorgWarner has the right not to complete the Spin-Off if, at any time, the BorgWarner Board determines, in its sole and absolute discretion, that the Spin-Off is not in the best interests of BorgWarner or its stockholders, or is otherwise not advisable. See “The Spin-Off—Conditions to the Spin-Off.”

The Spin-Off is intended to maximize shareholder value by creating two focused and strong companies, each pursuing its respective strategies. Following the Internal Restructuring, we will hold BorgWarner’s former Fuel Systems and Aftermarket businesses, and we will have greater agility to deliver market-leading innovation and solutions. As we believe our Fuel Systems and Aftermarket businesses will continue to outgrow their respective markets, we believe PHINIA would also be well positioned for success as a standalone public company. Further, the Spin-Off will allow our management team to devote its time and attention to the corporate strategies and policies that are based specifically on the needs of the Fuel Systems and Aftermarket businesses. We plan to create incentives for our management and

employees that align with our business performance and the interests of our stockholders, which will help us attract, retain, and motivate highly qualified employees. Moreover, following the Spin-Off, each company will be able to use its capital to pursue and achieve its strategic objectives. Additionally, we and BorgWarner believe the Spin-Off will help align our respective stockholder bases with the characteristics and risk profile of the respective businesses. See “The Spin-Off—Reasons for the Spin-Off.”

Following the Spin-Off, we expect our common stock will trade on the Exchange under the ticker symbol “PHIN.”

Our Corporate Information

Currently, we are a wholly-owned subsidiary of BorgWarner. We were formed on February 9, 2023 for purposes of holding the Fuel Systems and Aftermarket businesses. Our corporate headquarters will be located at 3000 University Drive, Auburn Hills, MI 48326, and our telephone number is (248) 754-9200. Our website address is PHINIA.com. Information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this Information Statement.

Summary Historical and Unaudited Pro Forma Condensed Combined Financial Information

The following summary financial information reflect the combined operations of PHINIA. The summary historical and unaudited pro forma condensed combined financial information shown below should be read in conjunction with the sections herein entitled “Capitalization,” “Management’s Discussion and Analysis of Financial Condition of Results of Operations,” “Unaudited Pro Forma Condensed Combined Financial Statements,” and “Certain Relationships and Related Person Transactions—Agreements with BorgWarner” as well as our Combined Financial Statements and the corresponding notes included elsewhere in this Information Statement. For factors that could cause actual results to differ materially from those presented in the summary historical and pro forma condensed combined financial information, see “Cautionary Statements for Forward-Looking Information” and “Risk Factors” included elsewhere in this Information Statement.

We derived the summary historical combined financial information for each of the years in the three-year period ended December 31, 2022, from our audited combined financial statements and for the three months ended March 31, 2023 from our unaudited combined financial statements, which are included elsewhere in this Information Statement.

The summary unaudited pro forma condensed combined financial information as of and for the three months ended March 31, 2023 and for the year ended December 31, 2022 has been derived from our unaudited pro forma condensed combined financial information, which is included elsewhere in this Information Statement.

($ in millions)	Pro Forma As of March 31, 2023	Historical As of March 31, 2023	Historical As of December 31, 2022	Historical As of December 31, 2021
Cash and cash equivalents	$ 265	$ 181	$ 251	$ 259
Total assets		4,196	4,074	4,182
Due to parent, current and non-current		1,274	1,242	1,288
Long-term debt	814	27	28	27
Total liabilities		2,404	2,431	2,470
Total equity		1,792	1,643	1,712
Total liabilities and equity		4,196	4,074	4,182

	Pro Forma		Historical			
	Three months ended March 31,	Year ended December 31,	Three months ended March 31,	Year ended December 31,		
($ in millions)	2023	2022	2023	2022	2021	2020[a]
Net sales	$ 858	$ 3,445	$ 835	$ 3,348	$ 3,227	$ 1,034
Cost of sales	685	2,717	663	2,627	2,551	859
Gross profit	173	728	172	721	676	175
Selling, general and administrative expenses	100	413	99	407	460	147
Restructuring expense	4	11	4	11	55	37
Goodwill impairment	—	—	—	—	—	82
Other operating (income) expense, net	16	16	11	(15)	(13)	2
Operating income (loss)	$ 53	$ 288	$ 58	$ 318	$ 174	$ (93)
Operating margin	6.2 %	8.4 %	6.9 %	9.5 %	5.4 %	(9.0)%
Net earnings (loss) attributable to PHINIA	$ 21	$ 192	$ 35	$ 262	$ 152	$ (124)
Net cash provided by (used in) operating activities			$ (33)	$ 303	$ 147	$ (97)
Other data[b]						
Adjusted operating income[c]	$ 82	$ 365	$ 87	$ 395	$ 282	$ 72
Adjusted operating margin[c]	9.6 %	10.6 %	10.4 %	11.8 %	8.7 %	7.0 %
Adjusted net earnings[c]	$ 40	$ 227	$ 54	$ 297	$ 202	$ 25
Free cash flow[c]			$ (71)	$ 196	$ 1	$ (151)

(a) On October 1, 2020, BorgWarner completed its acquisition of 100% of the outstanding ordinary shares of Delphi Technologies PLC from the shareholders of Delphi Technologies. The subset of the Delphi Technologies business consisting of the Aftermarket business, the Fuel Systems business and a portion of the Powertrain Products business were integrated into the Company. Accordingly, the Company's Historical Combined Financial Statements reflect the results of the Acquired Delphi business following the date of acquisition.

(b) In addition to our operating results, as calculated in accordance with U.S. GAAP, we use, and plan to continue using, non-GAAP financial measures when monitoring and evaluating operating performance. The non-GAAP financial measures presented in this Information Statement are supplemental measures of our performance and our liquidity that we believe help investors understand our financial condition and operating results and assess our future prospects. We believe that these non-GAAP financial measures, in addition to the corresponding U.S. GAAP financial measures, are important supplemental measures that exclude non-cash or other items that may not be indicative of or are unrelated to our core operating results and the overall health of our company. For more information about our non-GAAP financial measures, see "Non-GAAP Financial Data."

(c) Non-GAAP financial measures.

Adjusted Operating Income, Adjusted Operating Margin and Adjusted EBITDA

We define adjusted operating income as operating income adjusted to exclude the impact of restructuring expense, merger, acquisition and divestiture expense, intangible asset amortization, other net expenses, discontinued operations, and other gains and losses not reflective of our ongoing operations. Adjusted operating margin is defined as adjusted operating income divided by net sales. We define adjusted

earnings before interest, taxes, depreciation and amortization ("EBITDA") as adjusted operating income plus depreciation expense.

	Pro Forma		Historical			
	Three months ended March 31,	Year ended December 31,	Three months ended March 31,	Year ended December 31,		
(in millions)	2023	2022	2023	2022	2021	2020
Operating income (loss)	$ 53	$ 288	$ 58	$ 318	$ 174	$ (93)
Operating margin	6.2 %	8.4 %	6.9 %	9.5 %	5.4 %	(9.0)%
Merger, acquisition and divestiture expense	$ 18	$ 31	$ 18	$ 31	$ 7	$ 10
Intangible asset amortization	7	28	7	28	29	15
Restructuring expense	4	11	4	11	55	37
Asset impairments, write offs and lease modifications	—	5	—	5	17	82
Amortization of inventory fair value adjustment	—	—	—	—	—	21
Other	—	2	—	2	—	—
Adjusted operating income	$ 82	$ 365	$ 87	$ 395	$ 282	$ 72
Adjusted operating margin	9.6 %	10.6 %	10.4 %	11.8 %	8.7 %	7.0 %
Depreciation expense	$ 34	$ 142	$ 34	$ 142	$ 175	$ 47
Adjusted EBITDA	$ 116	$ 507	$ 121	$ 537	$ 457	$ 119

Adjusted Net Earnings

We define adjusted net earnings as net earnings attributable to PHINIA adjusted to eliminate the impact of restructuring expense, merger, acquisition and divestiture expense, other net expenses, discontinued operations, and other gains and losses not reflective of our ongoing operations, and related tax effects.

	Pro Forma		Historical			
	Three months ended March 31,	Year ended December 31,	Three months ended March 31,	Year ended December 31,		
(in millions)	2023	2022	2023	2022	2021	2020
Net earnings (loss) attributable to PHINIA	$ 21	$ 192	$ 35	$ 262	$ 152	$ (124)
Merger, acquisition and divestiture expense	$ 18	$ 31	$ 18	$ 31	$ 7	$ 10
Restructuring expense	3	9	3	9	53	30
Asset impairments, write offs and lease modifications	—	5	—	5	13	82
Amortization of inventory fair value adjustment	—	—	—	—	—	17
Other	—	1	—	1	—	—
Tax adjustments	(2)	(11)	(2)	(11)	(23)	10
Adjusted net earnings	$ 40	$ 227	$ 54	$ 297	$ 202	$ 25

Free Cash Flow

We define free cash flow as net cash provided by operating activities minus capital expenditures, and it is useful to both management and investors in evaluating the Company's ability to service and repay its debt.

	Historical			
	Three months ended March 31,	Year ended December 31,		
(in millions)	2023	2022	2021	2020
Net cash (used in) provided by operating activities	$ (33)	$ 303	$ 147	$ (97)
Capital expenditures, including tooling outlays	(38)	(107)	(146)	(54)
Free cash flow	$ (71)	$ 196	$ 1	$ (151)

RISK FACTORS

You should carefully consider the following risks and other information in this Information Statement in evaluating PHINIA and PHINIA's common stock. Any of the following risks could materially and adversely affect PHINIA's business, financial condition, or results of operations.

Risks Related to Our Strategy

If we do not deliver new products, services and technologies in response to changing consumer preferences and increased regulation of greenhouse gas emissions, or if the market for electric vehicles accelerates faster than expected, our business could suffer.

The vehicle industry is increasingly focused on increased fuel efficiency and reduced emissions, including the development of hybrid and electric vehicles, largely as a result of changing consumer preferences and increasingly stringent global regulatory requirements related to climate change. In recent years, electric vehicle adoption has increased, with some cities limiting access and a number of countries announcing plans to implement limits or phase outs on sales by 2035 for certain combustion powered vehicles. Although we are focused on driving growth through our ability to capitalize on certain potential trends, such as adoption of alternative fuels (e.g., ethanol, hydrogen and e-fuels), some of the focuses and trends, such as the move to electric vehicles, are not part of our product line or strategy. If we do not continue to innovate and develop, or acquire, new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, if the adoption rate for electric vehicles (particularly commercial vehicles) accelerates faster than expected, or if authorities actually implement limits or phase-outs on a broad basis, this could have an adverse impact on our results of operations.

The failure to realize the expected benefits of acquisitions and other risks associated with acquisitions could adversely affect our business.

The success of our acquisitions is dependent, in part, on our ability to realize the expected benefits from combining our businesses and businesses that we acquire. To realize these anticipated benefits, both companies must be successfully combined, which is subject to our ability to consolidate operations, corporate cultures and systems and to eliminate redundancies and costs. If we are unsuccessful in combining companies, the anticipated benefits of the acquisitions may not be realized fully or at all or may take longer to realize than expected. Further, there is potential for unknown or inestimable liabilities relating to the acquired businesses. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the acquisitions.

The combination of independent businesses is a complex, costly and time-consuming process that requires significant management attention and resources. It is possible that the integration process could result in the loss of key employees, the disruption of our operations, the inability to maintain or increase our competitive presence, inconsistencies in standards, controls, procedures and policies, difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the acquisition, the diversion of management's attention to integration matters and/or difficulties in the assimilation of employees and corporate cultures. Any or all of these factors could adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the acquisition and could have an adverse effect on the combined company. In addition, many of these factors are outside of our control, and any one of these factors could result in increased costs, decreases in the amount of expected revenues and additional diversion of management's time and energy, which could materially adversely impact our business, financial condition and results of operations.

Goodwill and indefinite-lived intangible assets, which are subject to periodic impairment evaluations, represent a significant portion of our total assets. An impairment charge on these assets could have a material adverse impact on our financial condition and results of operations.

We have recorded goodwill and indefinite-lived intangible assets related to acquisitions. We periodically assess these assets to determine if they are impaired. Significant negative industry or macroeconomic

trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, dispositions, and market capitalization declines may impair these assets, and any of these factors may be increasingly present during the ongoing COVID-19 pandemic.

We review goodwill and indefinite-lived intangible assets for impairment either annually or whenever changes in circumstances indicate that the carrying value may not be recoverable. The risk of impairment to goodwill and indefinite-lived intangible assets is higher during the early years following an acquisition. This is because the fair values of these assets align very closely with what was paid to acquire the reporting units to which these assets are assigned. As a result, the difference between the carrying value of the reporting unit and its fair value (typically referred to as “headroom”) is smaller at the time of acquisition. Until this headroom grows over time, due to business growth or lower carrying value of the reporting unit, a relatively small decrease in reporting unit fair value can trigger impairment charges. When impairment charges are triggered, they tend to be material due to the size of the assets involved. Future acquisitions could present similar risks. Any charges relating to such impairments could adversely affect our results of operations in the periods recognized.

Risks Related to Our Industry

Conditions in the vehicle industry may adversely affect our business.

Our financial performance materially depends on conditions in the global vehicle and industrial equipment industry. Commercial vehicle, industrial application and light vehicle production and sales are cyclical and sensitive to general economic conditions and other factors including interest rates, consumer credit, and consumer spending and preferences. Economic declines that result in significant reductions in commercial vehicle or light vehicle production would have an adverse effect on our sales to OEMs.

We face strong competition.

We compete globally with a number of other manufacturers and distributors that produce and sell similar products. Price, quality, delivery, technological innovation, engineering development and program launch support are the primary elements of competition. Our competitors include a large number of independent domestic and international suppliers. A number of our competitors are larger than us and have more diverse product portfolios, and some competitors have greater financial and other resources than we do. Our customers, faced with intense international competition, have continued to expand their global sourcing of components. As a result, we have experienced competition from suppliers in other parts of the world that enjoy economic advantages, such as lower labor costs, lower health care costs, lower tax rates and, in some cases, export or raw materials subsidies. Increased competition could adversely affect our business. In addition, any of our competitors may foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at a cost that is lower than our cost, or adapt more quickly than we do to new technologies or evolving customer requirements. As a result, our products may not be able to compete successfully with our competitors’ products, and we may not be able to meet the growing demands of customers. These trends may adversely affect our sales as well as the profit margins on our products.

We are subject to potential governmental investigations and related proceedings relating to vehicle emissions standards.

In recent years, within the vehicle industry, there have been governmental investigations and related proceedings relating to alleged or actual violations of vehicle emissions standards. Alleged or actual violations by us or our predecessor entities of existing or future emissions standards could result in government investigations and other legal proceedings, including class actions and other private civil actions, the recall of one or more of our products, negotiated remedial actions, fines,

disgorgement of profits, restricted product offerings, reputational harm or a combination of any of those items. Any of these actions or related costs that we incur could have a material adverse effect on our business and financial results. For example, as previously reported, German authorities announced a diesel defeat device

investigation in 2022, which we believe is focused on engines sold by two of our light vehicle OEM customers prior to 2020, when BorgWarner acquired Delphi Technologies PLC. We are the indirect parent of the Delphi Technologies entity that had supplied engine control units, software and calibration services to these OEM customers, and German authorities searched two of our facilities seeking information relating to software supplied to the customers. Under the Separation and Distribution Agreement we will enter into with BorgWarner in connection with the Spin-Off, as between BorgWarner and us, we are generally allocated responsibility for any consequences arising out of the German diesel defeat device investigation and any similar investigations. We are cooperating with that investigation, which is ongoing and has resulted and will continue to result in us incurring significant related costs and could ultimately lead to any of the consequences we outline above.

Risks Related to Our Business

We face risks related to the COVID-19 pandemic that could adversely affect our business and financial performance.

The impact of COVID-19, including changes in consumer behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy. In 2022, COVID-19 outbreaks in certain regions caused intermittent disruptions in our supply chain and local manufacturing operations. For a significant portion of the second quarter of 2022, China imposed lockdowns in many cities due to an increase in COVID-19 cases in the region, which contributed to a decline in industry production in China during the quarter. As a result, we have experienced, and may continue to experience, delays in the production and distribution of our products and the loss of sales. If the global economic effects caused by COVID-19 continue or increase, overall customer demand may decrease, which could further adversely affect our business, results of operations, and financial condition. Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, traditional functioning of financial and capital markets, foreign currency exchange rates, and interest rates.

During 2021, and to a lesser extent in 2022, trailing impacts of the shutdowns and production declines related, in part, to COVID-19 created supply constraints of certain components, particularly semiconductor chips. These supply constraints have had and are expected to continue to have significant impacts on global industry production levels. Due to the uncertainty of its duration and the timing of recovery, at this time, we are unable to predict the extent to which COVID-19, including its existing and future variants that may emerge, may have an adverse effect on our business, financial condition, operating results or cash flows. The extent of the impact of COVID-19 on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frames, will depend on future developments, including, but not limited to, the duration and spread of COVID-19, including variants, its severity, COVID-19 containment and treatment efforts, including the availability, efficacy, and acceptance of the vaccines and any related restrictions on travel. Furthermore, the duration, timing and severity of the impact on customer production, including any recession resulting from COVID-19, are uncertain and unpredictable. An extended period of global supply chain and economic disruption as a result of COVID-19 would have a further material negative impact on our business, results of operations, access to sources of liquidity and financial condition, although the full extent and duration are uncertain.

We are under substantial pressure from OEMs to reduce the prices of our products.

There is substantial and continuing pressure on OEMs to reduce costs, including costs of products we supply. OEM customers expect annual price reductions in our business. To maintain our profit margins, we seek price reductions from our suppliers, improved production processes to increase manufacturing efficiency, and streamlined product designs to reduce costs, and we attempt to develop new products, the benefits of which support stable or increased prices. While we seek to recover inflationary and other costs and surcharges from our customers and have had some success in the past in

recovering a portion of these costs and surcharges, our ability to pass through increased raw material costs to our OEM customers is limited, with any cost recovery often less than 100% and often on a delayed basis, and there

can be no assurance that such recoveries will continue in the future. Inability to reduce costs in an amount equal to annual price reductions, increases in raw material costs, increases in employee wages and benefits and other inflationary headwinds could have an adverse effect on us.

We continue to face volatile costs of commodities used in the production of our products and elevated levels of inflation.

We use a variety of commodities (including aluminum, copper, nickel, plastic resins, steel, other raw materials and energy) and materials purchased in various forms such as castings, powder metal, forgings, stampings and bar stock. Beginning in 2021, we have experienced price increases for base metals (e.g., steel, aluminum and nickel) and precious metals (e.g., palladium). Increasing commodity costs will have an impact on our results. We have sought to alleviate the impact of increasing costs by including a material pass-through provision in our customer contracts wherever possible and by selectively hedging certain commodity exposures. Customers frequently challenge these contractual provisions and rarely pay the full cost of any increases in the cost of materials. The discontinuation or lessening of our ability to pass through or hedge increasing commodity costs could adversely affect our business.

From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. The same may be true of transportation carriers and energy providers. If these supply interruptions occur, it could adversely affect our business.

In addition, during 2022, many global economies, including the United States, experienced elevated levels of inflation more generally, which drove an increase in input costs. We reached pricing-related agreements with various customers in 2022, but these agreements do not enable us to recover 100 percent of our increased costs, and as a result, our operating margins have been negatively impacted. While we will continue to negotiate the pass through and recovery of higher costs with our customers, perpetuation of this trend could adversely affect our business.

We may not be able to access the capital and credit markets on terms that are favorable to us or at all.

The capital and credit markets may experience extreme volatility or disruptions that may lead to uncertainty and liquidity issues for both borrowers and investors. We expect to access the capital markets to supplement our existing funds and cash generated from operations to satisfy our needs for working capital, to meet capital expenditure and debt service requirements, and for other business initiatives. However, disruptions, uncertainty or volatility in the credit markets, including as a result of a recession, may adversely impact our ability to access credit already arranged and the availability and cost of credit to us in the future. These market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow and maintain our business. Accordingly, we may be forced to delay raising capital or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility, cash flows and market prices of our securities. Longer-term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures and reducing or eliminating any planned distributions to shareholders or other discretionary uses of cash. Overall, our results of operations, financial condition and cash flows could be materially adversely affected by disruptions in the credit markets.

Our business may be adversely affected by the current credit market environment.

As a result of the current credit market and banking conditions (including uncertainties with respect to financial institutions and the global capital markets), depressed equity markets across the globe and other

macro-economic challenges currently affecting the economy of the United States and other parts of the world, customers or suppliers may experience serious cash flow problems, and as a result, customers may seek to modify, delay or cancel plans to purchase our products and suppliers may seek to significantly and quickly increase their prices or reduce their output. If customers are not successful in generating sufficient revenue or are precluded from securing financing, they may not be able to pay, or may delay payment of, accounts receivable that are owed to us. Any inability of current and/or potential customers to pay us for our products will adversely affect our earnings and cash flow. If our suppliers are not successful in generating sufficient revenue or are precluded from securing financing, they may not be able to meet their supply obligations to us, which in turn may impact our ability to supply our customers and adversely impact our earnings and cash flow. If economic conditions in the United States and other key markets deteriorate further or do not show improvement, we may experience material adverse impacts to our financial condition, profitability and/or cash flows. Additionally, if these economic conditions persist, our intangible assets at various businesses may become impaired.

Changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international trade relations, may have an adverse effect on us.

The United States has maintained tariffs on certain imported steel, aluminum and items originating from China. These tariffs have increased the cost of raw materials and components we purchase. The imposition of tariffs by the United States has resulted in retaliatory tariffs from a number of countries, including China, which increase the cost of products we sell. If the United States or other countries impose additional tariffs, that will have a further adverse impact on us.

We use important intellectual property in our business. If we are unable to protect our intellectual property or if a third party makes assertions against us or our customers relating to intellectual property rights, our business could be adversely affected.

We own important intellectual property, including patents, trademarks, copyrights, and trade secrets, and are involved in numerous licensing arrangements. Our intellectual property plays an important role in maintaining our competitive position in a number of the markets that we serve. Our competitors may develop technologies that are similar or superior to our proprietary technologies or design around the patents we own or license. Further, as we expand our operations in jurisdictions where the enforcement of intellectual property rights is less robust, the risk of others duplicating our proprietary technologies increases, despite efforts we undertake to protect them. Our inability to protect or enforce our intellectual property rights or claims that we are infringing intellectual property rights of others could adversely affect our business and our competitive position.

A failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity, could adversely impact our business and operations.

We rely on the capacity, reliability and security of our information technology systems and infrastructure, including information technology systems and infrastructure that BorgWarner will provide to us pursuant to transition services agreements for a period of time following the Spin-Off. Information technology systems are vulnerable to disruptions, including those resulting from natural disasters, cyber-attacks or failures in third-party provided services. Disruptions and attacks on our information technology systems pose a risk to the security of our systems and our ability to protect our networks and the confidentiality, availability and integrity of information and data and that of third parties, including our employees. Some cyber-attacks depend on human error or manipulation, including phishing attacks or schemes that use social engineering to gain access to systems or carry out disbursement of funds or other frauds, which raise the risks from such events and the costs associated with protecting against such attacks. Although we have implemented security policies, processes, and layers of defense designed to help identify and protect against intentional and unintentional misappropriation or corruption of our systems and information, and disruptions of our operations, we have been, and likely

will continue to be, subjected to such attacks or disruptions. Future attacks or disruptions could potentially lead to the inappropriate disclosure of confidential information, including our intellectual property, improper use of our systems and networks, access to and manipulation and destruction of our or third-party data, production downtimes, lost

revenues, inappropriate disbursement of funds and both internal and external supply shortages. In addition, we may be required to incur significant costs to protect against damage caused by such attacks or disruptions in the future. These consequences could cause significant damage to our reputation, affect our relationships with our customers and suppliers, lead to claims against us and ultimately adversely affect our business.

Our business success depends on attracting and retaining qualified employees.

Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce around the globe. In particular, any unplanned turnover or inability to attract and retain key employees and employees with engineering, technical and software capabilities in numbers sufficient for our needs could adversely affect our business.

Our profitability and results of operations may be adversely affected by program launch difficulties.

The launch of a new vehicle program for a customer is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers as well as factors related to tooling, equipment, employees, initial product quality and other factors. Our failure to successfully launch vehicle programs, or our inability to accurately estimate the cost to design, develop and launch new vehicle programs, could have an adverse effect on our profitability and results of operations.

To the extent we are not able to successfully launch a new vehicle program, our customer's vehicle production could be significantly delayed or shut down. Such situations could result in significant financial penalties to us or a diversion of employees and financial resources to improving launches rather than investment in continuous process improvement or other growth initiatives and could result in our customers shifting work away from us to a competitor, all of which could result in loss of revenue or loss of market share and could have an adverse effect on our profitability and cash flows.

Work stoppages, production shutdowns and similar events could significantly disrupt our business.

Because the vehicle and equipment industries rely heavily on just-in-time delivery of components during the assembly and manufacture of products, a work stoppage or production shutdown at one or more of our manufacturing and assembly facilities, including as a result of a prolonged dispute with the unionized employees at certain of our international facilities, could have adverse effects on our business. Similarly, if one or more of our customers were to experience a work stoppage or production shutdown, that customer would likely halt or limit purchases of our products, which could result in the shutdown of the related manufacturing facilities. A significant disruption in the supply of a key component due to supply constraints, such as the constraints experienced in 2021 and 2022 related to semiconductor chips, or due to a work stoppage or production shutdown at one of our suppliers or any other supplier could have the same consequences and, accordingly, have an adverse effect on our financial results.

Changes in interest rates and asset returns could increase our pension funding obligations, which could reduce our profitability and cash flow.

In connection with the Spin-Off, BorgWarner will transfer to us plan assets and obligations primarily associated with our active, retired, and other former BorgWarner employees in certain jurisdictions, and we will provide the benefits directly from the plan assets. The actual assumed net benefit plan obligations and related expenses could change significantly from our estimates. In particular, the valuation of our future payment obligations under these pension plans and the related plan assets is subject to significant adverse changes if the credit and capital markets cause interest rates and projected rates of return to decline. Such declines could also require us to make significant additional contributions to our pension plans in the

future. Additionally, a material deterioration in the funded status of the plans could significantly increase our pension expenses and reduce profitability in the future. For more information

about our pension assets and liabilities, see Note 18, “Retirement Benefit Plans,” to the Combined Financial Statements in this Information Statement.

We are subject to extensive environmental regulations that are subject to change and involve significant risks.

Our operations are subject to laws governing, among other things, emissions to air, discharges to waters, and the generation, management, transportation and disposal of waste and other materials. The operation of vehicle and industrial equipment parts manufacturing plants entails risks in these areas, and we cannot assure you that we will not incur material costs or liabilities as a result. A number of our manufacturing facilities have been acquired through various acquisitions over the years, and we cannot assure that we will not incur material costs and liabilities relating to activities that predate our ownership or the ownership of BorgWarner. In addition, potentially significant expenditures could be required to comply with evolving interpretations of existing environmental, health and safety laws and regulations or any new such laws and regulations (including concerns about global climate change and its impact) that may be adopted in the future. Costs associated with failure to comply with such laws and regulations could have an adverse effect on our business.

Climate change and regulations related to climate change may adversely impact our operations.

Climate change is receiving increasing attention worldwide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Our manufacturing plants use energy, including electricity and natural gas, and certain of our plants emit amounts of greenhouse gas that may be affected by these legislative and regulatory efforts. Greenhouse gas regulation could increase the price of the electricity we purchase, increase costs for use of natural gas, potentially restrict access to or the use of natural gas, require us to purchase allowances to offset our own emissions or result in an overall increase in costs of raw materials, any one of which could increase our costs, reduce competitiveness in a global economy or otherwise negatively affect our financial condition, results of operations and reputation. Many of our suppliers face similar circumstances. Supply disruptions could result in an increase in costs, jeopardize the continuity of production, and have an adverse effect on our financial results.

Climate changes could also disrupt our operations by impacting the availability and cost of materials within our supply chain, and could also increase insurance and other operating costs. These factors may impact our decisions to construct new facilities.

We have liabilities related to product warranties, litigation and other claims.

We provide product warranties to our customers for some of our products. Under these product warranties, we may be required to bear costs and expenses for the repair or replacement of these products. As suppliers become more integrally involved in the design of vehicles and equipment and assume more of the assembly functions, OEMs are increasingly looking to their suppliers for contribution when faced with recalls and product warranty claims. A recall claim brought against us, or a product warranty claim brought against us, could adversely impact our results of operations. In addition, a recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and could have an adverse impact on our results of operations. Factors outside our control, including the quality of fuel in end user markets or our products operating under conditions not originally contemplated, may increase our exposure for warranty or recall claims. We cannot assure that costs and expenses associated with these product warranties will not be material or that those costs will not exceed any amounts accrued for such product warranties in our financial statements.

We are currently, and may in the future become, subject to legal proceedings and commercial or contractual disputes. These claims typically arise in the normal course of business and may include, but not be limited to, commercial or contractual disputes with our customers and suppliers, intellectual property matters, personal injury, product liability,

environmental and employment claims. There is a possibility that such claims may have an adverse impact on our business that is greater than we

anticipate. While we maintain insurance for certain risks, the amount of insurance may not be adequate to cover all insured claims and liabilities. The incurring of significant liabilities for which there is no, or insufficient, insurance coverage could adversely affect our business.

Compliance with and changes in laws could be costly and could affect operating results.

We have operations in multiple countries that can be impacted by expected and unexpected changes in the legal and business environments in which we operate. Compliance-related issues in certain countries associated with laws such as the Foreign Corrupt Practices Act and other anti-corruption laws could adversely affect our business. We have internal policies and procedures relating to compliance with such laws; however, there is a risk that such policies and procedures will not always protect us from the improper acts of employees, agents, business partners, joint venture partners, or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of these laws, which are complex, may result in criminal penalties, sanctions and/or fines that could have an adverse effect on our business, financial condition, and results of operations and reputation.

Changes that could impact the legal environment include new legislation, new regulations, new policies, investigations and legal proceedings, and new interpretations of existing legal rules and regulations, in particular, changes in import and export control laws or exchange control laws, additional restrictions on doing business in countries subject to sanctions, additional limitations on greenhouse gas emissions or other matters related to climate change, and other changes in laws in countries where we operate or intend to operate.

Changes in tax laws or tax rates taken by taxing authorities and tax audits or similar processes could adversely affect our business.

Changes in tax laws or tax rates, the resolution of tax assessments or audits or similar processes by various tax authorities, and the inability to fully utilize our tax loss carryforwards and tax credits could adversely affect our operating results. In addition, we may periodically restructure our legal entity organization. If taxing authorities were to disagree with our tax positions in connection with any such restructurings, our effective tax rate could be materially affected. Our tax filings for various periods are subject to audit by the tax authorities in most jurisdictions where we conduct business. We have received tax assessments from various taxing authorities and are currently at varying stages of appeals and/or litigation regarding these matters. These audits may result in assessment of additional taxes that are resolved with the authorities or through the courts. We believe these assessments may occasionally be based on erroneous and even arbitrary interpretations of local tax law. Although Mexico levies value added taxes and customs duties on temporary imports, in the course of the conduct of our manufacturing operations, we generally do not pay that tax due to a special certification the availability of which depends upon our compliance with certain requirements and regulations, such as maintaining accurate records and providing periodic reports to authorities. We are aware of instances in which we may not have complied with those requirements and regulations and intend to pursue voluntary processes with the relevant authorities to reconstruct records, which may result in value added taxes being assessed for periods in which we claimed an ability to not make payments and/or in the imposition of penalties, either of which could be material. Any tax liability is indeterminable at this time and is ultimately a BorgWarner responsibility under the Tax Matters Agreement to the extent it relates to any period prior to the distribution. To the extent we are unable to comply with those requirements and regulations after the distribution, any consequences would be our responsibility. Resolution of any tax matters involves uncertainties, and there are no assurances that the outcomes will be favorable.

We are subject to risks related to our international operations.

We have manufacturing and technical facilities in many regions including Europe, Asia, and the Americas. For 2022, approximately 73% of our combined net sales were outside the United States. Consequently, our results could be affected by changes in trade, monetary and fiscal policies, trade restrictions or prohibitions, import or other charges or taxes, fluctuations in foreign currency exchange rates, limitations

on the repatriation of funds, changing economic conditions, unreliable intellectual property protection and legal systems, insufficient infrastructures, social unrest, political instability and disputes, international terrorism and other factors that may be discrete to a particular country or geography. Compliance with multiple and potentially conflicting laws and regulations of various countries is challenging, burdensome and expensive.

The financial statements of foreign subsidiaries are translated to U.S. Dollars using the period-end exchange rate for assets and liabilities and an average exchange rate for each period for revenues, expenses and capital expenditures. The local currency is typically the functional currency for our foreign subsidiaries. Significant foreign currency fluctuations and the associated translation of those foreign currencies could adversely affect our business. Additionally, significant changes in currency exchange rates, particularly the Euro, Chinese Renminbi, British Pound, Brazilian Real and Indian Rupee could cause fluctuations in the reported results of our businesses' operations that could negatively affect our results of operations.

Because we are a U.S. holding company, one significant source of our funds is distributions from our non-U.S. subsidiaries. Certain countries in which we operate have adopted or could institute currency exchange controls that limit or prohibit our local subsidiaries' ability to convert local currency into U.S. Dollars or to make payments outside the country. This could subject us to the risks of local currency devaluation and business disruption.

Our business in China is subject to aggressive competition and is sensitive to economic, political, and market conditions.

Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The vehicle and other equipment supply markets in China are highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the Chinese market evolves, we anticipate that market participants will act aggressively to increase or maintain their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. In addition, our business in China is sensitive to economic, political, social and market conditions that drive sales volumes in China. Economic growth has slowed in China. If we are unable to maintain our position in the Chinese market or if vehicle sales in China decrease, our business and financial results could be adversely affected.

We could incur restructuring charges as we execute actions in an effort to improve future profitability and competitiveness and to optimize our product portfolio and may not achieve the anticipated savings and benefits from these actions.

We or BorgWarner have initiated, and we may initiate, restructuring actions designed to improve the competitiveness of our business and sustain our margin profile, optimize our product portfolio or create an optimal legal entity structure. We may not realize anticipated savings or benefits from past or future actions in full or in part or within the time periods we expect. We are also subject to the risks of labor unrest, negative publicity and business disruption in connection with our actions. Failure to realize anticipated savings or benefits from our actions could have an adverse effect on our business.

The occurrence or threat of extraordinary events, including natural disasters, political disruptions, terrorist attacks, public health issues, and acts of war, could significantly disrupt production or impact consumer spending.

As a company with global operations, we are subject to increased risk of damage or disruption to us and our employees, facilities, suppliers, distributors, or customers. Extraordinary events, including natural disasters resulting from but not limited to climate change, political disruptions, terrorist attacks, public health issues, such as the current COVID-19 pandemic, and acts of war may disrupt our business and operations and impact our supply chain and access to necessary raw materials or could adversely affect the economy generally, resulting in a loss of sales and customers. Any of these disruptions or other extraordinary events outside of our control that impact our operations or the operations of our suppliers

could have an adverse effect on our business. In addition, these types of events could negatively impact consumer spending in the impacted regions or depending on the severity, globally, which could have an adverse effect on our business.

Risks Related to Our Customers

We face credit, operational and concentration risks related to our customers.

We rely on sales to OEMs around the world of varying credit quality and manufacturing demands. Supply to several of these customers requires significant investment by us. We base our growth projections, in part, on commitments made by our customers. These commitments by OEMs generally renew yearly during a program life cycle. Among other things, the level of production orders we receive is dependent on the ability of our OEM customers to design and sell products that consumers desire to purchase. If actual production orders from our customers do not approximate such commitments due to a variety of factors including non-renewal of purchase orders, a customer's financial hardship or other unforeseen reasons, it could adversely affect our business.

Some of our sales are concentrated. Our global sales in 2022 to General Motors constituted approximately 12% of our 2022 combined net sales.

We are sensitive to the effects of our major customers' labor relations.

A majority of our customers' operations are represented by various unions. Any extended work stoppage at one or more of our customers could have an adverse effect on our business.

Risks Related to Our Suppliers

We could be adversely affected by supply shortages of components from our suppliers.

In an effort to manage and reduce the cost of purchased goods and services, we have been rationalizing our supply base. As a result, we remain dependent on fewer sources of supply for certain components used in the manufacture of our products. We select suppliers based on total value (including total landed price, quality, delivery, and technology), taking into consideration their production capacities and financial condition. We expect that they will deliver to our stated written expectations.

However, there can be no assurance that capacity limitations, industry shortages, labor or social unrest, weather emergencies, commercial disputes, government actions, riots, wars, such as Russia's invasion of Ukraine in 2022, sabotage, cyber-attacks, non-conforming parts, acts of terrorism, "Acts of God," or other problems that our suppliers experience will not result in occasional shortages or delays in their supply of components to us. During 2021 and to a lesser extent in 2022, trailing impacts of the shutdowns and production declines related, in part, to COVID-19, created supply constraints of certain components, particularly semiconductor chips. These supply constraints have had, and are expected to continue to have, significant impacts on global industry production levels. If we experience a prolonged shortage of critical components from any of our suppliers and cannot procure the components from other sources, we may be unable to meet the production schedules for some of our key products and could miss customer delivery expectations. In addition, with fewer sources of supply for certain components, each supplier may perceive that it has greater leverage and, therefore, some ability to seek higher prices from us at a time that we face substantial pressure from OEMs to reduce the prices of our products. This could adversely affect our customer relations and business.

Suppliers' economic distress could result in the disruption of our operations and could adversely affect our business.

Rapidly changing industry conditions such as volatile production volumes, our need to seek price reductions from our suppliers as a result of the substantial pressure we face from OEMs to reduce the prices of our products, credit tightness, changes in foreign currencies; raw material, commodity, tariffs, transportation, and energy price escalation, drastic changes in consumer preferences, and other factors could adversely affect our supply chain, and sometimes with little advance notice. These conditions could

also result in increased commercial disputes and supply interruption risks. In certain instances, it would be difficult and expensive for us to change suppliers that are critical to our business. On occasion, we may provide financial support to distressed suppliers or take other measures to protect our supply lines. We cannot predict with certainty the potential adverse effects these costs might have on our business.

We are subject to possible insolvency of financial counterparties.

We engage in numerous financial transactions and contracts including insurance policies, letters of credit, credit line agreements, financial derivatives, and investment management agreements involving various counterparties. We are subject to the risk that one or more of these counterparties may become insolvent and, therefore, be unable to meet our obligations under such contracts.

Risks Related to the Spin-Off

The Spin-Off could result in significant tax liability to BorgWarner and its stockholders if it is determined to be a taxable transaction.

Completion of the Spin-Off is conditioned on BorgWarner's receipt of a written opinion from Ernst & Young, LLP to the effect that the Spin-Off will qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code.

The opinion of Ernst & Young, LLP will not address any U.S. state or local or foreign tax consequences of the Spin-Off. The opinion assumes that the Spin-Off will be completed according to the terms of the Separation and Distribution Agreement and relies on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the other ancillary agreements, this Information Statement and a number of other documents.

In addition, the opinion of Ernst & Young, LLP will rely on certain facts, assumptions, representations, and undertakings from BorgWarner and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations, or undertakings are incorrect or not otherwise satisfied, or if BorgWarner or PHINIA breaches any of its representations or covenants contained in the Separation and Distribution Agreement and certain other agreements, the opinion of Ernst & Young, LLP may no longer be valid, or the conclusions reached therein may be materially altered by such incorrectness, non-satisfaction or breach.

The opinion of Ernst & Young, LLP will not be binding on the IRS or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. Notwithstanding the opinion of Ernst & Young, LLP, the IRS could determine on audit that the Spin-Off or any of certain related transactions is taxable if it determines that any of these facts, assumptions, representations, or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion, including as a result of certain significant changes in the stock ownership of BorgWarner or us after the Spin-Off. If the conclusions expressed in the opinion of Ernst & Young, LLP are challenged by the IRS and the IRS prevails in such challenge, the tax consequences of the Spin-Off (including the tax consequences to BorgWarner and the U.S. holders (as defined herein)) could be materially less favorable.

If the Spin-Off were determined not to qualify for tax-free treatment, each U.S holder who receives our common stock in the Spin-Off would generally be treated as receiving a distribution in an amount equal to the fair market value of our common stock received, which would generally result in: (1) a taxable dividend to the U.S holder to the extent of that U.S holder's pro rata share of BorgWarner's current or accumulated earnings and profits; (2) a reduction in the U.S holder's basis (but not below zero) in BorgWarner common stock to the extent the amount received exceeds the stockholder's share of BorgWarner's earnings and profits; and (3) taxable gain from the exchange of BorgWarner common stock to the extent the

amount received exceeds the sum of the U.S holder's share of BorgWarner's earnings and profits and the U.S holder's basis in its BorgWarner common stock. See below and "Material U.S. Federal Income Tax Consequences of the Spin-Off."

If the Spin-Off were determined not to qualify as tax-free for U.S. federal income tax purposes, we could have an indemnification obligation to BorgWarner, which could adversely affect our business, financial condition, cash flows, and results of operations.

If, as a result of any of our representations being untrue or our covenants being breached, the Spin-Off were determined not to qualify for its intended tax-free treatment, we could be required by the Tax Matters Agreement to indemnify BorgWarner for the resulting taxes and related expenses. Those amounts could be material. Any such indemnification obligation could adversely affect our business, financial condition, cash flows, and results of operations.

For example, if we or our stockholders were to engage in transactions that resulted in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the Spin-Off, the Spin-Off would generally be taxable to BorgWarner, but not to BorgWarner stockholders, under Section 355(e), unless it were established that such transactions and the Spin-Off were not part of a plan or series of related transactions. If the Spin-Off were taxable to BorgWarner due to such a 50% or greater change by vote or value in the ownership of our stock, BorgWarner would recognize gain equal to the excess of the fair market value on the Distribution Date of our common stock distributed to BorgWarner stockholders over BorgWarner's tax basis in our common stock, and we generally would be required to indemnify BorgWarner for the tax on such gain and related expenses. Those amounts could be material. Any such indemnification obligation could adversely affect our business, financial condition, cash flows, and results of operations. See "Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Tax Matters Agreement."

We intend to agree to restrictions to preserve the tax-free treatment of the Spin-Off, which may reduce our strategic and operating flexibility.

To preserve the tax-free nature of the Spin-Off and certain related transactions, we intend to agree in the Tax Matters Agreement to covenants and indemnification obligations that address compliance with the intended tax-free treatment of the Spin-Off and certain related transactions for U.S. federal income tax purposes as well as for state, local and foreign tax purposes. These covenants will include certain restrictions on our activity for a period of two years following the Spin-Off. Specifically, we will be subject to certain restrictions on our ability to enter into acquisition, merger, liquidation, sale and stock redemption transactions with respect to our stock or assets, and we may be required to indemnify BorgWarner against any resulting tax liabilities even if we do not participate in or otherwise facilitate the acquisition. Furthermore, we will be subject to specific restrictions on discontinuing the active conduct of our trade or business, the issuance or sale of stock or other securities (including securities convertible into our stock but excluding certain compensatory arrangements), and sales of assets outside the ordinary course of business. These covenants and indemnification obligations may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may maximize the value of our business, and might discourage or delay a strategic transaction that our stockholders may consider favorable. See "Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Tax Matters Agreement."

We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.

We may be unable to achieve the full strategic and financial benefits expected to result from the separation and distribution, or such benefits may be delayed or not occur at all. We believe that, as an independent, publicly traded company, we will be able to, among other things, more effectively focus on our own distinct operating priorities and strategies, enhance our ability to better address specific market dynamics and target innovation, create incentives for our management and employees that align more closely with our business performance and the interests of our stockholders, and allow us to articulate a clear investment proposition and tailored capital allocation policy to attract a long-term investor base best suited

to our business needs. We may be unable to achieve some or all of the benefits that we expect to achieve as an independent company in the time we expect, if at all, for a variety of reasons, including: (1)

the completion of the Spin-Off and compliance with the requirements of being an independent, publicly traded company will require significant amounts of our management's time and effort, which may divert management's attention from operating and growing our business; (2) following the Spin-Off, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of BorgWarner; (3) following the Spin-Off, our businesses will be less diversified than BorgWarner's businesses prior to the separation; (4) the other actions required to separate BorgWarner's and our respective businesses could disrupt our operations; and (5) under the terms of the Tax Matters Agreement, we will be restricted from taking certain actions that could cause the Spin-Off or certain related transactions to fail to qualify for their intended tax treatment and these restrictions may limit us for a period of time from pursuing strategic transactions and equity issuances or engaging in other transactions that may increase the value of our business. If we fail to achieve some or all of the benefits that we expect to achieve as an independent company, or do not achieve them in the time we expect, our business, financial condition, cash flows, and results of operations could be adversely affected.

Some of the terms we will receive in our agreements with BorgWarner could be less beneficial than the terms we may have otherwise received from unaffiliated third parties, and our costs under the agreements could be greater than we anticipate.

The agreements we will enter into with BorgWarner in connection with the separation will be negotiated prior to the Spin-Off, at a time when our business will still be operated by BorgWarner. Many aspects of the agreements will be entered into on arm's-length terms similar to those that would be agreed with an unaffiliated third party such as a buyer in a sale transaction, but we will not have an independent board of directors or a management team independent of BorgWarner representing our interests while the agreements are being negotiated. In addition, until the distribution occurs, we will continue to be a wholly owned subsidiary of BorgWarner and, accordingly, BorgWarner will still have the discretion to determine and change the terms of the separation until the Distribution Date. As a result of these factors, some of the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties, and it is possible that we might have been able to achieve more favorable terms if the circumstances differed. In addition, the duration of these agreements may be longer, and our costs under the agreements greater, than we currently anticipate, which may adversely affect our cash flows and results of operations. See "Certain Relationships and Related Person Transactions—Agreements with BorgWarner."

We are a smaller company relative to BorgWarner, which could result in increased costs because of a decrease in our purchasing power and make it difficult to maintain existing customer relationships and obtain new customers.

Prior to the Spin-Off, we were able to take advantage of BorgWarner's size and purchasing power in procuring goods, technology and services, including insurance, employee benefit support and audit and other professional services. We are a smaller company than BorgWarner, and we cannot assure you that we will have access to financial and other resources comparable to those available to us prior to the Spin-Off. As a standalone company, we may be unable to obtain office space, goods, technology and services at prices or on terms as favorable as those available to us prior to the Spin-Off, which could increase our costs and reduce our profitability. Likewise, we may find it more difficult to attract and retain high-quality employees as a smaller company than we were operating within as a wholly owned subsidiary of BorgWarner, which could impact our results of operations. Our future success also depends on our ability to develop and maintain relationships with customers. Our reduced relationship with BorgWarner and our smaller relative size as a result of the Spin-Off may make it more difficult to develop and maintain relationships with customers or recover increased costs or surcharges from customers, either of which could adversely affect our prospects.

Following the Spin-Off, we could incur substantial additional costs and experience temporary business interruptions, and we may not be adequately prepared to meet the requirements of an independent, publicly traded company on a timely or cost-effective basis.

We have historically operated as part of BorgWarner and have had access to various corporate functions. Following the Spin-Off, BorgWarner will not provide us with assistance other than the transition and other services described under "Certain Relationships and Related Person Transactions—Agreements with BorgWarner." These services do not include every service that we have received from BorgWarner in the past, and BorgWarner is only obligated to provide the transition services for limited periods following completion of the Spin-Off. Following the Spin-Off and the cessation of any transition services agreements, we will need to provide internally or obtain from unaffiliated third parties the services we will no longer receive from BorgWarner. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those we receive from BorgWarner.

In connection with the Spin-Off, we have been installing and implementing information technology infrastructure to support certain of our business functions, including accounting and financial reporting, human resources, legal and compliance, communications, engineering, manufacturing and distribution, and sourcing. We may incur substantially higher costs than currently anticipated as we transition from the existing transactional and operational systems and data centers we currently use as part of BorgWarner. If we are unable to transition effectively, we may incur temporary interruptions in business operations. Any delay in implementing, or operational interruptions suffered while implementing, our new information technology infrastructure could disrupt our business and have a material adverse effect on our results of operations.

In addition, in connection with the Spin-Off, we will be directly subject to reporting and other obligations under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). The Exchange Act requires that we file annual, quarterly, and current reports with respect to our business and financial condition. Beginning with our second required Annual Report on Form 10-K, we intend to comply with Section 404 of the Sarbanes Oxley Act of 2002, as amended (the "Sarbanes Oxley Act"), which will require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm on the effectiveness of internal control over financial reporting. Under the Sarbanes Oxley Act, we are also required to maintain effective disclosure controls and procedures. To comply with these requirements, we may need to upgrade our systems, implement additional financial and management controls, reporting systems, and procedures and hire additional accounting and finance staff. These reporting and other obligations may place significant demands on management, administrative, and operational resources, including accounting systems and resources. If we are unable to upgrade our financial and management controls, reporting systems, information technology systems, and procedures in a timely and effective fashion, our ability to comply with financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired, and we may be unable to conclude that our internal control over financial reporting is effective. If we are not able to comply with the requirements of Section 404 of the Sarbanes Oxley Act in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of shares of our common stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Moreover, we cannot be certain that these measures would ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we were to conclude, and our auditors were to concur, that our internal control over financial reporting provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP, because of its inherent limitations, internal control over financial reporting might not prevent or detect fraud or misstatements. This, in turn, could have an

adverse impact on trading prices for shares of our common stock, and could adversely affect our ability to access the capital markets.

As an independent, publicly traded company, we may not enjoy the same benefits that we did as a part of BorgWarner.

There is a risk that, by separating from BorgWarner, we may become more susceptible to market fluctuations and other adverse events than we would have been if we were still a part of the current BorgWarner organizational structure. As part of BorgWarner, we have been able to enjoy certain benefits from BorgWarner's operating diversity, size, purchasing power, financial resources, cost of capital and opportunities to pursue integrated strategies with BorgWarner's other businesses. As an independent, publicly traded company, we will not have the same benefits. In particular, some of our customers and suppliers may decide to limit the amount, or change the terms, of their purchases from us or sales to us. Additionally, as part of BorgWarner, we have been able to leverage BorgWarner's historical reputation, performance, and brand identity to recruit and retain key employees to run and operate our business. As an independent, publicly traded company, we will need to develop new strategies, and it may be more difficult for us to recruit or retain such key employees.

We have no operating history as an independent, publicly traded company, and our historical combined financial information is not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

We derived the historical combined financial information included in this Information Statement from BorgWarner's consolidated financial statements, and this information does not necessarily reflect the results of operations and financial position we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. This is primarily because of the following factors:

- Prior to the Spin-Off, we operated as part of BorgWarner, and BorgWarner performed various corporate functions for us. Our historical combined financial information reflects allocations of corporate expenses from BorgWarner for these functions. These allocations may not reflect the costs we will incur for similar services in the future as an independent, publicly traded company.
- We will enter into transactions with BorgWarner that did not exist prior to the Spin-Off, such as BorgWarner's provision of transition and other services, and undertake indemnification obligations, which will cause us to incur new costs. See "Certain Relationships and Related Person Transactions—Agreements with BorgWarner."
- Our historical combined financial information does not reflect changes that we expect to experience in the future as a result of our separation from BorgWarner, including changes in the financing, cash management, operations, cost structure, and employee needs of our business. As part of BorgWarner, we enjoyed certain benefits from BorgWarner's operating diversity, reputation, size, purchasing power, ability to borrow, and available capital for investments, and we will lose these benefits after the Spin-Off. As an independent entity, we may be unable to purchase goods, services, and technologies, obtain insurance and health care benefits, computer software licenses, or other services or licenses, or access capital markets, on terms as favorable to us as those we obtained as part of BorgWarner prior to the Spin-Off, and our results of operations may be adversely affected. In addition, our historical combined financial statements do not include an allocation of interest expense comparable to the interest expense we will incur as a result of the Internal Restructuring and the Spin-Off, including interest expense in connection with our incurrence of indebtedness.

Following the Spin-Off, we will also face additional costs and demands on management's time associated with being an independent, publicly traded company, including costs and demands related to investor and public relations, public financial reporting and corporate governance, including board of directors fees and expenses. For additional information about our past financial performance and the basis of presentation of our combined financial statements, see "Unaudited Pro Forma

Condensed Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations,"

and our historical combined financial statements and the notes thereto included elsewhere in this Information Statement.

We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Any failure to maintain effective internal control over financial reporting could cause us to fail to accurately or timely report our financial condition or results of operations to meet our reporting obligations.

We identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim combined financial statements will not be prevented or detected on a timely basis. The Company did not design and maintain effective controls over the determination and review of the calculation of cumulative translation adjustment in the Company's combined financial statements prepared on a carve-out basis. See Note 1, "Summary Of Significant Accounting Policies," to the Combined Financial Statements in this Information Statement for a discussion of the methodology used to prepare the financial statements on a carve-out basis. This material weakness resulted in material adjustments to Accumulated other comprehensive income (loss) and Parent company investment at December 31, 2021 and Other comprehensive income (loss) for the years ending December 31, 2021 and 2020 all of which were recorded prior to the issuance of the combined financial statements. Additionally, this material weakness could result in a misstatement of those account balances or disclosures that would result in a material misstatement to the annual or interim combined financial statements that would not be prevented or detected. During 2023, we are enhancing our internal control over financial reporting to remediate the material weakness. As of December 31, 2022, the Company was in the process of designing and implementing the revised and enhanced controls. Therefore, management has concluded that the material weakness cannot be considered remediated.

We cannot assure that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiency that led to this material weakness in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. In addition, neither our management nor an independent registered public accounting firm has performed an evaluation of our internal control over financial reporting because no such evaluation has been required. Had we or our independent registered public accounting firm performed an evaluation of our internal control over financial reporting, we or our independent registered public accounting firm may have identified additional material weaknesses. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or we identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, potentially resulting in restatements of our combined financial statements; we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports and applicable stock exchange listing requirements; investors may lose confidence in our financial reporting; and our stock price may decline as a result.

We expect to incur new indebtedness concurrently with or prior to the Spin-Off, and the degree to which we will be leveraged following completion of the Spin-Off could adversely affect our business, results of operations, cash flows, and financial condition.

In connection with the Spin-Off, we expect to incur indebtedness in an aggregate principal amount of approximately $800 million, consisting of term loans under a senior secured credit facility. We expect to use the debt issuance proceeds to repay historical indebtedness to BorgWarner of approximately

$[ ] million. We also expect the senior secured credit facility to include a $500 million committed revolving credit facility; which is expected to be undrawn at the completion of the Spin-Off. The terms of such indebtedness are subject to change and will be finalized prior to the completion of the Spin-Off. See “Capitalization,” “Unaudited Pro Forma Condensed Combined Financial Statements,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.” Our cash balance at the time of the Spin-Off is expected to be approximately $300 million, subject to a cash adjustment. See “Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Separation and Distribution Agreement—Cash Adjustment.”

We have historically relied upon BorgWarner to fund our working capital requirements and other cash requirements. After the Spin-Off, we will not be able to rely on the earnings, assets, or cash flow of BorgWarner, and BorgWarner will not provide funds to finance our working capital or other cash requirements. As a result, after the Spin-Off, we will be responsible for servicing our own debt and obtaining and maintaining sufficient working capital and other funds to satisfy our cash requirements. After the Spin-Off, our access to and cost of debt financing will be different from the historical access to and cost of debt financing under BorgWarner. Differences in access to and cost of debt financing may result in differences in the interest rate charged to us on financings as well as the amount of indebtedness, types of financing structures and debt markets that may be available to us. Our ability to make payments on and to refinance our indebtedness, including the debt incurred in connection with the Spin-Off as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

A lowering or withdrawal of the ratings, outlook, or watch assigned to our new debt by rating agencies may increase our future borrowing costs, reduce our access to capital, and adversely impact our financial performance.

Any credit rating, outlook, or watch assigned to our indebtedness by a credit agency could be lowered or withdrawn entirely by a credit rating agency if, in that credit rating agency’s judgment, current or future circumstances relating to the basis of the credit rating, outlook, or watch such as adverse changes to our business, so warrant. Any future lowering of our credit ratings, outlook, or watch likely would make it more difficult or more expensive for us to obtain additional debt financing. Moreover, a reduction in our credit rating could cause certain customers to reduce or cease to do business with us, which would adversely impact our financial performance.

Following the Spin-Off, certain of our employees may have actual or potential conflicts of interest because of their financial interests in BorgWarner or because of their previous positions with BorgWarner.

Because of their current or former positions with BorgWarner, certain of our expected executive officers own equity interests in both us and BorgWarner. Continuing ownership of BorgWarner shares could create, or appear to create, potential conflicts of interest if we and BorgWarner face decisions that could have implications for both us and BorgWarner. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between us and BorgWarner regarding the terms of the agreements governing the separation and distribution and our relationship with BorgWarner following the separation and distribution. Potential conflicts of interest may also arise out of any commercial arrangements that we or BorgWarner may enter into in the future.

We or BorgWarner may fail to perform under various transaction agreements that will be executed as part of the separation.

In connection with the separation, and prior to the distribution, we and BorgWarner will enter into various transaction agreements related to the Spin-Off, pursuant to which both we and BorgWarner will have liabilities and performance obligations. All of these agreements will also govern our relationship with BorgWarner following the Spin-Off. We will rely on

BorgWarner to satisfy its performance obligations under these agreements. If we or BorgWarner are unable to satisfy our or its respective obligations under

these agreements, including indemnification obligations, our business, results of operations, cash flows, and financial condition could be adversely affected. See “Certain Relationships and Related Person Transactions—Agreements with BorgWarner.”

Transfer or assignment to us of some contracts and other assets will require the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts, investments, and other assets in the future.

Transfer or assignment of some of the contracts and other assets in connection with the Spin-Off will require the consent of a third party to the transfer or assignment. Similarly, in some circumstances, we are joint beneficiaries of contracts, and we will need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to our business. While we anticipate that most of these contract assignments and new agreements will be obtained prior to the Spin-Off, we may not be able to obtain all required consents or enter into all such new agreements, as applicable, until after the Distribution Date. Some parties may use the requirement of a consent to seek more favorable contractual terms from us, which could include our having to obtain letters of credit or other forms of credit support. If we are unable to obtain such consents or such credit support on commercially reasonable and satisfactory terms, we may be unable to obtain some of the benefits, assets, and contractual commitments that are intended to be allocated to us as part of the Spin-Off. In addition, where we do not intend to obtain consent from third-party counterparties based on our belief that no consent is required, the third-party counterparties may challenge the transaction on the basis that the terms of the applicable commercial arrangements require their consent. We may incur substantial litigation and other costs in connection with any such claims and, if we do not prevail, our ability to use these assets could be adversely impacted.

We cannot provide assurance that all such required third-party consents and new agreements will be procured or put in place, as applicable, prior to the Distribution Date. Consequently, we may not realize certain of the benefits that are intended to be allocated to us as part of the Spin-Off.

Risks Related to Our Common Stock and the Securities Markets

No market for our common stock currently exists and an active trading market may not develop or be sustained after the Spin-Off. Following the Spin-Off, our stock price may fluctuate significantly, and there can be no assurance that, after the Spin-Off, the combined equity value of PHINIA and BorgWarner will not be less than BorgWarner’s equity value before the Spin-Off.

There is currently no public market for our common stock. In connection with the Spin-Off, we have applied to list our common stock on the Exchange. We anticipate that before the Distribution Date, trading of shares of our common stock will begin on a “when-issued” basis and this trading will continue through the Distribution Date. However, an active trading market for our common stock may not develop as a result of the Spin-Off or may not be sustained in the future. The lack of an active market may make it more difficult for stockholders to sell our shares and could lead to our share price being depressed or volatile.

We cannot predict the prices at which our common stock may trade after the Spin-Off or whether, after the Spin-Off, the combined equity value of PHINIA and BorgWarner will be more or less than BorgWarner’s equity value before the Spin-Off. The market price of our common stock may fluctuate widely depending on many factors, some of which may be beyond our control.

Furthermore, our business profile and market capitalization may not fit the investment objectives of some BorgWarner stockholders and, as a result, these BorgWarner stockholders may sell their shares of our common stock after the Spin-Off.

See “—Substantial sales of our common stock may occur in connection with the Spin-Off, or in the future, either of which could cause our stock price to decline or be volatile.” Low trading volume for our stock, which may occur if an active trading market does not develop, among other reasons, would amplify the effect of the above factors on our stock price volatility. Should the market price of our shares drop significantly, stockholders may institute securities class action lawsuits against

us. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Substantial sales of our common stock may occur in connection with the Spin-Off or in the future, either of which could cause our stock price to decline or be volatile.

BorgWarner stockholders receiving shares of our common stock in the Spin-Off generally may sell those shares immediately in the public market. It is likely that some BorgWarner stockholders, including some of its larger stockholders, will sell their shares of our common stock received in the Spin-Off, for reasons such as our business profile or market capitalization as an independent company, we do not fit their investment objectives or, in the case of index funds, we are not a participant in the index in which they are investing. The sales of significant amounts of our common stock or the perception in the market that such sales might occur may decrease the market price of our common stock.

We will evaluate whether to pay cash dividends on shares of our common stock in the future.

Once the Spin-Off is effective and we are an independent, publicly traded company, our Board will evaluate whether to pay cash dividends to our stockholders. The timing, declaration, amount, and payment of future dividends to stockholders, if any, will fall within the discretion of our Board. Our Board's decisions regarding the payment of dividends will depend on consideration of many factors, such as our financial condition, earnings, sufficiency of distributable reserves, opportunities to retain future earnings for use in the operation of our business and to fund future growth, capital requirements, debt service obligations, legal requirements, regulatory constraints, and other factors that our Board deems relevant. There can be no assurance that we will pay a dividend in the future or continue to pay any dividend if we do commence the payment of dividends. See "Dividend Policy."

Holders of our common stock may be diluted due to equity issuances.

In the future, holders of our common stock may be diluted because of equity issuances for acquisitions, capital market transactions, or otherwise, including any equity awards that we will grant to our directors, officers, and employees. Our employees will have stock-based awards that correspond to shares of our common stock after the Spin-Off as a result of the conversion of and/or adjustments to their BorgWarner stock-based awards. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. We also plan to issue additional stock-based awards, including annual awards, new hire awards, and periodic retention awards, as applicable, to our directors, officers, and other employees under our employee benefits plans as part of our ongoing equity compensation program.

Certain provisions in our certificate of incorporation, by-laws, and Delaware law may discourage takeovers and limit the power of our stockholders.

Several provisions of our certificate of incorporation, by-laws, and Delaware law may discourage, delay, or prevent a merger or acquisition. These include, among others, provisions that (1) establish advance notice requirements for stockholder nominations and proposals; (2) prohibit stockholder action by written consent and do not allow stockholders to call special meetings; (3) provide the Board the right to issue shares of preferred stock without stockholder approval; and (4) provide for the ability of our directors, and not stockholders, to fill vacancies on the Board (including those resulting from an enlargement of the Board). In addition, we are subject to Section 203 of the Delaware General Corporation Law, which could have the effect of delaying or preventing a change of control that you may favor. See "Description of Our Capital Stock."

These and other provisions of our certificate of incorporation, by-laws and Delaware law as well as the restrictions in our Tax Matters Agreement (see “Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Tax Matters Agreement”), may discourage, delay, or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of BorgWarner, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their shares of our common stock at a price above the prevailing market price. We

believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with the Board and by providing the Board with more time to assess any acquisition proposal. These provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the Board determines is not in our and our stockholders' best interests. See "Description of Our Capital Stock."

Our by-laws will provide that certain courts in the State of Delaware or the federal district courts of the United States will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our by-laws will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery located within the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee, or stockholder to us or our stockholders, any action asserting a claim arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our by-laws or to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery, or any action asserting a claim governed by the internal affairs doctrine. However, if the Court of Chancery within the State of Delaware lacks jurisdiction over such action, the action may be brought in another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, then in the U.S. District Court for the District of Delaware. Additionally, our by-laws will state that the foregoing provision will not apply to claims arising under the Securities Act. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The exclusive forum provisions will be applicable to the fullest extent permitted by applicable law, subject to certain exceptions. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provisions will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. There is, however, uncertainty as to whether a court would enforce the exclusive forum provisions, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the provisions of our by-laws described above. The choice of forum provision may result in increased costs for investors to bring a claim. Further, the choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees, or stockholders, which may discourage such lawsuits against us and our directors, officers, other employees, or stockholders. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings. If a court were to find the exclusive choice of forum provision contained in our by-laws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Other Risks

A variety of other factors could adversely affect our business.

Any of the following could materially and adversely affect our business: the loss of or changes in supply contracts or sourcing strategies of our major customers or suppliers; start-up expenses associated with new vehicle programs or delays

or cancellation of such programs; low levels of utilization of our manufacturing facilities, which can be dependent on a single product line or customer; inability to recover engineering and tooling costs; market and financial consequences of recalls that may be required on

products we supplied; delays or difficulties in new product development; the possible introduction of similar or superior technologies by others; and global excess capacity and vehicle platform proliferation.

CAUTIONARY STATEMENTS FOR FORWARD-LOOKING INFORMATION

Statements contained in this Information Statement (including “Management’s Discussion and Analysis of Financial Condition and Results of Operations”) may contain forward-looking statements that are based on management’s current outlook, expectations, estimates and projections. Words such as “anticipates,” “believes,” “continues,” “could,” “designed,” “effect,” “estimates,” “evaluates,” “expects,” “forecasts,” “goal,” “initiative,” “intends,” “may,” “outlook,” “plans,” “potential,” “predicts,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Further, all statements, other than statements of historical fact contained or incorporated by reference in this Information Statement, that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in this Information Statement, are inherently forward-looking. All forward looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. Forward-looking statements are not guarantees of performance and our actual results may differ materially from those expressed, projected or implied in or by the forward-looking statements.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this Information Statement. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include the ability of PHINIA to succeed as a standalone publicly traded company, which is a smaller company relative to BorgWarner; the possibility that the Spin-Off will not be completed within the anticipated time period or at all; the possibility that the Spin-Off will not achieve its intended benefits; the possibility of disruption, including changes to existing business relationships, disputes, litigation, or unanticipated costs in connection with the Spin-Off; the uncertainty regarding the expected financial performance of PHINIA following completion of the transaction; the impacts of any information and consultation processes with works councils and other employee representatives in connection with the Spin-Off; supply disruptions impacting us or our customers, such as the current shortage of semiconductor chips that has impacted OEM customers and their suppliers, including us; commodities availability and pricing; competitive challenges from existing and new competitors including OEM customers; the challenges associated with rapidly-changing technologies, and our ability to innovate in response; uncertainties regarding the extent and duration of impacts of matters associated with COVID-19, including additional production disruptions; the ability to identify targets and consummate acquisitions on acceptable terms; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to acquired businesses; our dependence on commercial vehicle, industrial application and light vehicle production, which are highly cyclical and subject to disruptions; our reliance on major OEM customers; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims and any governmental investigations; future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; impacts from any potential future acquisition or disposition transactions; and the other risks noted under “Risk Factors,” and in other reports that we file with the Securities and Exchange Commission (“SEC”). We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking

statements in this Information Statement to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

This section and the discussions contained in “Risk Factors” and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in this Information Statement are intended to provide cautionary statements. Those cautionary statements should not be construed as a complete list of all of the economic, competitive, governmental, technological and other factors that could adversely affect our expected consolidated financial position, results of operations or liquidity. Additional risks and uncertainties, including without limitation those not currently known to us or that we currently believe are immaterial, also may impair our business, operations, liquidity, financial condition and prospects.

THE SPIN-OFF

Background

On December 6, 2022, BorgWarner announced plans for the complete legal and structural separation of the Fuel Systems and Aftermarket businesses from BorgWarner by the Spin-Off. In reaching the decision to pursue the Spin-Off of the Fuel Systems and Aftermarket businesses, BorgWarner considered a range of potential structural alternatives and concluded that the Spin-Off is the most attractive alternative for enhancing stockholder value. To effect the Spin-Off, BorgWarner will undertake the Internal Restructuring and the distribution, as described below.

On , 2023, the BorgWarner Board approved the distribution of 100% of the issued and outstanding shares of our common stock, on the basis of one share of our common stock for every five shares of BorgWarner common stock held as of the close of business on the record date of , 2023.

On , 2023, the Distribution Date, each BorgWarner stockholder will receive one share of our common stock for every five shares of BorgWarner common stock held at close of business on the record date. Following the Spin-Off, we will operate independently from BorgWarner. No approval of BorgWarner's stockholders is required in connection with the Spin-Off, and BorgWarner's stockholders will not have any appraisal rights in connection with the Spin-Off.

Completion of the Spin-Off is subject to the satisfaction, or the BorgWarner Board's waiver, to the extent permitted by law, of a number of conditions. In addition, BorgWarner may at any time until the distribution decide to abandon the Spin-Off or modify or change the terms of the Spin-Off. For a more detailed discussion, see "—Conditions to the Spin-Off."

Reasons for the Spin-Off

In 2021, BorgWarner announced its *Charging Forward* strategy to aggressively grow its electrification portfolio over time through organic investments and technology-focused acquisitions, including BorgWarner's recent acquisitions of AKASOL AG, Santroll's light vehicle eMotor business, Rhombus Energy Solutions, Drivetek AG and Hubei Surpass Sun Electric's charging business. Additionally, BorgWarner announced a plan to dispose of certain internal combustion assets, targeting dispositions by 2025 of assets generating approximately $3 to $4 billion in annual revenue. As a result of these actions, BorgWarner expected its revenue from products for pure electric vehicles to be over 25% of its total revenue in 2025 and approximately 45% of its total revenue in 2030.

In the intervening period since that announcement, BorgWarner evaluated a number of potential alternatives to effect the dispositions called for by its *Charging Forward* strategy. As part of this evaluation, the BorgWarner Board considered a number of factors, including strategic clarity and flexibility for BorgWarner and PHINIA after the Spin-Off, the ability of the PHINIA business to compete and operate efficiently in the global vehicle and industrial equipment industry, the financial profile of PHINIA, PHINIA's ability to execute acquisitions and other capital allocation strategies for its focus areas, the expected tax impact of each structural alternative, and the potential reaction of investors and customers. After evaluating these and other considerations, the BorgWarner Board concluded that the other alternatives considered did not present the same advantages as the Spin-Off, that the separation of the PHINIA business from the remainder of BorgWarner as a stand-alone, public company is the most attractive alternative for enhancing long-term stockholder value and that proceeding with the Spin-Off would be in the best interests of BorgWarner and its stockholders.

In particular, the BorgWarner Board considered the following potential benefits in making the determination to consummate the Spin-Off:

- ***Enhanced Strategic and Operational Focus***: The Spin-Off will permit both PHINIA and BorgWarner, and their respective management teams and boards of directors, to more effectively

focus on pursuing distinct operating strategies and to leverage their deep domain expertise. As a result, we will have greater agility to deliver market-leading innovation across our products and solutions. This will enable each company to better serve and adapt faster to clients' changing needs.

- ***Strong Financial Profile to Support Growth***: BorgWarner and PHINIA anticipate that the Spin-Off will enable each business to maintain moderate leverage profiles and strong earnings characteristics and to independently drive growth and investment to better address specific market dynamics and target innovation.
- ***More Flexible and Efficient Allocation of Capital***: The Spin-Off is expected to allow each company to use its securities to pursue and achieve strategic objectives including evaluating and effectuating acquisitions and other growth opportunities.
- ***Alignment of Incentives with Performance***: The Spin-Off will enable each company to create incentives for its management and employees that align more closely with business performance and the interests of their respective stockholders, which is also expected to help each company attract, retain, and motivate highly qualified employees.
- ***Better Focused Investor Base***: The Spin-Off allows each company to articulate a clear investment proposition and tailored capital allocation policy to attract a long-term investor base well suited to its business needs.

In determining whether to effect the Spin-Off, the BorgWarner Board considered the costs and risks associated with the transaction, including:

- the costs associated with preparing PHINIA to become an independent, publicly traded company,
- the risk of volatility in our stock price immediately following the Spin-Off due to sales by BorgWarner stockholders whose investment objectives may no longer be met by shares of our common stock,
- the time it may take for us to attract our optimal stockholder base,
- the possibility of disruptions in our business as a result of the Spin-Off,
- the risk that, after the Spin-Off, the combined equity value of PHINIA and BorgWarner will be less than BorgWarner's equity value before the Spin-Off, and
- the loss of synergies and scale, including the improved capital allocation from operating as one company.

Notwithstanding these costs and risks, taking into account the factors discussed above, BorgWarner determined that the Spin-Off provided the best opportunity to achieve the above benefits and enhance long-term stockholder value. See "Risk Factors—Risks Related to the Spin-Off" elsewhere in this Information Statement for additional considerations.

When and How You Will Receive Our Shares

BorgWarner will distribute to its stockholders, as a pro rata distribution, one share of our common stock for every five shares of BorgWarner common stock outstanding as of , 2023, the Record Date of the Spin-Off.

Prior to the Spin-Off, BorgWarner will deliver 100% of the issued and outstanding shares of our common stock to the distribution agent. Computershare will serve as distribution agent in connection with the Spin-Off and as transfer agent and registrar for our common stock.

If you own BorgWarner common stock as of the close of business on the Record Date, the shares of our common stock that you are entitled to receive in the Spin-Off will be issued to your account as follows:

- ***Registered stockholders***. If you own your shares of BorgWarner common stock directly through BorgWarner's transfer agent, you are a registered stockholder. In this case, the distribution agent will credit the whole shares of our common stock you receive in the Spin-Off by way of direct registration in book-entry form to a new account with our transfer agent. Registration in book-entry form refers to a method of recording share ownership where no physical stock certificates are issued to stockholders, as is the case in the Spin-Off. You will be able to access information regarding your book-entry account for our shares at www.computershare.com or by calling 800-851-4229 (domestic) and 201-680-6578 (international). Commencing on or shortly after the Distribution Date, the distribution agent will mail you an account statement that indicates the number of whole shares of our common stock that have been registered in book-entry form in your name. We expect it will take the distribution agent up to two weeks after the Distribution Date to complete the distribution of the shares of our common stock and mail statements of holding to all registered stockholders.
- ***"Street name" or beneficial stockholders***. If you own your shares of BorgWarner common stock beneficially through a bank, broker, or other nominee, then the bank, broker, or other nominee holds the shares in "street name" and records your ownership on its books. In this case, your bank, broker, or other nominee will credit your account with the whole shares of our common stock that you receive in the Spin-Off on or shortly after the Distribution Date. We encourage you to contact your bank, broker, or other nominee if you have any questions concerning the mechanics of having shares held in "street name."

If you sell any of your shares of BorgWarner common stock on or before the Distribution Date, the buyer of those shares may in some circumstances be entitled to receive the shares of our common stock to be distributed in respect of the BorgWarner shares you sold. See "—Trading Prior to the Distribution Date."

We are not asking BorgWarner stockholders to take any action in connection with the Spin-Off. We are not asking you for a proxy and request that you not send us a proxy. We are also not asking you to make any payment or surrender or exchange any of your shares of BorgWarner common stock for shares of our common stock. The number of outstanding shares of BorgWarner common stock will not change as a result of the Spin-Off.

Number of Shares You Will Receive

On the Distribution Date, you will be entitled to receive one share of our common stock for every five shares of BorgWarner common stock that you hold on the record date.

Treatment of Fractional Shares

The distribution agent will not distribute any fractional shares of our common stock in connection with the Spin-Off. Instead, the distribution agent will aggregate all fractional shares into whole shares and sell the whole shares in the open market at prevailing market prices on behalf of BorgWarner stockholders entitled to receive a fractional share. The distribution agent will then distribute the aggregate cash proceeds of the sales, net of brokerage fees, transfer taxes, and other costs, pro rata to these holders (net of any required withholding for taxes applicable to each holder). The distribution agent will, in its sole discretion, without any influence by BorgWarner or us, determine when, how, through which broker-dealer, and at what price to sell the whole shares. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either BorgWarner or us.

The distribution agent will send to each registered holder of BorgWarner common stock entitled to a fractional share a check in the cash amount deliverable in lieu of that holder’s fractional share as soon as practicable following the Distribution Date. We expect the distribution agent to take about two weeks after the Distribution Date to complete the distribution of cash in lieu of fractional shares to BorgWarner stockholders. If you hold your shares through a bank, broker, or other nominee, then your bank, broker, or

other nominee will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales. No interest will be paid on any cash you receive in lieu of a fractional share. The cash you receive in lieu of a fractional share will generally be taxable to you for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences of the Spin-Off.”

Incurrence of Debt

In connection with the Spin-Off, we expect to incur indebtedness in an aggregate principal amount of approximately $800 million, consisting of term loans under a senior secured credit facility. We expect to use the debt issuance proceeds to repay historical indebtedness to BorgWarner of approximately $[ ] million. We also expect the senior secured credit facility to include a $500 million committed revolving credit facility; which is expected to be undrawn at the completion of the Spin-Off. The terms of such indebtedness are subject to change and will be finalized prior to the completion of the Spin-Off. See “Capitalization,” “Unaudited Pro Forma Condensed Combined Financial Statements,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.” Our cash balance at the time of the Spin-Off is expected to be approximately $300 million, subject to a cash adjustment. See “Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Separation and Distribution Agreement—Cash Adjustment.”

Treatment of Equity Awards

In connection with the Spin-Off, we anticipate that outstanding equity-based awards under the BorgWarner 2018 Stock Incentive Plan and BorgWarner 2023 Stock Incentive Plan will be treated as described below.

Restricted Stock and Restricted Stock Units

Each BorgWarner restricted stock award and restricted stock unit award held at the time of the Spin-Off by a PHINIA service provider will be replaced with a substitute restricted stock or restricted stock unit award relating to our common stock that will be granted under our 2023 Stock Incentive Plan (the “PHINIA Plan”). The number of shares of our restricted stock or restricted stock units subject to each substitute award will be equal to the number of shares of BorgWarner restricted stock or BorgWarner restricted stock units subject to the BorgWarner award held by the service provider at the time of the Spin-Off multiplied by a conversion ratio designed to preserve the intrinsic value of the award immediately following the Spin-Off. Each substitute award will otherwise generally have the same terms and conditions as the corresponding BorgWarner award.

Each BorgWarner restricted stock award, restricted stock unit award or deferred stock unit award held at the time of the Spin-Off by a person other than a PHINIA service provider will be adjusted by a conversion ratio designed to preserve the intrinsic value of the award immediately following the Spin-Off. Each adjusted award will otherwise generally have the same terms and conditions as the corresponding BorgWarner award.

Performance Shares

Each BorgWarner performance share award held at the time of the Spin-Off by any PHINIA service provider will be replaced with a substitute restricted stock unit award relating to our common stock granted under the PHINIA Plan. For purposes of determining the number of our restricted stock units subject to the substitute award, we will apply a conversion ratio designed to preserve the intrinsic value of the award immediately after the Spin-Off to the number of BorgWarner performance shares that BorgWarner determines would have been earned with respect to such BorgWarner performance share award based on BorgWarner’s performance results through the end of the fiscal quarter immediately preceding the Spin-Off and expected performance through the remainder of the applicable performance period (except that, unless

BorgWarner determines otherwise, performance share awards for which less than one year of the performance period has elapsed will be considered earned at target). Each substitute award will have a vesting period ending on the last day of the performance period applicable to the corresponding BorgWarner performance share award to which it relates, and will otherwise generally

have the same terms and conditions (other than performance conditions) as the corresponding BorgWarner performance share award.

Each BorgWarner performance share award held at the time of the Spin-Off by any person who is not a PHINIA service provider will be adjusted by a conversion ratio designed to preserve the intrinsic value of the award immediately following the Spin-Off. The BorgWarner Board or its compensation committee may adjust any performance goals applicable to the adjusted performance share awards in any manner it deems in its discretion to be appropriate to take into account the Spin-Off and related effects, and the adjusted performance share award will otherwise generally continue to have the same terms and conditions as prior to the Spin-Off.

Results of the Spin-Off

After the Spin-Off, we will be an independent, publicly traded company. Immediately following the Spin-Off, we expect to have approximately shares of our common stock outstanding, based on the number of BorgWarner shares of common stock outstanding on , 2023. The actual number of shares of our common stock BorgWarner will distribute in the Spin-Off will depend on the actual number of shares of BorgWarner common stock outstanding on the Record Date, which will reflect any issuance of new shares, vesting of equity awards, or exercises of outstanding options pursuant to BorgWarner's equity plans, and any repurchase of BorgWarner shares by BorgWarner under its common stock repurchase program, on or prior to the Record Date. Shares of BorgWarner common stock held by BorgWarner as treasury shares will not be considered outstanding for purposes of, and will not be entitled to participate in, the Spin-Off. The Spin-Off will not affect the number of outstanding shares of BorgWarner common stock or any rights of BorgWarner stockholders. However, following the Spin-Off, the equity value of BorgWarner will no longer reflect the value of the PHINIA. Although BorgWarner believes that our separation from BorgWarner offers its stockholders the greatest long-term value, there can be no assurance that the combined equity value of BorgWarner and PHINIA will equal or exceed what the equity value of BorgWarner would have been in absence of the Spin-Off.

Before our separation from BorgWarner, we intend to enter into the Separation and Distribution Agreement and several other agreements with BorgWarner related to the Spin-Off. These agreements will govern the relationship between us and BorgWarner up to and after completion of the Spin-Off and allocate between us and BorgWarner various assets, liabilities, rights and obligations, including employee benefits, environmental, intellectual property, and tax-related assets and liabilities. We describe these arrangements in greater detail under "Certain Relationships and Related Person Transactions—Agreements with BorgWarner."

Listing and Trading of Our Common Stock

As of the date of this Information Statement, we are a wholly owned subsidiary of BorgWarner. Accordingly, no public market for our common stock currently exists, although a "when-issued" market in our common stock may develop prior to the Spin-Off. See "—Trading Prior to the Distribution Date" below for an explanation of a "when-issued" market. We have applied to list our shares of common stock on the Exchange under the ticker symbol "PHIN." Following the Spin-Off, BorgWarner common stock will continue to trade on the Exchange under the ticker symbol "BWA."

Although BorgWarner believes that our separation from BorgWarner offers its stockholders the greatest long-term value, neither we nor BorgWarner can assure you as to the trading price of BorgWarner common stock or our common stock after the Spin-Off, or as to whether our and BorgWarner's combined equity value after the Spin-Off will equal or exceed the equity value of BorgWarner prior to the Spin-Off. The trading price of our common stock may fluctuate significantly following the Spin-Off.

The shares of our common stock distributed to BorgWarner stockholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the Spin-Off include individuals who control, are controlled by, or are under common control with us, as those terms generally are interpreted for federal securities law purposes. These individuals

may include some or all of our directors and executive officers. Individuals who are our affiliates will be permitted to sell their shares of our common stock only pursuant to an effective registration statement under the Securities Act, or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(a)(1) of the Securities Act or Rule 144 thereunder.

Trading Prior to the Distribution Date

We expect a "when-issued" market in our common stock to develop on the third trading day before the Distribution Date and continue up to and including the Distribution Date. "When-issued" trading refers to a sale or purchase made conditionally on or before the Distribution Date because the securities of the spun-off entity have not yet been distributed. If you own shares of BorgWarner common stock at the close of business on the Record Date, you will be entitled to receive shares of our common stock in the Spin-Off. You may trade this entitlement to receive shares of our common stock, without the shares of BorgWarner common stock you own, on the "when-issued" market. We expect "when-issued" trades of our common stock to settle within two trading days after the Distribution Date. On the first trading day following the Distribution Date, we expect that "when-issued" trading of our common stock will end and "regular-way" trading will begin.

We also anticipate that, on the third trading day before the Distribution Date and continuing up to and including the Distribution Date, there will be two markets in BorgWarner common stock: a "regular-way" market and an "ex-distribution" market. Shares of BorgWarner common stock that trade on the regular-way market will trade with an entitlement to receive shares of our common stock in the Spin-Off. Shares that trade on the ex-distribution market will trade without an entitlement to receive shares of our common stock in the Spin-Off. Therefore, if you sell shares of BorgWarner common stock in the regular-way market up to and including the Distribution Date, you will be selling your right to receive shares of our common stock in the Spin-Off. However, if you own shares of BorgWarner common stock at the close of business on the Record Date and sell those shares on the ex-distribution market up to and including the Distribution Date, you will still receive the shares of our common stock that you would otherwise be entitled to receive in the Spin-Off.

If "when-issued" trading occurs, the listing for our common stock is expected to be under a trading symbol different from our regular-way trading symbol. We will announce our "when-issued" trading symbol when and if it becomes available. If the Spin-Off does not occur, all "when-issued" trading will be null and void.

Conditions to the Spin-Off

We expect that the Spin-Off will be completed, and the distribution will be effective, on the Distribution Date, provided that the following conditions shall have been satisfied or waived by BorgWarner:

- the BorgWarner Board shall have approved the Spin-Off and not withdrawn such approval, and shall have declared the dividend of our common stock to BorgWarner stockholders;
- the Separation and Distribution Agreement as well as the ancillary agreements contemplated by the Separation and Distribution Agreement, shall have been executed by each party to those agreements;
- the SEC shall have declared effective our Registration Statement on Form 10, of which this Information Statement is a part, under the Exchange Act, and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;
- our common stock shall have been accepted for listing on a national securities exchange approved by BorgWarner, subject to official notice of issuance;

- BorgWarner shall have received the written opinion of Ernst & Young, LLP to the effect that the Spin-Off will qualify as a tax-free “reorganization” within the meaning of Sections 368(a)(1)(D) and 355 of the Code;

- the Internal Restructuring shall have been completed (other than those steps that are expressly contemplated to occur at or after the Spin-Off);
- no order, injunction, or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Spin-Off shall be in effect, and no other event outside the control of BorgWarner shall have occurred or failed to occur that prevents the consummation of the Spin-Off;
- completion of information and consultations processes with works councils and other employee representative bodies, as required;
- no other events or developments shall have occurred prior to the Spin-Off that, in the judgment of the BorgWarner Board, in its sole and absolute discretion, makes it inadvisable for BorgWarner to effect the Spin-Off by distributing our common stock to its stockholders or to effect any other transaction in the Internal Restructuring or Spin-Off;
- prior to the Distribution Date, the Notice of Internet Availability of this Information Statement or this Information Statement shall have been mailed to the holders of BorgWarner common stock as of the Record Date; and
- certain other conditions set forth in the Separation and Distribution Agreement.

Any of the above conditions may be waived by BorgWarner to the extent such waiver is permitted by law. If BorgWarner waives any condition to the Spin-Off or changes the terms of the Spin-Off before the Registration Statement on Form 10 of which this Information Statement forms a part becomes effective and the result of such waiver or change is material to BorgWarner stockholders, then we will file an amendment to the Registration Statement on Form 10 to revise the disclosure in the Information Statement accordingly. In the event that BorgWarner waives a condition to the Spin-Off or changes the terms of the Spin-Off after the Registration Statement on Form 10 becomes effective and such waiver or change is material to BorgWarner stockholders, we would communicate such waiver or change to BorgWarner's stockholders by filing a Current Report on Form 8-K describing the waiver or change.

The fulfillment of the above conditions will not create any obligation on BorgWarner's part to complete the Spin-Off. We are not aware of any material federal, foreign, or state regulatory requirements with which we must comply, other than SEC rules and regulations, or any material approvals that we must obtain, other than the approval for listing of our common stock and the SEC's declaration of the effectiveness of the Registration Statement, in connection with the Spin-Off. BorgWarner may at any time until the distribution decide to abandon the Spin-Off or modify or change the terms of the Spin-Off.

Reasons for Furnishing This Information Statement

We are furnishing this Information Statement solely to provide information to BorgWarner's stockholders who will receive shares of our common stock in the Spin-Off. You should not construe this Information Statement as an inducement or encouragement to buy, hold, or sell any of our securities or any securities of BorgWarner. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and neither we nor BorgWarner undertakes any obligation to update the information except in the normal course of our and BorgWarner's public disclosure obligations and practices.

DIVIDEND POLICY

After the Spin-Off is complete and we are an independent, publicly traded company, our Board will evaluate whether to pay cash dividends to our stockholders. The timing, declaration, amount, and payment of future dividends to stockholders, if any, will fall within the discretion of our Board. Our Board's decisions regarding the payment of dividends will depend on consideration of many factors, such as our financial condition, earnings, sufficiency of distributable reserves, opportunities to retain future earnings for use in the operation of our business and to fund future growth, capital requirements, debt service obligations, legal requirements, regulatory constraints, and other factors that our Board deems relevant. There can be no assurance that we will pay a dividend in the future or continue to pay any dividend if we do commence the payment of dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2023, on a historical basis and on a pro forma basis to give effect to the Spin-Off and the transactions related to the Spin-Off, as if they occurred on March 31, 2023. You should review the following table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited combined financial statements and the notes thereto, and our "Unaudited Pro Forma Condensed Combined Financial Statements" and the notes thereto included elsewhere in this Information Statement.

	March 31, 2023	
(dollar amounts in millions)	Actual	Pro Forma
Cash and cash equivalents	$ 181	$ 265
Capitalization:		
Debt Outstanding		
Due to Parent, non-current	947	—
Long-term debt	27	814
Total indebtedness	974	814
Equity		
Common stock, par value $0.01	n/a	[•]
Paid in capital	n/a	[•]
Parent company investment	1,859	[•]
Accumulated other comprehensive loss	(67)	[•]
Total equity	1,792	[•]
Total capitalization	$ 2,766	[•]

PHINIA has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting PHINIA's post-distribution capitalization will be included in an amendment to this Information Statement.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma Condensed Combined Financial Statements consist of the unaudited pro forma Condensed Combined Balance Sheet as of March 31, 2023 and the unaudited pro forma Condensed Combined Statements of Operations for the three months ended March 31, 2023 and the year ended December 31, 2022.

The unaudited pro forma Condensed Combined Financial Statements reflect adjustments to our historical unaudited Condensed Combined Balance Sheet as of March 31, 2023, our historical unaudited Condensed Combined Statement of Operations for the three months ended March 31, 2023 and our historical audited Combined Statement of Operations for the year ended December 31, 2022.

The unaudited pro forma Condensed Combined Balance Sheet gives effect to the Spin-Off and related transactions, described below, as if they occurred as of March 31, 2023, our latest balance sheet date. The unaudited pro forma Condensed Combined Statements of Operations give effect to the Spin-Off and related transactions as if they had occurred on January 1, 2022, the beginning of our most recently completed fiscal year.

The unaudited pro forma Condensed Combined Financial Statements have been prepared to reflect transaction accounting and autonomous entity adjustments to present the financial condition and results of operations as if we were a separate stand-alone entity. The unaudited pro forma Condensed Combined Financial Statements have been adjusted to give effect to the following (collectively, the “Pro Forma Transactions”):

- the contribution of assets and liabilities that comprise our business by BorgWarner as well as the settlement of related party balances pursuant to the Separation and Distribution Agreement;
- the expected transfer to us, prior to or concurrent with the Spin-Off of various BorgWarner assets and liabilities not included in our historical Condensed Combined Balance Sheet (including the transfer of certain pension and employee benefit obligations, net of any related assets, associated with our active, retired, and other former employees from BorgWarner);
- the anticipated post-Spin-Off capital structure, including; (i) the issuance of approximately [•] million shares of our common stock to holders of BorgWarner common stock in connection with the Spin-Off and (ii) the expected issuance of approximately $800 million of term loan borrowings pursuant to debt financing with third-parties (prior to original issue discount and issuance costs), and additional details on debt issuance can be found in note (a);
- the impact of the Tax Matters Agreement to be entered into with BorgWarner in connection with the Spin-Off;
- the impact of the Transition Services Agreement to be entered into with BorgWarner in connection with the Spin-Off;
- the impact of the Contract Manufacturing Agreements with revenue and costs expected to be incurred;
- the impact of new lease agreements between BorgWarner and PHINIA; and
- the impact of a Supply Agreement to be entered into with BorgWarner.

A final determination regarding our capital structure has not yet been made, and the Separation and Distribution Agreement, Transition Services Agreement, Tax Matters Agreement, Employee Matters Agreement, Real Estate Lease Agreements, Intellectual Property Agreements, Electronics Collaboration Agreement, Contract Manufacturing and Supply

Agreements, and certain other transaction agreements have not been finalized. As such, the unaudited pro forma Condensed Combined Financial Statements

may be revised in future amendments to reflect the impact on our capital structure and the final form of those agreements, to the extent any such revisions would be deemed material.

The unaudited pro forma Condensed Combined Financial Statements were prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma Condensed Combined Financial Statements are presented for informational purposes only and do not purport to represent what our financial position and results of operations actually would have been had the Pro Forma Transactions occurred on the dates indicated, or to project our financial performance for any future period. The unaudited pro forma Condensed Combined Financial Statements are based on information and assumptions that are described in the accompanying notes.

Our historical Combined Financial Statements, which were the basis for the unaudited pro forma Condensed Combined Financial Statements, were prepared on a carve-out basis as we did not operate as a stand-alone entity for the periods presented. Accordingly, such financial information reflects an allocation of certain corporate costs, such as finance, supply chain, human resources, information technology, insurance, employee benefits, and other expenses. See Note 1, “Summary Of Significant Accounting Policies,” and Note 23, “Related-Party Transactions,” to the Combined Financial Statements in this Information Statement for further information on the allocation of corporate costs.

The unaudited pro forma Condensed Combined Financial Statements include transaction accounting (including the impact of changes to our legal entity structure in anticipation of the Spin-Off), autonomous entity to reflect the financial condition and results of operations as if we were a stand-alone entity. Transaction accounting adjustments have been presented to show the impact and associated cost as a result of the legal separation from BorgWarner, including the incurrence of indebtedness, transfer of assets or assumption of liabilities not included in historical financial statements, transfer of additional pension and employee benefit assets and liabilities, and the Tax Matters Agreement. Autonomous entity adjustments have been presented to show the impact of items such as the Transition Services Agreement, Contract Manufacturing Agreement and Intellectual Property Agreements with BorgWarner.

The unaudited pro forma condensed combined financial information reported below should be read in conjunction with the section herein entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical Combined Financial Statements in this Information Statement.

To operate as an independent, publicly traded company, we expect our recurring costs to replace certain services to approximate those costs historically allocated to us from BorgWarner. The significant assumptions involved in determining our estimates of the recurring costs of being an independent, publicly traded company include, but are not limited to, costs to perform financial reporting, tax, corporate governance, treasury, legal, internal audit and investor relations activities; compensation expense, including equity-based awards, and benefits; and incremental third-party costs with respect to insurance, audit services, tax services, employee benefits and legal services. The operating expenses reported in our historical Combined Statements of Operations include allocations of certain BorgWarner costs. These costs include allocation of BorgWarner corporate costs that benefit us, including executive management, finance, accounting, legal, information technology, human resources, research and development, sales and other general and administrative costs. We estimate the costs to operate as an independent, publicly traded company approximate the amount of allocated costs that have been presented in our historical Combined Statements of Operations and as such a management pro forma adjustment has not been made to the accompanying unaudited pro forma Condensed Combined Statement of Operations. Certain factors could impact these stand-alone public company costs, including the finalization of our staffing and infrastructure needs.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the Period ended March 31, 2023

(in millions, except per share amounts)	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
Net sales	$ 835	$ 23 k	$ —	858
Cost of sales	663	22 k	—	685
Gross profit	172	1	—	173
Selling, general and administrative expenses	99	—	1 l	100
Restructuring expense	4	—	—	4
Other operating expense, net	11	5 h	—	16
Operating income	58	(4)	(1)	53
Equity in affiliates' earnings, net of tax	(3)	—	—	(3)
Interest expense, net	3	12 a	—	15
Other postretirement income	—	—	—	—
Earnings before income taxes	58	(16)	(1)	41
Provision for income taxes	23	(3) j	— n	20
Net earnings	$ 35	$ (13)	$ (1)	$ 21
Earnings per share of common stock				
Basic			o	$ [•]
Diluted			o	$ [•]
Weighted-average number of common shares outstanding				
Basic			o	[•]
Diluted			o	[•]

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the Period ended December 31, 2022

(in millions, except per share amounts)	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
Net sales	$ 3,348	$ 97 k	$ —	$ 3,445
Cost of sales	2,627	90 i, k	—	2,717
Gross profit	721	7	—	728
Selling, general and administrative expenses	407	4 i	2 l	413
Restructuring expense	11	—	—	11
Goodwill impairment	—	—	—	—
Other operating (income) expense, net	(15)	31 h	—	16
Operating income	318	(28)	(2)	288
Equity in affiliate's earnings, net of tax	(11)	—	—	(11)
Interest expense, net	14	53 a	—	67
Other postretirement income	(32)	—	—	(32)
Earnings before income taxes	347	(81)	(2)	264
Provision for income taxes	85	(12) j, k	(1) n	72
Net earnings	$ 262	$ (69)	$ (1)	$ 192
Earnings per share of common stock				
Basic			o	$ [•]
Diluted			o	$ [•]
Weighted-average number of common shares outstanding				
Basic			o	[•]
Diluted			o	[•]

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of March 31, 2023

(in millions)	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
ASSETS				
Cash and cash equivalents	$ 181	$ 84 a,f	$ —	$ 265
Receivables, net	791	[•] f	—	
Due from Parent, current	230	[•] f	—	
Inventories, net	493	—	—	
Prepayments and other current assets	41	[•] d,e	—	
Total current assets	1,736	84	—	
Property, plant and equipment, net	911	2 b,k	—	
Investments and long-term receivables	124	—	—	
Due from Parent, non-current	240	[•] f	—	
Goodwill	492	—	—	
Other intangible assets, net	427	—	—	
Other non-current assets	266	2 a,c,d,e	[•] m	
Total assets	$ 4,196	$ 88	$ —	
LIABILITIES AND EQUITY				
Accounts payable	$ 478	[•] f	$ —	
Due to Parent, current	327	[•] f	—	
Other current liabilities	361	[•] d,e,f	[•] m	
Total current liabilities	1,166	—	—	
Long-term debt	27	787 a	—	814
Due to Parent, non-current	947	(785) a,f	—	
Retirement-related liabilities	75	[•] c	—	
Other non-current liabilities	189	[•] d,e	[•] m	
Total liabilities	2,404	2	—	
Commitments and contingencies				
Parent company investment	1,859	86 a,b,c,d,e,f,g,h,k	—	
Common stock		[•] g	—	
Paid in capital	—	[•] g	— m	
Accumulated other comprehensive (loss) income	(67)	—	—	
Total equity	1,792	86	—	
Total liabilities and equity	$ 4,196	$ 88	$ —	

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1. Notes to Unaudited Pro Forma Condensed Combined Financial Statements

The unaudited pro forma Condensed Combined Balance Sheet as of March 31, 2023 and the unaudited pro forma Condensed Combined Statement of Operations for the three months ended March 31, 2023 and the unaudited pro forma Combined Statement of Operations for the year ended December 31, 2022 include the following adjustments:

Transaction Accounting Adjustments

a. Reflects approximately $800 million of term loan borrowings in connection with the Spin-Off pursuant to an expected $1.3 billion senior secured credit facility with third-parties (the “Credit Facility”), offset by anticipated original issuance discount and debt issuance costs of $15 million. The net proceeds from the borrowings will be used to settle certain outstanding related party liabilities due to BorgWarner.

We also expect the Credit Facility to include a 5-year revolving credit facility (“revolver”) with availability of $500 million and a commitment fee of 20 to 25 basis points. The revolver will mainly be used to support the post-separation operational cash flow needs of the Company. No adjustment has been made to the unaudited pro forma Condensed Combined Balance Sheet to reflect the revolver, given there will be no outstanding balance as of the Spin-Off. We expect $2 million of the above issuance costs to be allocated to the revolver which were adjusted through Other non-current assets given the absence of any outstanding balance as of March 31, 2023. The undrawn facility commitment fee, estimated at 20 basis points, has been incorporated into the interest expense transaction accounting adjustment. The term loans are expected to incur variable rate interest using SOFR plus a fixed spread. The terms of this indebtedness have not been finalized, and the pro forma adjustments may change accordingly. The impact of the Credit Facility on interest expense is net of historically recorded interest expense on related party debt of $4 million and $13 million for the periods ended March 31, 2023 and December 31, 2022, respectively.

(in millions)	Three months ended March 31, 2023	Year ended December 31, 2022
Interest expense from the Credit Facility	$ 16	$ 66
Less: historical related-party interest expense	4	13
Pro forma interest adjustments	$ 12	$ 53

A 1/8% variance in the estimated effective interest rate on debt would change the interest expense by an insignificant amount for the three months ended March 31, 2022. A 1/8% variance in the estimated effective rate on debt would change the interest expense by $1 million for the year ended December 31, 2022.

It is expected that PHINIA will have a cash and cash equivalents balance of $300 million at the time of the Spin-Off, subject to a cash adjustment (see “Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Separation and Distribution Agreement—Cash Adjustment.”). This cash adjustment was estimated to be $35 million at March 31, 2023, resulting in an anticipated cash balance of $265 million. The net proforma adjustment increases cash and cash equivalents by $84 million.

(in millions)		
Targeted cash and cash equivalents at Spin-Off	$	300
Less: estimated cash adjustment		(35)
Less: cash and cash equivalents at March 31, 2023		(181)
Pro forma cash adjustment	$	84

b. Reflects the impact of property, plant and equipment owned and historically utilized by BorgWarner that will be transferred to us in connection with the Spin-Off. The adjustment increases property, plant and equipment, net of $[•] million.

c. Reflects additional retirement and non-pension postretirement benefit plan assets and obligations that will be transferred to us prior to the Spin-Off, including pension plan assets of $[•] million and employee related obligations of $[•] million as of March 31, 2023. These plan assets and obligations are excluded from our Condensed Combined Balance Sheet as of March 31, 2023 as they are related to commingled plans with BorgWarner that were accounted for using the multi-employer approach. Under that approach, net periodic pension cost (income) related to these plans was previously allocated to PHINIA and recorded in the historical audited and unaudited Combined Statement of Operations. As such, no additional pro forma adjustment is required for net periodic pension cost (income).

d. Reflects the modification of income tax balances due to changes to our legal entity structure in anticipation of the Spin-Off and stand-alone effects within the respective jurisdictions, including (but not limited to) changes to the amount of deferred income tax assets associated with net operating losses and other carryforward income tax attributes; the realization of deferred tax assets which are current subject to valuation allowances; and the reduction of non-current liabilities for unrecognized tax benefits that will be retained by BorgWarner in connection with the Spin-Off. These adjustments are estimates and the impacts of which are presented below.

(in millions)	As of March, 31, 2023
Prepayments and other current assets	$ [•]
Other non-current assets	[•]
Other current liabilities	[•]
Other non-current liabilities	[•]
Parent company investment	[•]

e. These adjustments reflect the indemnification assets and liabilities established pursuant to the Tax Matters Agreement. These adjustments are estimates, the impacts of which are presented below.

(in millions)	As of March, 31, 2023
Prepayments and other current assets	$ [•]
Other non-current assets	[•]
Other current liabilities	[•]
Other non-current liabilities	[•]
Parent company Investment	[•]

f. Reflects reclassification of certain transactions historically included in related party accounts (Due from/to Parent) as of March 31, 2023.

(in millions)	As of March, 31, 2023
Receivables, net	$ [•]
Due from Parent, current	[•]
Accounts payable	[•]
Due to Parent, current	[•]
Other current liabilities	[•]

This also reflects settlement (cash and non-cash) of certain related party balances in conjunction with the with the use of proceeds from the term debt and revolver transaction adjustments discussed above.

(in millions)	As of March, 31, 2023
Cash and cash equivalents	$ [•]
Due from Parent, non-current	[•]
Due to Parent, non-current	[•]
Parent company investment	[•]

g. Reflects the reclassification of BorgWarner's net investment in us to common stock and additional paid-in capital to be reflected at Spin-Off. Reflects the reclassification of BorgWarner's net investment in our Company, as well as the issuance of [•] shares of our common stock with a par value of $0.01 per share pursuant to the Separation and Distribution Agreement. The determination of PHINIA common shares to be issued was based on a 5-to-1 issuance ratio using [•] shares of BorgWarner common stock outstanding on March 31, 2023. The actual number of shares issued will not be known until the record date for the distribution.

h. Reflects the reversal of royalty income previously recognized from intellectual property ("IP") license rights granted to BorgWarner from PHINIA that were used in the operation of their business. Under the Intellection Property Agreements, these rights will be granted on a royalty-free basis as of the Spin-Off. The adjustment is $5 million and $31 million for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively.

i. Reflects the impact of changes from a Supply Agreement with a certain PHINIA entity and BorgWarner. The Supply Agreement replaces cost reimbursement provided by BorgWarner, previously recorded in selling, general and administrative expenses, with a discount in product supply cost. The agreement will only affect the pro forma Condensed Combined Statement of Operations for the year ended December 31, 2022 as the arrangement is already accounted for on this basis in 2023. The agreement has an impact of decreasing cost of sales by $3 million and increasing selling, general and administrative expenses by $4 million.

j. Reflects the tax effects of the transaction accounting adjustments at the applicable statutory income tax rates, where valuation allowances were not required, based on the locations generating the related taxable activity. The applicable tax rates could be materially higher or lower depending on several factors subsequent to the Spin-Off, including profitability in the local jurisdictions and the legal entity structure implemented subsequent to the Spin-Off.

k. Reflects the impact of Contract Manufacturing Agreements that PHINIA and BorgWarner will enter into in connection with the Spin-Off for product supply. The Contract Manufacturing Agreements relate to entities in Mexico and China. PHINIA will both sell to and purchase products from BorgWarner under the arrangements resulting in the pro forma recognition of net sales and cost of sales as this activity was not previously recorded in the historical PHINIA financial statements. The arrangements feature consideration set at cost plus a fixed margin for designated products. The impact of these arrangements on net sales is $23 million and $97 million for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively. The impact of these arrangements on cost of sales is $22 million and $93 million for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively. In accordance with the terms of one of the Contract Manufacturing Agreements, certain property, plant, and equipment assets will transfer to PHINIA in situations where PHINIA is purchasing product. The impact of those transfers is $2 million for property, plant, and

equipment. The estimate for these adjustments is based upon the terms of the latest draft agreement and is subject to change.

Autonomous Entity Adjustments

l. In connection with the Spin-Off, PHINIA will enter into a Transition Services Agreement with BorgWarner whereby BorgWarner will continue to provide PHINIA support with functional area services at a cost to PHINIA (cost plus markup of 5%). These services cover finance, information technology, and infrastructure. The adjustment for Transition Services Agreement costs is expected to have an incremental $2 million impact on selling, general, and administrative expenses for the year ended December 31, 2022 and $1 million for the three-months ended March 31, 2023, as the historical Condensed Combined and Combined Statements of Operations for those periods already reflect an allocation of costs for these services. The Transition Services Agreement is being drafted and will be completed prior to the Spin-Off. The estimate of these adjustments is based upon the terms of the latest draft agreement and is subject to change.

m. Reflects the net impact of lease and sublease arrangements with BorgWarner for facilities that have been entered into or will be entered into prior to the Spin-Off. These adjustments record the right-of-use assets and related lease liabilities based on the estimated present value of the lease payments over the lease term, for lessee arrangements.

This also reflects the net impact of lessor arrangements with BorgWarner for facilities that have been entered into or will be entered into prior to the Spin-Off. These adjustments record incremental operating rental income on a straight-line basis over amounts previously recognized in the Statements of Operations for the audited and unaudited periods presented. The estimate of these adjustments is based upon the terms of the latest draft agreement and is subject to change.

n. Reflects the tax effects of the autonomous entity adjustments at the applicable statutory income tax rates, where valuation allowances were not required, based on the locations generating the related taxable activity. The applicable tax rates could be materially higher or lower depending on several factors subsequent to the Spin-Off, including profitability in the local jurisdictions and the legal entity structure implemented subsequent to the Spin-Off.

Pro Forma Earnings Per Share

o. The weighted-average number of shares of common stock used to compute pro forma basic earnings per share for the three months ended March 31, 2023 and the year ended December 31, 2022 is based on the number of weighted-average BorgWarner shares outstanding during the three months ended March 31, 2023 and year ended December 31, 2022, respectively, assuming a 5-to-1 common stock issuance ratio.

The weighted-average number of shares of common stock used to compute pro forma diluted earnings per share for the three months ended March 31, 2023 and the year ended December 31, 2022 is based on the number of weighted-average BorgWarner shares outstanding during the three months ended March 31, 2023 and year ended December 31, 2022, respectively, assuming a 5-to-1 common stock issuance ratio. At this time, the dilutive effects of shares granted under the Employee Matters Agreement cannot be estimated. The actual dilutive effect following the completion of the Spin-Off will depend on various factors, including post-spin market activity, employees who may change employment between BorgWarner and PHINIA and impact of equity-based compensation arrangements.

OUR BUSINESS

Overview

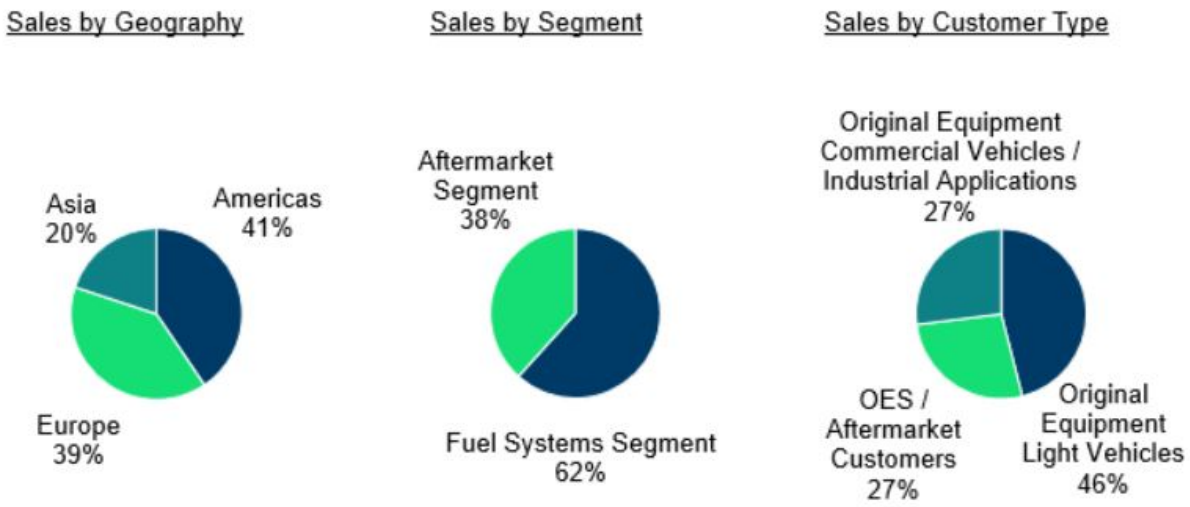
PHINIA's business is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions in combustion and hybrid propulsion for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). We are a global supplier to most major original equipment manufacturers ("OEMs") seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, we offer a wide range of original equipment service ("OES") solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

We have an extensive original equipment portfolio of advanced fuel injection systems, fuel delivery modules, canisters, starters, alternators, sensors, electronic control modules and associated software. Our global footprint includes 17 major manufacturing facilities and seven major technical centers utilizing a regional service model, which enables us to efficiently and effectively serve our global customers. We have a presence in 24 countries and a team of approximately 1,500 scientists, engineers and technicians globally who focus on innovating and developing market-relevant product solutions.

We also manufacture and sell our products to leading aftermarket participants, including independent retailers and wholesale distributors. In addition to the range of OEM products we describe above, we supply the independent aftermarket with a suite of new and remanufactured products such as diagnostic equipment, ignition coils, smart remote actuators, exhaust gas recirculation valves, brakes, steering, suspension, and other products. We add aftermarket know-how in category management, logistics, training, marketing, and other dedicated services to provide a broad range of aftermarket solutions that extend the service lives of vehicles and industrial equipment.

Our business is well diversified across regions, product types, customer types and customers. In 2022, we derived 39% of our revenue from Europe, 41% from the Americas, and 20% from Asia. Further, 27% of our net sales in 2022 were for original equipment commercial vehicles and industrial applications, 46% were for original equipment light vehicles, and 27% were for OES and aftermarket customers. We have a diverse customer base with only one customer accounting for more than 10% of our net sales in 2022 (General Motors accounted for 12% of net sales), and our top five customers accounted for a total of approximately 32% of net sales.

Breakdown of 2022 Sales by Geography, Segment and Customer Type



Strengths

Our business is a recognized leader in combustion and hybrid propulsion technologies for both OEMs and aftermarket customers. Our competitive strengths stem from our portfolio of advanced technologies, history of proven innovation, strong customer relationships across diverse markets and global operations near key OEM customer manufacturing sites. We believe we are well positioned to partner with global OEMs and help them meet tighter regulations and improve efficiency. We believe we can also expand channel penetration and global reach with our independent aftermarket business leveraging our strong brands, product breadth and leading off-the-shelf product availability.

- *Portfolio of Advanced Technologies Aligned to Customer Demands:* We have an established product portfolio that includes technologies for all combustion and hybrid propulsion systems including gas, diesel, and alternative fuels including hydrogen, ethanol and natural gas, which we sell to our diverse OEM and aftermarket customer base.

  Fuel Systems:

  Our Fuel Systems segment comprises a range of technologies that enable us to provide complete fuel management solutions, from tank to combustion chamber. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies and engine control modules that reduce emissions and improve fuel economy for traditional and hybrid applications. Our common rail fuel injection system is the core technology for both on- and off-highway commercial vehicle, industrial and light vehicle applications. We also offer software and calibration services which allows us to develop a complete turnkey system.

  Our fuel delivery modules and canisters are specifically engineered to individual vehicle applications to maximize safety, efficiency, performance and emissions legislation compliance. We believe our strong market position, especially in the North American market, is built on strong engineering capabilities, which enable us to customize the product to fit within specific application envelopes and to deliver high performance, high durability products.

  Aftermarket:

Our Aftermarket segment sells products to independent aftermarket customers and OES customers with both new and remanufactured products. Our product portfolio includes a wide

range of products as well as maintenance, test equipment and vehicle and industrial equipment diagnostics solutions. We believe the Aftermarket segment's business provides a recurring and stable revenue base, as replacement of many of these products is non-discretionary in nature. The growing number of vehicles on the road, along with the higher average age of vehicles and increasing miles driven, collectively represent trends that we expect to lead to growing demand for our aftermarket products.

Our Aftermarket segment includes our extensive range of OEM and aftermarket starters and alternators for commercial vehicle, industrial and light vehicle applications. These deliver class-leading power density, durability and performance for the most demanding applications. Based on our proven track record of leading performance for premium commercial vehicle and industrial solutions, customers actively choose to specify our starters and alternators.

- *Technology Advantage from Long History of Investment and Differentiated System Capabilities:* We have a team of approximately 1,500 scientists, engineers and technicians across seven major technical centers globally. With rights to approximately 2,260 active patents and patent applications, we have a strong track record of developing technologies focused on addressing consumer demands and industry trends. We have well-defined product and system technology roadmaps designed to provide solutions for a variety of different emission standards and engine architectures. With our extensive portfolio of products, we believe we are well positioned to benefit from increasing OEM demand for turnkey solutions. We are developing an extensive hydrogen portfolio to capitalize on secular growth trends in hydrogen injection systems, with our first product launch planned for 2024. We also leverage our OEM product engineering capabilities across our aftermarket product lines to capture value over the lifetime of a vehicle or piece of industrial equipment. Our ability to provide the latest technologies to improve fuel economy and lower emissions has enabled us to realize revenue growth above that associated with changes in global production of combustion and hybrid propulsion vehicles and, we believe, industrial applications.

- *Diverse Business Mix Across Customer Types and Customers*: Our business is well diversified across customer types and customers with 27% of net sales in 2022 to commercial vehicle and industrial application OEM customers, 46% to light vehicle OEM customers and 27% to OES and independent aftermarket customers. Our customer base includes most of the largest commercial vehicle and industrial application OEMs and light vehicle OEMs in the world. Our top five customers collectively represented 32% of our net sales in 2022 with our largest customer accounting for only 12%. We believe our longstanding relationships with leading global OEMs will position us well to continue to capitalize on opportunities for geographic and portfolio expansion to drive growth.

- *Established Global Platform with Operations Near Key OEM Customer Manufacturing Sites:* We operate 17 major manufacturing facilities and seven major technical centers and have a presence in 24 countries throughout the world. Our global manufacturing footprint enables us to efficiently manufacture in and supply from primarily best-cost countries near our customers. Our regional engineering teams also allow us to stay connected to local market requirements and partner with our customers during all phases of the development process, from design through production. By working in collaboration with our customers, we expect to continue to increase market share and grow through technological advancements.

- *Track Record of Operational Excellence:* We have made significant investments to reduce our cost structure by rotating our manufacturing capabilities toward best-cost countries and consolidating our engineering organization to further improve our cost position and drive margin expansion. From 2020 to 2022, our Fuel Systems and Aftermarket segments adjusted operating margins increased by 300 and 510 basis points, respectively, as the

benefits of these investments began to take hold. Additionally, we leverage our lean enterprise operating system to reduce product lead times and successfully execute product launches. We believe our enterprise

operating system, strong supply chain strategy and strategic manufacturing footprint will allow us to continue to maintain strong operating margins.

- *Strong Margins and Free Cash Flow with Above-Market Growth:* We expect to continue to leverage our portfolio of leading products and systems and strong customer relationships to drive key program wins, deliver strong margins and realize revenue growth above changes in global production of combustion and hybrid propulsion vehicles and, we believe, industrial applications. Some of our long-time competitors have exited or are in the process of exiting the market, which we believe provides us additional opportunities for future growth. We believe our innovative culture, lean cost structure and manufacturing expertise, combined with a robust aftermarket (independent aftermarket and OES) revenue stream, will allow us to generate consistent earnings growth and strong cash flow.
- *Proven Leadership Team with Operational Momentum:* We have a strong management team with extensive experience both within the industry and across our business. Through the combination of their longstanding customer relationships and proven track record of operational excellence, we believe the leadership team has positioned us for future revenue growth and strong cash flow.

Strategies

- *Maintain Leadership in our Technologies to Solve Our Customers' Most Complex Challenges*: We are focused on providing technologies and solutions that solve our customers' biggest challenges. Leveraging the breadth and depth of our engineering capabilities, we believe we have strong positions in fuel injection systems, fuel delivery modules, canisters, starters, and alternators. Additionally, we are a leading provider of aftermarket products. Our extensive product portfolio helps customers meet increasingly stringent global regulatory requirements while also enhancing performance. We expect to maintain and grow our leadership through enhanced focus and dedicated resources to capitalize on future opportunities.
- *Greater Focus on Commercial Vehicle and Industrial Customers and Systems:* We have strong customer relationships with most of the largest global commercial vehicle OEMs and numerous industrial application OEMs. We plan to continue to focus and expand our commercial vehicle and industrial application offerings as we expect this market to be predominantly combustion-based through at least 2040 and that liquid or gaseous fuels will continue to be primary energy sources to propel vehicles and power other industrial solutions. We are developing the next generation of products, including fuel injection systems, starters and alternators, needed to support Euro 7 and other future advanced emissions requirements. We plan to continue to invest in the development of innovative products and solutions that take advantage of key secular trends, including hydrogen, ethanol, and natural gas. We aim to invest across our organization to win new customers and expand into new markets.
- *Global Expansion of Leading Aftermarket Position*: We have strong relationships with many of the largest global aftermarket customers, including independent retailers and wholesale distributors. We supply a wide suite of aftermarket products, category management, logistics, training, marketing and other dedicated services to support our customers over the lifetime of a vehicle or piece of industrial equipment. We plan to continue to increase scale with a focus on higher growth markets, including Asia. In addition, we plan to prioritize high-value solutions where we have expertise, including diagnostics, software, services, training and repair kits.
- *Capitalize on Identified Organic Growth Opportunities:* We have identified several high-value opportunities where we see potential to deliver the breadth of our company-wide capabilities to drive continued organic growth. We see a significant market opportunity to develop a portfolio of hydrogen combustion and other alternative solutions to

serve as viable alternatives to electrification or fuel cell solutions. In addition, we believe we are well positioned to continue to expand differentiated offerings in electronics, software and complete systems capabilities. We

also see an opportunity to increase our revenues from sales to OEMs of static industrial applications, such as power generation systems and pump sets.

- *Accelerate Growth Through Targeted Acquisitions:* Our business has a history of successful strategic acquisitions and integration. We believe we have developed a pipeline of acquisition candidates that complement existing products, expand geographic reach, and enhance our technical expertise and capabilities. We believe our industry knowledge, culture of operational excellence, and integration experience will position us well to continue to pursue disciplined and accretive strategic acquisitions.
- *Leverage Our Lean and Flexible Cost Structure to Deliver Strong Earnings and Cash Flow Growth*: We recognize the importance of maintaining a lean and flexible business model to deliver earnings and cash flow growth. We intend to improve our cost competitiveness by increasing operational efficiency, maximizing manufacturing output and leveraging our facilities in best-cost countries.

Financial Information About Reporting Segments

Refer to Note 24, “Reporting Segments And Related Information,” to the Combined Financial Statements in this Information Statement for financial information about our reporting segments.

Narrative Description of Reporting Segments

We report our results under two reporting segments: Fuel Systems and Aftermarket. Net sales by reporting segment were as follows:

	Year Ended December 31,		
(in millions)	2022	2021	2020
Fuel Systems	$ 2,293	$ 2,233	$ 585
Aftermarket	1,284	1,218	492
Inter-segment eliminations	(229)	(224)	(43)
Net sales	$ 3,348	$ 3,227	$ 1,034

The sales information presented above does not include the sales by our unconsolidated joint venture. See “—Joint Venture.” Such net sales totaled approximately $235 million, $201 million and $54 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Fuel Systems

Our Fuel Systems segment provides advanced fuel injection systems, fuel delivery modules, canisters, sensors, electronic control modules and associated software. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies, engine control modules, and complete systems, including software and calibration services, that reduce emissions and improve fuel economy for traditional and hybrid applications.

Aftermarket

The Aftermarket segment sells products to independent aftermarket customers and OES customers. Its product portfolio includes a wide range of solutions covering the fuel injection, starters, alternators, electronics, engine management, maintenance, test equipment and vehicle diagnostics categories. The Aftermarket segment also includes sales of starters

and alternators to OEMs. We believe the Aftermarket segment's business provides a recurring and stable revenue base, as replacement of many of these products is non-discretionary in nature.

Joint Venture

As of December 31, 2022, we had one joint venture in which we had a less-than-100% ownership interest. Results from this joint venture in which we exercise significant influence but do not have a controlling financial interest, was reported by us using the equity method of accounting pursuant to which we record our proportionate share of the joint venture's income or loss each period.

Management of the unconsolidated joint venture is shared with our joint venture partner. Certain information concerning our joint venture is set forth below:

Joint venture	Products	Year Organized	Percentage owned by the Company	Location of operation	Joint venture partner
Delphi-TVS Diesel Systems Ltd.	Diesel fuel injection equipment	2001	52.5%	India	Cheema TVS Industrial Ventures Private Limited

Financial Information About Geographic Areas

We have a global presence. During the year ended December 31, 2022, approximately 27% of our net sales were generated in the United States, and 73% were generated outside the United States. Refer to Note 24, "Reporting Segments And Related Information," to the Combined Financial Statements in this Information Statement for additional financial information about geographic areas.

Sales by Customer Type and Customers

During the year ended December 31, 2022, approximately 27% of our net sales were for commercial vehicle and industrial original equipment applications; approximately 46% were for light vehicle original equipment applications; and approximately 27% were for aftermarket and OES customers.

Our net sales to General Motors (including its subsidiaries) were approximately 12% for the year ended December 31, 2022. No other single customer accounted for more than 10% of our combined net sales in any of the years presented. Sales to our top five customers represented approximately 32% of combined net sales for the year ended December 31, 2022.

Our vehicle products are generally sold directly to OEMs, substantially pursuant to negotiated annual contracts, long-term supply agreements or terms and conditions as may be modified by the parties. Deliveries are subject to periodic authorizations based upon OEM production schedules. We typically ship our products directly from our plants to the OEMs.

Sales and Marketing

Each of our businesses within our reporting segments has its own sales function. Account managers for each of our businesses are assigned to serve specific customers for one or more of the businesses' products. Account managers spend the majority of their time in direct contact with customers' purchasing and engineering employees and are responsible for servicing existing business and for identifying and obtaining new business. Because of their close relationship with customers, account managers are able to identify and meet customers' needs based upon their knowledge of our product design and manufacturing capabilities. Upon securing a new order, account managers participate in product

launch team activities and serve as a key interface with customers. In addition, sales and marketing employees of our reporting segments often work together to explore cross-development opportunities where appropriate.

Seasonality

Our operations are directly related to the commercial vehicle and light vehicle industry. Consequently, our segments may experience seasonal fluctuations to the extent vehicle production slows, such as for OEM

shutdowns in summer or OEM winter breaks, and for aftermarket parts depending on primary repair periods (summer for buses) or primary failure periods due to extreme heat or cold.

Research and Development

We have our own research and development ("R&D") organization, including engineers and technicians, engaged in R&D activities at facilities around the globe. We also operate testing facilities such as prototype, measurement and calibration, life-cycle testing and dynamometer, test and validate laboratories. By working closely with OEMs and anticipating their future product needs, our R&D employees conceive, design, develop, test and validate new proprietary components and systems. R&D employees also work to improve current products and production processes. We believe our commitment to R&D will allow us to continue to obtain new orders from our OEM customers.

Our net R&D expenditures are primarily included in selling, general and administrative expenses of the Combined Statements of Operations. Customer reimbursements are netted against gross R&D expenditures as they are considered a recovery of cost. Customer reimbursements for prototypes are recorded net of prototype costs based on customer contracts, typically either when the prototype is shipped or when it is accepted by the customer. Customer reimbursements for engineering services are recorded when performance obligations are satisfied in accordance with the contract. Financial risks and rewards transfer upon shipment, acceptance of a prototype component by the customer or upon completion of the performance obligation as stated in the respective customer agreement.

	Year Ended December 31,		
(in millions)	2022	2021	2020
Gross R&D expenditures	$ 200	$ 247	$ 46
Customer reimbursements	(96)	(115)	—
Net R&D expenditures	$ 104	$ 132	$ 46

Net R&D expenditures as a percentage of net sales were 3.1%, 4.1% and 4.4% for the years ended December 31, 2022, 2021 and 2020, respectively.

Intellectual Property

We have rights to approximately 2,260 active domestic and foreign patents and patent applications pending or under preparation and receives royalties from licensing patent rights to others. While we consider our patents on the whole to be important, we do not consider any single patent, any group of related patents or any single license essential to our operations in the aggregate or to the operations of any of our business groups individually. The expiration of the patents individually and in the aggregate is not expected to have a material effect on our financial position or future operating results. We own numerous trademarks, some of which are valuable, but none of which are essential to our business in the aggregate. See "Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Intellectual Property Agreements" and "Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Supply Agreements and Contract Manufacturing Agreements" for information about agreements we are entering into with BorgWarner in connection with the Spin-Off.

Competition

Our reporting segments compete globally with a number of other manufacturers and distributors that produce and sell similar products. Many of these competitors are larger, have more diverse product portfolios and have greater resources

than us. Technological innovation, application engineering development, quality, price, delivery and program launch support are the primary methods of competition.

Our major competitors are Robert Bosch GmbH, Cummins Inc., Denso Corporation, Dorman Products, Hitachi, Ltd., Magneti Marelli S.p.A., Mitsubishi, Valeo, Schaeffler Group, SEG Automotive North America LLC, Asian Industry Co., Ltd., Tenneco, ZF Group, SMP Auto Inc., and Vitesco Technologies.

For many of our products, our competitors include suppliers in parts of the world that enjoy economic advantages such as lower labor costs, lower health care costs, lower tax rates and, in some cases, export subsidies and/or raw materials subsidies. Also, see “Risk Factors.”

Human Capital Management

Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce globally. We believe the skills, experience, and industry knowledge of our employees significantly benefit our operations and performance.

Our Compensation Committee will oversee human capital management and assesses whether environmental, social and governance (“ESG”) goals and milestones, if appropriate, are effectively reflected in executive compensation. Our full Board will oversee talent reviews and succession planning for us.

As of December 31, 2022, we had a salaried and hourly workforce as follows:

Americas	5,400
Asia	1,600
Europe	5,900
Total employees	12,900
Salaried	4,600
Hourly	8,300
Total employees	12,900

We plan to use an array of practices to attract, develop and retain highly qualified talent, including the following:

- *Diversity, Equity & Inclusion (“DE&I”).* We intend to cultivate a culture where employees are treated with respect and their differences are valued. We plan to continually review our policies, programs and processes to ensure alignment with our DE&I strategy and undertake targeted recruitment that serves as a strategic opportunity to build a diverse talent and leadership pipeline.
- *Engagement & Sentiment.* We intend to actively deploy strategies to attract highly qualified talent and to engage and retain our talent. We plan to recognize and reward employee contributions with competitive pay and benefits and closely monitor employee turnover as part of our efforts to improve retention and to identify potential opportunities for improvement.
- *Education & Development.* We intend to provide formal development opportunities at all levels and stages of the career journey of our employees. These opportunities would be delivered in a variety of formats to make our portfolio of solutions flexible, accessible, scalable and translatable to meet the needs of our evolving workplace and workforce.
- *Health & Safety*. The safety of our employees is vitally important, and we are dedicated to continuously improving safety performance. We intend to maintain safety management systems at our manufacturing facilities.

As of , 2023:

- [●] of our [●] anticipated Board members immediately after the Spin-Off are women and/or racial/ethnic minorities.

- [●] of our [●] anticipated executive management team members immediately after the Spin-Off are women and/or racial/ethnic minorities.

Employees at certain international facilities are unionized. We believe the present relations with our workforce to be satisfactory. We recognize that, in many of the locations where we operate, employees have freedom of association rights with third-party organizations such as labor unions. We respect and support those rights, including the right to collective bargaining, in accordance with local laws.

Raw Materials

We use a variety of raw materials in the production of our products including aluminum, copper, nickel, plastic resins, steel, certain alloy elements, and semiconductor chips. Manufacturing operations for each of our operating segments are dependent upon natural gas (including carbon dioxide and helium), fuel oil, and electricity.

We use a variety of tactics in an attempt to limit the impact of supply shortages and inflationary pressures. Our global procurement organization works to accelerate cost reductions, purchase from best-cost regions, optimize the supply base, mitigate risk, and collaborate on our buying activities. In addition, we use long-term contracts, cost sharing arrangements, design changes, customer buy programs, and limited financial instruments to help control costs. We intend to use similar measures in 2023 and beyond. Refer to Note 17, “Financial Instruments,” to the Combined Financial Statements in this Information Statement for information related to our hedging activities.

For 2023, we believe there will be continuing inflationary pressures in certain raw materials, labor, and energy. We believe there will continue to be supply constraints related to semiconductor chips. Supplies of other raw materials are adequate and available from multiple sources to support our manufacturing requirements.

Regulations

We operate in a constantly evolving global regulatory environment and are subject to numerous and varying regulatory requirements for our product performance and material content. Our practice is to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through the use of routine assessments, protocols, standards, performance measures and audits. New regulations and changes to existing regulations are managed in collaboration with our OEM customers and implemented through our global systems and procedures designed to ensure compliance with existing laws and regulations. We demonstrate material content compliance through the International Material Data System (“IMDS”), which is the vehicle industry material data system. In the IMDS, all materials used for vehicle manufacturing are archived and maintained to meet the obligations placed on the vehicle manufacturers, and thus on their suppliers, by national and international standards, laws and regulations.

We work collaboratively with a number of stakeholder groups, including government agencies such as the National Highway Traffic Safety Administration, our customers and our suppliers, to proactively engage in federal, state and international public policy processes.

Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of the impact of environmental regulations on our business. Also, see “Risk Factors.”

Legal Proceedings

See Note 21, “Contingencies,” to the Combined Financial Statements in this Information Statement for a discussion of warranty, intellectual property, general liability and other litigation, which is incorporated herein by reference.

Properties

As of the date of this Information Statement, we have 22 major manufacturing, assembly and technical locations worldwide excluding unconsolidated joint ventures and administrative offices. Our worldwide headquarters are located in a leased facility in Auburn Hills, Michigan. In general, we believe our facilities to be suitable and adequate to meet our current and reasonably anticipated needs and do not anticipate difficulty in renewing existing leases as they expire or finding alternative facilities.

The Company, its subsidiaries and affiliates operate principal manufacturing, assembly and technical facilities in the following regions:

	Americas	Europe	Asia	Total
Number of major manufacturing, assembly and technical facilities[(1)]	7	9	6	22

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(1) Excludes unconsolidated joint ventures and administrative offices.

Of the facilities noted above, 16 have leased land rights or a leased facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

PHINIA's business is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions in combustion and hybrid propulsion for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). We are a global supplier to most major original equipment manufacturers ("OEMs") seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, we offer a wide range of original equipment service ("OES") solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

Key Trends and Economic Factors

COVID-19 and Supplier Disruptions. The impact of COVID-19, including changes in consumer behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy. Recent COVID-19 outbreaks in certain regions continue to cause intermittent COVID-19-related disruptions in the Company's supply chain and local manufacturing operations. For a significant portion of the second quarter of 2022, China imposed lock-downs in many cities due to an increase in COVID-19 cases in the region, which contributed to a decline in industry production in China during the quarter. The Company also continues to face supplier disruptions due to a global semiconductor shortage in the automotive industry. Further, actions taken by Russia in Ukraine have impacted the automotive industry particularly in Europe, including the Company's suppliers, its customers and its operations more generally. In 2022, the Company wound down its Aftermarket operation in Russia, which involved purchasing the noncontrolling interest of a joint venture. The Russia operations were not material to the Company's financial statements.

Commodities and Other Inflationary Impacts. Prices for commodities remain volatile, and since the beginning of 2021, the Company has experienced price increases for base metals (e.g., steel, aluminum and nickel) and precious metals (e.g., palladium). In addition, many global economies are experiencing elevated levels of inflation more generally, which is driving an increase in other input costs. As a result, the Company has experienced, and is continuing to experience, higher costs.

In 2022, following non-contractual negotiations, the Company reached agreement for the pass through and recovery of higher costs with various customers. These agreements did not enable the Company to recover 100 percent of its increased costs, and as a result, the Company's operating margins have been negatively impacted.

Foreign Currency Impacts. The rapid strengthening of the U.S. Dollar in 2022 relative to major foreign currencies, including the Euro, British Pound and Chinese Renminbi, and related translation of these currencies to the U.S. Dollar, unfavorably impacted the Company's net sales, earnings and cash flows. Continued significant fluctuations of foreign currencies against the U.S. Dollar may further negatively impact the Company's financial results.

Outlook

The Company expects global industry production to be flat to a modest increase year over year in 2023. The Company also expects to see a continued ramp up of gasoline direct injection, or GDi, volumes in North America as new programs come on stream. Recoveries from the Company's customers of material cost inflation arising from non-contractual commercial

negotiations with those customers are also expected to increase net sales year over year. As a result, the Company expects increased revenue in 2023, excluding the impact of foreign currencies.

The Company maintains a positive long-term outlook for its global business and is committed to new product development and strategic investments to enhance its product leadership strategy. There are several trends that are driving the Company's long-term growth that management expects to continue, including recovery of the commercial vehicle market, growth of the overall vehicle parc driving increased aftermarket demand, adoption of product offerings with hydrogen solutions for combustion vehicles to serve as a viable alternative to electrification or fuel cell solutions and increasingly stringent global emissions standards that support demand for the Company's products driving efficiency and reduced emissions. In addition, we believe we are well positioned to continue to expand differentiated offerings in electronics, software and complete systems capabilities.

Transition to Standalone Company

On December 6, 2022, BorgWarner announced its plan for the complete legal and structural separation of BorgWarner's Fuel Systems and Aftermarket businesses through the Spin-Off, including a tax-free pro rata distribution of 100% of the outstanding shares of common stock to BorgWarner stockholders.

Completion of the Spin-Off is subject to certain conditions, which are described more fully under "The Spin-Off," including receipt of a tax opinion of Ernst & Young, LLP to the effect that the Spin-Off will qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code.

Relationship with BorgWarner

Historically, we have relied on BorgWarner to provide various corporate functions. Following the Spin-Off, BorgWarner will not provide us with assistance other than the transition and other services described under "Certain Relationships and Related Person Transactions." These services do not include every service that we have received from BorgWarner in the past, and BorgWarner is only obligated to provide the transition services for limited periods following completion of the Spin-Off. Following the Spin-Off and the cessation of any transition services agreements, we will need to provide internally or obtain from unaffiliated third parties the services we will no longer receive from BorgWarner. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those we receive from BorgWarner.

In connection with the Spin-Off, we have been installing and implementing information technology infrastructure to support certain of our business functions, including accounting and financial reporting, human resources, legal and compliance, communications, engineering, manufacturing & distribution, and sourcing. We may incur substantially higher costs than currently anticipated as we transition from the existing transactional and operational systems and data centers we currently use as part of BorgWarner. If we are unable to transition effectively, we may incur temporary interruptions in business operations. Any delay in implementing, or operational interruptions suffered while implementing, our new information technology infrastructure could disrupt our business and have a material adverse effect on our results of operations.

Stand-Alone Company Expenses

As a result of the Spin-Off, we will become subject to the requirements of federal and state securities laws and stock exchange requirements. We will have to establish additional procedures and practices as a stand-alone public company. As a result, we will incur additional costs related to external reporting, internal audit, treasury, investor relations, board of directors and officers, stock administration and other corporate costs.

See "Unaudited Pro Forma Combined Financial Statements" for additional details.

Acquisition of Delphi Technologies

On October 1, 2020, BorgWarner completed its acquisition of 100% of the outstanding ordinary shares of Delphi Technologies PLC (“Delphi Technologies”) from the shareholders of Delphi Technologies. The subset of the Delphi Technologies business consisting of the Aftermarket business, the Fuel Systems

business and a portion of the Powertrain Products business (the “Acquired Delphi business”) were integrated into the Company. Results of operations for the Acquired Delphi business are included in the Company’s financial information following the date of acquisition on October 1, 2020.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

The following table presents a summary of the Company’s operating results:

	Three Months Ended March 31,			
(in millions)	2023		2022	
Net sales		% of net sales		% of net sales
Fuel Systems	$ 567	67.9 %	$ 586	69.6 %
Aftermarket	330	39.5	307	36.5
Inter-segment eliminations	(62)	(7.4)	(51)	(6.1)
Total net sales	835	100.0	842	100.0
Cost of sales	663	79.4	668	79.3
Gross profit	172	20.6	174	20.7
Selling, general and administrative expenses	99	11.9	100	11.9
Restructuring expense	4	0.5	2	0.2
Other operating expense, net	11	1.3	1	0.1
Operating income	58	6.9	71	8.5
Equity in affiliates’ earnings, net of tax	(3)	(0.4)	(2)	(0.2)
Interest expense, net	3	0.4	4	0.5
Other postretirement income	—	—	(9)	(1.1)
Earnings before income taxes	58	6.9	78	9.3
Provision for income taxes	23	2.8	21	2.5
Net earnings	$ 35	4.1	$ 57	6.8

Net sales

Net sales for the three months ended March 31, 2023 totaled $835 million, a decrease of $7 million, or 1%, from the three months ended March 31, 2022. The change in net sales for the three months ended March 31, 2023 was primarily driven by the following:

- Fluctuations in foreign currencies resulted in a year-over-year decrease in sales of approximately $30 million, primarily due to the weakening of the Chinese Renminbi, British Pound and Euro relative to the U.S. Dollar.
- Customer pricing increased net sales by approximately $16 million.

- Favorable volume, mix and net new business increased sales approximately $7 million, or 1%. This increase was primarily driven by increased demand for the Company’s products in the aftermarket. This increase was partially offset by lower commercial vehicle sales in China.

Cost of sales and gross profit

Cost of sales and cost of sales as a percentage of net sales were $663 million and 79%, respectively, during the three months ended March 31, 2023, compared to $668 million and 79%, respectively, during

the three months ended March 31, 2022. The change in cost of sales for the three months ended March 31, 2023 was primarily driven by the following:

- Fluctuations in foreign currencies resulted in a year-over-year decrease in cost of sales of approximately $23 million primarily due to the weakening of the Chinese Renminbi, British Pound and Euro relative to the U.S. Dollar.
- Cost of sales was also impacted by higher supplier-related costs of approximately $25 million arising primarily from non-contractual commercial negotiations with the Company's suppliers and normal contractual supplier commodity pass-through arrangements. This impact was partially offset by $16 million of net supply chain savings initiatives.
- Higher sales volume, mix and net new business increased cost of sales by approximately $13 million.

Gross profit and gross margin were $172 million and 20.6%, respectively, during the three months ended March 31, 2023 compared to $174 million and 20.7%, respectively, during the three months ended March 31, 2022. The decrease in gross margin was primarily due to the factors discussed above.

Selling, general and administrative expenses ("SG&A")

SG&A for the three months ended March 31, 2023 was $99 million as compared to $100 million for the three months ended March 31, 2022. SG&A as a percentage of net sales was 12% for both the three months ended March 31, 2023 and 2022. SG&A was comprised of the following:

- Employee-related costs were $32 million for the three months ended March 31, 2023, an increase of $6 million, primarily related to incentive compensation.
- Research and development (R&D) costs were $29 million for the three months ended March 31, 2023. This includes gross R&D expenditures of $49 million, comprised primarily of employee costs, and customer reimbursements of $20 million, which represent recovery of costs incurred. R&D costs increased $4 million, primarily related to a reduction in customer reimbursements. The Company's current long-term expectation for R&D spending is approximately 3% of net sales.
- General expense allocations from the Parent were $9 million for the three months ended March 31, 2023, a decrease of $7 million, primarily related to IT costs and professional fees.
- IT costs incurred directly by PHINIA were $7 million for the three months ended March 31, 2023, flat compared to the three months ended March 31, 2022.
- Intangible amortization expense was $7 million for the three months ended March 31, 2023, flat compared to the three months ended March 31, 2022.
- Other selling, general and administrative expenses were $15 million for the three months ended March 31, 2023, a decrease of $4 million.

Restructuring expense was $4 million and $2 million for the three months ended March 31, 2023 and 2022, respectively, related to individually approved restructuring actions that primarily related to reductions in headcount. Refer to Note 4 "Restructuring" to the Combined Financial Statements for the three months ended March 31, 2023 and 2022 in this Information Statement for more information.

Other operating expense, net was $11 million and $1 million for the three months ended March 31, 2023 and 2022, respectively. Refer to Note 5, “Other Operating Expense, Net,” to the Combined Financial Statements for the three months ended March 31, 2023 and 2022 in this Information Statement for more information.

For the three months ended March 31, 2023 and 2022, merger, acquisition and divestiture expenses, net were $18 million and $10 million, respectively, primarily related to professional fees associated with the Spin-Off.

For the three months ended March 31, 2023 and 2022, the Company recognized income related to application testing and other R&D services for other BorgWarner businesses of $1 million and $2 million, respectively. Refer to Note 19, "Related-Party Transactions," to the Combined Financial Statements for the three months ended March 31, 2023 and 2022 for further information.

For the three months ended March 31, 2023 and 2022, the Company recognized royalty income related to licensing of the Delphi Technologies trade name and product-related intellectual properties to other BorgWarner businesses in the amount of $5 million and $7 million, respectively. It is anticipated that these royalty arrangements will not continue after the Spin-Off is completed.

Equity in affiliates' earnings, net of tax was $3 million and $2 million in the three months ended March 31, 2023 and 2022, respectively. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest expense, net was $3 million and $4 million in the three months ended March 31, 2023 and 2022, respectively. The decrease from 2022 to 2023 was primarily due to higher interest rates on cash and cash equivalents balances.

Other postretirement income was nil and $9 million in the three months ended March 31, 2023 and 2022, respectively. The decrease in other postretirement income for the three months ended March 31, 2023 was primarily due to higher interest cost and lower expected returns on assets in 2023.

Provision for income taxes was $23 million for the three months ended March 31, 2023 resulting in an effective tax rate of 39%. This compared to $21 million, or 26%, for the three months ended March 31, 2022.

For further details, see Note 7, "Income Taxes," to the Combined Financial Statements for the three months ended March 31, 2023 and 2022 in this Information Statement.

Adjustments impacting the Company's operating income

The Company's operating income was $58 million and $71 million for the three months ended March 31, 2023 and 2022, respectively. The Company believes the following table is useful in highlighting adjustments that impacted its operating income:

	Three Months Ended March 31,	
Adjustments:	2023	2022
Merger, acquisition and divestiture expense	$ 18	$ 10
Intangible asset amortization	7	7
Restructuring expense	4	2
Other	—	1
Total impact of adjustments:	$ 29	$ 20

Results by Reporting Segment for the Three Months Ended March 31, 2023 and 2022

The Company's business is comprised of two reporting segments: Fuel Systems and Aftermarket.

Segment Adjusted Operating Income is the measure of segment income or loss used by the Company. Segment Adjusted Operating Income is comprised of operating income adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or

loss. The Company believes Segment Adjusted Operating Income is most reflective of the operational profitability or loss of its reporting segments.

Segment Adjusted Operating Income excludes certain corporate costs, which primarily represent headquarters' expenses not directly attributable to the individual segments. Corporate expenses not allocated to Segment Adjusted Operating Income were $4 million and $13 million for the three months

ended March 31, 2023 and 2022, respectively. The decrease in corporate expenses in 2023 was primarily related to cost reductions in IT and professional fees.

The following table presents Net sales and Segment Adjusted Operating Income for the Company's reporting segments:

	Three Months Ended March 31,					
	2023			2022		
(in millions)	Net sales	Segment Adjusted Operating Income	% margin	Net sales	Segment Adjusted Operating Income	% margin
Fuel Systems	$ 567	$ 43	7.6 %	$ 586	$ 66	11.3 %
Aftermarket	330	48	14.5 %	307	38	12.4 %
Inter-segment eliminations	(62)	—		(51)	—	
Totals	$ 835	$ 91		$ 842	$ 104	

The **Fuel Systems** segment's net sales for the three months ended March 31, 2023 decreased $19 million, or 3%, and Segment Adjusted Operating Income decreased $23 million, or 35%, from the three months ended March 31, 2022. Foreign currencies resulted in a year-over-year decrease in sales of approximately $24 million primarily due to the weakening of the Chinese Renminbi, British Pound and Euro relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately $11 million of customer pricing, partially offset by $19 million of volume, mix and net new business driven by lower commercial vehicle sales in China. Segment Adjusted Operating margin was 7.6% in the three months ended March 31, 2023, compared to 11.3% in the three months ended March 31, 2022. The Segment Adjusted Operating margin decrease was primarily due to product mix, higher supplier-related costs and higher net R&D expenses.

The **Aftermarket** segment's net sales for the three months ended March 31, 2023 increased $23 million, or 7%, and Segment Adjusted Operating Income increased $10 million, or 26%, from the three months ended March 31, 2022. Foreign currencies resulted in a year-over-year decrease in sales of approximately $6 million primarily due to the weakening of the Euro relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately $26 million of volume, mix and net new business driven by increased demand for the Company's products and approximately $5 million of pricing. Segment Adjusted Operating margin was 14.5% in the three months ended March 31, 2023, compared to 12.4% in the three months ended March 31, 2022. The Segment Adjusted Operating margin increase was primarily due to increased pricing and the benefit of higher volumes.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

The following table presents a summary of the Company's operating results

	Year Ended December 31,					
(in millions)	2022		2021		2020	
Net sales		% of net sales		% of net sales		% of net sales
Fuel Systems	$ 2,293	68.4 %	$ 2,233	69.2 %	$ 585	56.6 %
Aftermarket	1,284	38.4	1,218	37.7	492	47.6
Inter-segment eliminations	(229)	(6.8)	(224)	(6.9)	(43)	(4.2)
Total net sales	3,348	100.0	3,227	100.0	1,034	100.0
Cost of sales	2,627	78.5	2,551	79.1	859	83.1
Gross profit	721	21.5	676	20.9	175	16.9
Selling, general and administrative expenses	407	12.2	460	14.3	147	14.2
Restructuring expense	11	0.3	55	1.7	37	3.6
Goodwill impairment	—	—	—	—	82	7.9
Other operating (income) expense, net	(15)	(0.4)	(13)	(0.4)	2	0.2
Operating income (loss)	318	9.4	174	5.3	(93)	(9.0)
Equity in affiliates' earnings, net of tax	(11)	(0.3)	(7)	(0.2)	(1)	(0.1)
Interest expense, net	14	0.4	34	1.1	16	1.5
Other postretirement income	(32)	(1.0)	(39)	(1.2)	(3)	(0.3)
Earnings (loss) before income taxes and noncontrolling interest	347	10.3	186	5.6	(105)	(10.1)
Provision for income taxes	85	2.5	33	1.0	19	1.8
Net earnings (loss)	262	7.8	153	4.6	(124)	(11.9)
Net earnings attributable to the noncontrolling interest, net of tax	—	—	1	—	—	—
Net earnings (loss) attributable to PHINIA	$ 262	7.8 %	$ 152	4.6 %	$ (124)	(11.9)%

Net sales

2022 vs. 2021

Net sales for the year ended December 31, 2022 totaled $3,348 million, an increase of $121 million, or 4%, from the year ended December 31, 2021. The change in net sales for the year ended December 31, 2022 was primarily driven by the following:

- Favorable volume, mix and net new business increased sales approximately $195 million, or 6%. This increase was primarily driven by higher weighted average OEM market production as estimated by the Company, which was up

approximately 2% from the year ended December 31, 2021. The remaining increase primarily reflects sales growth above weighted average market production, which the Company believes reflects higher demand for its products. Weighted average market production reflects commercial and light vehicle production as reported by IHS weighted for the Company's geographic exposure, as estimated by the Company.

- Fluctuations in foreign currencies resulted in a year-over-year decrease in sales of approximately $174 million primarily due to the weakening of the Euro, British Pound and Chinese Renminbi relative to the U.S. Dollar.

- Customer pricing increased net sales by approximately $120 million. This includes an increase of approximately $55 million related to recoveries from the Company's customers of material cost inflation arising from non-contractual commercial negotiations with those customers and normal contractual customer commodity pass-through arrangements.

2021 vs. 2020

Net sales for the year ended December 31, 2021 totaled $3,227 million, an increase of $2,193 million, from the year ended December 31, 2020. The change in net sales for the year ended December 31, 2020 was primarily driven by the impact of the Delphi Technologies acquisition, which increased sales $2,113 million.

Cost of sales and gross profit

2022 vs. 2021

Cost of sales and cost of sales as a percentage of net sales were $2,627 million and 79%, respectively, during the year ended December 31, 2022, compared to $2,551 million and 79%, respectively, during the year ended December 31, 2021. The change in cost of sales for the year ended December 31, 2022 was primarily driven by the following:

- Higher sales volume, mix and net new business increased cost of sales by approximately $179 million.
- Fluctuations in foreign currencies resulted in a year-over-year decrease in cost of sales of approximately $132 million primarily due to the weakening of the Euro, British Pound and Chinese Renminbi relative to the U.S. Dollar.
- Cost of sales was also impacted by material cost inflation of approximately $45 million arising from non-contractual commercial negotiations with the Company's suppliers and normal contractual supplier commodity pass-through arrangements. This impact was partially offset by $8 million of net supply chain savings initiatives.
- Cost of sales also included an increase of $26 million of launch and start up costs, primarily for a production facility in North America.

Gross profit and gross margin were $721 million and 21.5%, respectively, during the year ended December 31, 2022 compared to $676 million and 20.9%, respectively, during the year ended December 31, 2021. The increase in gross margin was primarily due to the factors discussed above.

2021 vs. 2020

Cost of sales and cost of sales as a percentage of net sales were $2,551 million and 79%, respectively, during the year ended December 31, 2021, compared to $859 million and 83%, respectively, during the year ended December 31, 2020. The change in cost of sales for the year ended December 31, 2021 was primarily driven by the impact of the Delphi Technologies acquisition.

Gross profit and gross margin were $676 million and 20.9%, respectively, during the year ended December 31, 2021 compared to $175 million and 16.9%, respectively, during the year ended December 31, 2020. The increase in gross margin was primarily due to cost improvement measures.

Selling, general and administrative expenses (“SG&A”)

2022 vs. 2021

SG&A for the year ended December 31, 2022 was $407 million as compared to $460 million for the year ended December 31, 2021. SG&A as a percentage of net sales was 12% and 14% for the years ended December 31, 2022 and 2021, respectively. SG&A was comprised of the following:

- Research and development (R&D) costs were $104 million for the year ended December 31, 2022. This includes gross R&D expenditures of $200 million, comprised primarily of employee costs, and customer reimbursements of $96 million, which represent recovery of costs incurred. R&D costs decreased $28 million, primarily related to a reduction in employee costs as a result of past restructuring actions. The Company’s current long-term expectation for R&D spending is approximately 3% of net sales.
- Employee-related costs were $102 million for the year ended December 31, 2022, a decrease of $20 million, primarily related to incentive compensation.
- General expense allocations from the Parent were $65 million for the year ended December 31, 2022, an increase of $24 million, primarily related to IT costs.
- IT costs incurred directly by PHINIA were $28 million for the year ended December 31, 2022, a decrease of $32 million, primarily related to synergies as more IT costs were centralized at the Parent.
- Intangible amortization expense was $28 million for the year ended December 31, 2022, a decrease of $1 million driven by foreign exchange rates.
- Other selling, general and administrative expenses, excluding employee costs, were $82 million for the year ended December 31, 2022, an decrease of $1 million.

2021 vs. 2020

SG&A for the year ended December 31, 2021 was $460 million as compared to $147 million for the year ended December 31, 2020. SG&A as a percentage of net sales was 14% for both the years ended December 31, 2021 and 2020. The change in SG&A was primarily attributable to the acquisition of Delphi Technologies.

Restructuring expense was $11 million, $55 million and $37 million for the years ended December 31, 2022, 2021 and 2020, respectively, related to various initiatives. Refer to Note 4 “Restructuring” to the Combined Financial Statements in this Information Statement for more information.

During 2022, the Company approved individual restructuring actions that primarily related to equipment relocation and professional fees and recorded $6 million of restructuring expense related to these actions.

In 2019, legacy Delphi Technologies announced a restructuring plan to reshape and realign its global technical center footprint and reduce salaried and contract staff. The Company continued actions under this program post-acquisition and recorded restructuring costs of $5 million and $55 million in the years ended December 31, 2022 and 2021, respectively, primarily related to employee termination benefits.

During the year ended December 31, 2020, the Company recorded $37 million of restructuring costs primarily related to contractually required severance and stock-based compensation cash payments associated with Delphi Technologies executive officers and other employee termination benefits.

Goodwill impairment was $82 million for the year ended December 31, 2020 based on a quantitative analysis performed by the Company that showed that the carrying value exceeded the fair value for the Aftermarket segment. The impairment was primarily the result of an increase in the discount rate and a decrease in the anticipated perpetual growth rate for the reporting unit during the year.

Other operating (income) expense, net was income of $15 million and $13 million for the years ended December 31, 2022 and 2021, respectively, and expense of $2 million for the year ended December 31, 2020. Refer to Note 6, “Other Operating (Income) Expense, Net,” to the Combined Financial Statements in this Information Statement for more information.

For the years ended December 31, 2022, 2021 and 2020, the Company recognized royalty income related to licensing of the Delphi Technologies trade name and product-related intellectual properties to other BorgWarner businesses in the amount of $31 million, $22 million and $5 million, respectively. It is anticipated that these royalty arrangements will not continue after the Spin-Off is completed.

For the years ended December 31, 2022, 2021 and 2020, the Company recognized income related to application testing and other R&D services for other BorgWarner businesses of $11 million, $10 million and $2 million, respectively. Refer to Note 23, "Related-Party Transactions," for further information.

For the years ended December 31, 2022, 2021 and 2020, merger, acquisition and divestiture expenses, net were $31 million, $7 million and $10 million, respectively, primarily related to professional fees associated with the Spin-Off and the Delphi Technologies acquisition.

During the year ended December 31, 2022, the Company also recorded expense of $5 million related to the closure of operations in Russia, primarily for the impairment of an intangible asset related to this business. During the year ended December 31, 2021, the Company recorded an impairment charge of $14 million to reduce the carrying value of an indefinite-lived trade name to its fair value.

For the years ended December 31, 2022, 2021 and 2020, other income, net was $9 million, $2 million and $1 million, respectively. The increase in other income for 2022 was primarily due to a settlement agreement under which the Company recovered $5 million.

Equity in affiliates’ earnings, net of tax was $11 million, $7 million and $1 million in the years ended December 31, 2022, 2021 and 2020, respectively. This line item is driven by the results of the Company’s unconsolidated joint venture. The increase from 2021 to 2022 was driven by market improvements, and the increase from 2020 to 2021 was due to the timing of the Delphi Technologies acquisition.

Interest expense, net was $14 million, $34 million and $16 million in the years ended December 31, 2022, 2021 and 2020, respectively. The decrease from 2021 to 2022 was primarily due to lower interest expense on notes payable due to the Parent and higher interest rates on cash and cash equivalents balances. The increase from 2020 to 2021 was due to the timing of the Delphi Technologies acquisition.

Other postretirement income was $32 million, $39 million and $3 million in the years ended December 31, 2022, 2021 and 2020, respectively. The decrease in other postretirement income for the year ended December 31, 2022 was primarily due to higher interest cost in 2022. The increase from 2020 to 2021 was due to the assumption of the Delphi Technologies pension plans.

Provision for income taxes was $85 million for the year ended December 31, 2022 resulting in an effective tax rate of 24%. This compared to $33 million, or 18%, for the year ended December 31, 2021 and $19 million, or (18)%, for the year ended December 31, 2020.

In 2022, the Company recognized discrete tax benefits of $7 million, primarily due to certain unrecognized tax benefits and accrued interest related to a matter for which the statute of limitations had lapsed.

In 2021, the Company recognized a discrete tax benefit of $21 million related to an increase in its deferred tax assets as a result of an increase in the United Kingdom tax rate from 19% to 25%. This rate change was enacted in June 2021 and becomes effective April 2023.

In 2020, the effective tax rate was negatively impacted by the impairment of goodwill that is non-deductible for tax purposes of $17 million.

For further details, see Note 7, “Income Taxes,” to the Combined Financial Statements in this Information Statement.

Adjustments impacting the Company's operating income

The Company's operating income was $318 million and $174 million for the years ended December 31, 2022 and 2021, respectively, and a loss of $93 million for the year ended December 31, 2020. The Company believes the following table is useful in highlighting adjustments that impacted its operating income:

	Year Ended December 31,		
Adjustments:	2022	2021	2020
Merger, acquisition and divestiture expense	$ 31	$ 7	$ 10
Intangible asset amortization	28	29	15
Restructuring expense	11	55	37
Asset impairments, write offs and lease modifications	5	17	82
Amortization of inventory fair value adjustment[(1)]	—	—	21
Other	2	—	—
Total impact of adjustments:	$ 77	$ 108	$ 165

(1) Represents the non-cash charges related to the amortization of the fair value adjustment of inventories acquired in connection with the acquisition of Delphi Technologies during the year ended December 31, 2020. Refer to Note 2, "Acquisitions," to the Combined Financial Statements in this Information Statement.

Results by Reporting Segment for the Years Ended December 31, 2022, 2021 and 2020

The Company's business is comprised of two reporting segments: Fuel Systems and Aftermarket.

Segment Adjusted Operating Income is the measure of segment income or loss used by the Company. Segment Adjusted Operating Income is comprised of operating income adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment Adjusted Operating Income is most reflective of the operational profitability or loss of its reporting segments.

Segment Adjusted Operating Income excludes certain corporate costs, which primarily represent headquarters' expenses not directly attributable to the individual segments. Corporate expenses not allocated to Segment Adjusted Operating Income were $48 million, $94 million and $23 million for the years ended December 31, 2022, 2021 and 2020, respectively. The decrease in corporate expenses in 2022 was primarily related to cost reductions driven by synergies from acquisitions.

The following table presents Net sales and Segment Adjusted Operating Income for the Company's reporting segments:

(in millions)	Year ended December 31, 2022 Net sales	2022 Segment Adjusted Operating Income	2022 % margin	2021 Net sales	2021 Segment Adjusted Operating Income	2021 % margin	2020 Net sales	2020 Segment Adjusted Operating Income	2020 % margin
Fuel Systems	$ 2,293	$ 252	11.0 %	$ 2,233	$ 227	10.2 %	$ 585	$ 47	8.0 %
Aftermarket	1,284	191	14.9 %	1,218	149	12.2 %	492	48	9.8 %
Inter-segment eliminations	(229)	—		(224)	—		(43)	—	
Totals	$ 3,348	$ 443		$ 3,227	$ 376		$ 1,034	$ 95	

2022 vs. 2021

The **Fuel Systems** segment's net sales for the year ended December 31, 2022 increased $60 million, or 3%, and Segment Adjusted Operating Income increased $25 million, or 11%, from the year ended December 31, 2021. Foreign currencies resulted in a year-over-year decrease in sales of approximately $132 million primarily due to the weakening of the Euro, British Pound and Chinese Renminbi relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately $147 million of volume, mix and net new business driven by higher weighted average market production compared to the prior year and approximately $55 million from non-contractual commercial negotiations with the Company's customers and normal contractual customer commodity pass-through arrangements. Segment Adjusted Operating margin was 11.0% in the year ended December 31, 2022, compared to 10.2% in the year ended December 31, 2021. The Segment Adjusted Operating margin increase was primarily due to higher sales.

The **Aftermarket** segment's net sales for the year ended December 31, 2022 increased $66 million, or 5%, and Segment Adjusted Operating Income increased $42 million, or 28%, from the year ended December 31, 2021. Foreign currencies resulted in a year-over-year decrease in sales of approximately $42 million primarily due to the weakening of the Euro relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately $48 million of volume, mix and net new business driven by increased demand for the Company's products and approximately $65 million of pricing. Segment Adjusted Operating margin was 14.9% in the year ended December 31, 2022, compared to 12.2% in the year ended December 31, 2021. The Segment Adjusted Operating margin increase was primarily due to the increased pricing and the benefit of higher volumes.

2021 vs. 2020

The **Fuel Systems** segment's net sales and Segment Adjusted Operating Income for the year ended December 31, 2021 were $2,233 million and $227 million, respectively. For the three months ended December 31, 2020, net sales and Segment Adjusted Operating Income were $585 million and $47 million, respectively. This was a new reporting segment following the acquisition of Delphi Technologies on October 1, 2020. Segment Adjusted Operating margin was 10.2% in the year ended December 31, 2021, compared to 8.0% in the three months ended December 31, 2020. The Segment Adjusted Operating margin increase was primarily due to cost improvement measures and higher engineering cost recoveries in 2021.

The **Aftermarket** segment's net sales for the year ended December 31, 2021 increased $726 million, and Segment Adjusted Operating Income increased $101 million, from the year ended December 31, 2020. The Delphi Technologies acquisition increased Aftermarket revenues by $659 million. The remaining increase was primarily due to volume, mix and net new business driven by increased demand for the Company's products. Segment Adjusted Operating margin was 12.2% in the year ended December 31, 2021, compared to 9.8% in the year ended December 31, 2020. The Segment Adjusted Operating margin increase was primarily due to higher sales.

LIQUIDITY AND CAPITAL RESOURCES

Overview

To manage liquidity and fund operations prior to the Spin-off, we have participated in BorgWarner's cash pooling arrangements and BorgWarner has participated in our cash pooling arrangements. Any balances owed to the Company from BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due from Parent. Any balances due from the Company to BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due to Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment in our combined financial statements included elsewhere in this Information Statement.

Upon completion of this Spin-Off, we will cease participation in BorgWarner's cash pooling arrangements and our cash and cash equivalents will be held and used solely for our own operations. Our capital structure, long-term commitments, and sources of liquidity will change significantly from our historical practices. For additional detail regarding changes to our capital structure, see "Incurrence of Debt" section below. Our cash balance on the date of the completion of this Spin-Off is expected to be approximately $[ ] million.

We utilize certain arrangements with various financial institutions to sell eligible trade receivables from certain customers in North America and Europe. We may terminate any or all of these arrangements at any time subject to prior written notice. While we do not depend on these arrangements for our liquidity, if we elected to terminate these arrangements, there would be a one-time unfavorable timing impact on the collection of the outstanding receivables.

At March 31, 2023 and December 31, 2022, the Company had $181 million and $251 million of cash and cash equivalents, respectively, of which $171 million and $247 million, respectively, was held by our subsidiaries outside of the United States. We believe our existing cash and cash flows generated from operations and indebtedness to be incurred in conjunction with the Spin-Off discussed below will be responsive to the needs of our current and planned operations for at least the next 12 months.

Cash Flows - for the three months ended March 31, 2023 and 2022

Operating Activities

Net cash used in operating activities was $33 million in the three months ended March 31, 2023 and net cash provided by operating activities was $16 million in the three months ended March 31, 2022. The change in cash from operating activities for the three months ended March 31, 2023, compared with the three months ended March 31, 2022, was primarily due to the timing of payments to suppliers.

Investing Activities

Net cash used in investing activities was $38 million and $37 million in the three months ended March 31, 2023 and 2022, respectively. As a percentage of sales, capital expenditures were 4.5% and 4.4% for the three months ended March 31, 2023 and 2022, respectively.

Financing Activities

Net cash used in financing activities was $3 million and $46 million in the three months ended March 31, 2023 and 2022, respectively, primarily related to funding activities with BorgWarner.

Cash Flows - for the years ended December 31, 2022, 2021 and 2020

Operating Activities

Net cash provided by operating activities was $303 million and $147 million in the years ended December 31, 2022 and 2021, respectively. Net cash used in operating activities was $97 million for the year ended December 31, 2020. The increase in cash provided for operating activities for the year ended December 31, 2022, compared with the year ended December 31, 2021, was primarily due to higher net earnings adjusted for non-cash charges. The cash used in operating activities for the year ended December 31, 2020 was primarily due to lower net earnings as adjusted for non-cash charges and incremental retirement benefit plan contributions made in December 2020 to the Delphi Technologies Pension Scheme in the United Kingdom.

Investing Activities

Net cash used in investing activities was $105 million and $140 million in the years ended December 31, 2022 and 2021, respectively. The decrease in cash used in investing activities for the year ended December 31, 2022, compared with the year ended December 31, 2021, was primarily due to lower capital expenditures. Net cash provided by investing activities was $369 million in the year ended

December 31, 2020, primarily due to cash received from the Delphi Technologies acquisition on October 1, 2020. As a percentage of sales, capital expenditures were 3.2%, 4.5% and 5.2% for the years ended December 31, 2022, 2021 and 2020, respectively.

Financing Activities

Net cash used in financing activities was $185 million and $44 million in the years ended December 31, 2022 and 2021, respectively, and net cash provided by financing activities was $2 million during the year ended December 31, 2020 primarily related to funding activities with BorgWarner.

Contractual Obligations

The Company's contractual obligations as of December 31, 2022, primarily consisted of the principal and interest payments on its notes payable due to Parent and long-term debt, non-cancelable lease obligations and capital spending obligations. The principal amounts of notes payable due to Parent and long-term debt were $1,015 million and $28 million, respectively, as of December 31, 2022. The projected interest payments over the terms of the notes payable due to Parent and long-term debt were $101 million and $3 million, respectively, as of December 31, 2022. Refer to Note 14, "Notes Payable And Debt," and Note 23, "Related-Party Transactions," to the Combined Financial Statements in this Information Statement for more information.

As of December 31, 2022, non-cancelable lease obligations were $91 million. Refer to Note 22, "Leases And Commitments," to the Combined Financial Statements in this Information Statement for more information. Capital spending obligations were $67 million as of December 31, 2022.

Pensions

The Company's policy is to fund its defined benefit pension plans in accordance with applicable government regulations and to make additional contributions when appropriate. At December 31, 2022, all legal funding requirements had been met. The Company contributed $5 million, $3 million and $138 million to its defined benefit pension plans in the years ended December 31, 2022, 2021 and 2020, respectively. On October 1, 2020, as a result of the acquisition of Delphi Technologies, the Company assumed the retirement-related liabilities of the Acquired Delphi business, the most significant of which was the Delphi Technologies Pension Scheme (the "Scheme") in the United Kingdom. On December 12, 2020, the Company entered into a Heads of Terms Agreement (the "Agreement") with the Trustees of the Scheme related to the future funding of the Scheme. Under the Agreement, the Company eliminated the prior schedule of contributions between Delphi Technologies and the Scheme in exchange for a $137 million (£100 million) one-time contribution into the Scheme Plan by December 31, 2020, which was paid on December 15, 2020. The Agreement also contained other provisions regarding the implementation of a revised asset investment strategy as well as a funding progress test to be performed every three years to determine if additional contributions need to be made into the Scheme by the Company.

The Company expects to contribute a negligible amount to its defined benefit pension plans during 2023. Of the projected 2023 contributions, $1 million are contractually obligated, while any remaining payments would be discretionary.

The funded status of all pension plans was a net unfunded position of $79 million and $31 million at December 31, 2022 and 2021, respectively. The increase in the net unfunded position was a result of lower asset returns, partially offset by higher discount rates.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Combined Financial Statements in this Information Statement are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. Critical accounting policies are those that are most important to the portrayal of the Company's financial condition and results of operations. Some

of these policies require management's most difficult, subjective or complex judgments in the preparation of the financial statements and accompanying notes. Management makes estimates and assumptions about the effect of matters that are inherently uncertain, relating to the reporting of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. The Company's most critical accounting policies are discussed below.

Business combinations The Company allocates the cost of an acquired business to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess value of the cost of an acquired business over the estimated fair value of the assets acquired and liabilities assumed is recognized as goodwill. The valuation of the acquired assets and liabilities will impact the determination of future operating results. The Company uses a variety of information sources to determine the value of acquired assets and liabilities, including third-party appraisers for the values and lives of property, identifiable intangibles and inventories, and actuaries for defined benefit retirement plans. Goodwill is assigned to reporting units as of the date of the related acquisition. If goodwill is assigned to more than one reporting unit, the Company utilizes a method that is consistent with the manner in which the amount of goodwill in a business combination is determined. Costs related to the acquisition of a business are expensed as incurred.

Acquired intangible assets include customer relationships, developed technology and trade names. The Company estimates the fair value of acquired intangible assets using various valuation techniques. The primary valuation techniques used include forms of the income approach, specifically the relief-from-royalty and multi-period excess earnings valuation methods. Under these valuation approaches, the Company is required to make estimates and assumptions from a market participant perspective, which may include revenue growth rates, estimated earnings, royalty rates, obsolescence factors, contributory asset charges, customer attrition and discount rates. Under the multi-period excess earnings method, value is estimated as the present value of the benefits anticipated from ownership of the asset, in excess of the returns required on the investment in contributory assets that are necessary to realize those benefits. The intangible asset's estimated earnings are determined as the residual earnings after quantifying estimated earnings from contributory assets. When the Company estimates fair value using the relief-from-royalty method, it calculates the cost savings associated with owning rather than licensing the assets. Assumed royalty rates are applied to projected revenue for the remaining useful lives of the assets to estimate the royalty savings.

While the Company uses its best estimates and assumptions, fair value estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Any adjustments required after the measurement period are recorded in the combined statement of operations.

Future changes in the judgments, assumptions and estimates that are used in acquisition valuations and intangible asset and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect the Company's financial statements in any given year.

Impairment of long-lived assets, including definite-lived intangible assets The Company reviews the carrying value of its long-lived assets, whether held for use or disposal, including other amortizing intangible assets, when events and circumstances warrant such a review under ASC Topic 360. In assessing long-lived assets for an impairment loss, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In assessing long-lived assets for impairment, management generally considers individual facilities to be the lowest level for which identifiable cash flows are largely independent. A recoverability

review is performed using the undiscounted cash flows if there is a triggering event. If the undiscounted cash flow test for recoverability identifies a possible impairment, management will perform a fair value

analysis. Management determines fair value under ASC Topic 820 using the appropriate valuation technique of market, income or cost approach. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value.

Management believes that the estimates of future cash flows and fair value assumptions are reasonable; however, changes in assumptions underlying these estimates could affect the valuations. Significant judgments and estimates used by management when evaluating long-lived assets for impairment include (1) an assessment as to whether an adverse event or circumstance has triggered the need for an impairment review; (2) undiscounted future cash flows generated by the asset; and (3) fair valuation of the asset. Events and conditions that could result in impairment in the value of long-lived assets include changes in the industries in which the Company operates, particularly the impact of a downturn in the global economy, as well as competition and advances in technology, adverse changes in the regulatory environment, or other factors leading to reduction in expected long-term sales or profitability.

Goodwill and other indefinite-lived intangible assets During the fourth quarter of each year, the Company tests goodwill for impairment by either performing a qualitative assessment or a quantitative analysis. The qualitative assessment evaluates various events and circumstances, such as macroeconomic conditions, industry and market conditions, cost factors, relevant events and financial trends, that may impact a reporting unit's fair value. Using this qualitative assessment, the Company determines whether it is more-likely-than-not the reporting unit's fair value exceeds its carrying value. If it is determined that it is not more-likely-than-not the reporting unit's fair value exceeds the carrying value, or upon consideration of other factors, including recent acquisition, restructuring or disposal activity or to refresh the fair values, the Company performs a quantitative goodwill impairment analysis. In addition, the Company may test goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value. During the fourth quarter of 2022, the Company performed a quantitative analysis on its two reporting units to refresh their respective fair values. Prior to 2022, the estimated fair value was determined based on the income approach. The income approach is based on discounted future cash flows and requires significant assumptions, including estimates regarding future revenue, profitability, capital requirements and discount rates. The basis of the income approach is the Company’s annual budget and long-range plan (“LRP”). The annual budget and LRP includes a five-year projection of future cash flows based on actual new products and customer commitments. Because the projections are estimated over a significant future period of time, those estimates and assumptions are subject to uncertainty. For 2022, the estimated fair values were determined using a combined income and market approach. The market approach is based on market multiples (revenue and “EBITDA”, defined as earnings before interest, taxes, depreciation and amortization) and requires an estimate of appropriate multiples based on market data for comparable companies. The market valuation models and other financial ratios used by the Company require certain assumptions and estimates regarding the applicability of those models to the Company’s facts and circumstances.

The Company believes the assumptions and estimates used to determine the estimated fair value are reasonable. Different assumptions could materially affect the estimated fair value. The primary assumptions affecting the Company’s 2022 goodwill quantitative impairment review are as follows:

- Discount rates: the Company used a range of 13.0% to 14.0% weighted average cost of capital (“WACC”) as the discount rates for future cash flows. The WACC is intended to represent a rate of return that would be expected by a market participant.
- Operating income margin: the Company used historical and expected operating income margins, which may vary based on the projections of the reporting unit being evaluated.

- Revenue growth rates: the Company used a global automotive market industry growth rate forecast adjusted to estimate its own market participation for product lines.

In addition to the above primary assumptions, the Company notes the following risks to volume and operating income assumptions that could have an impact on the discounted cash flow models:

- The automotive industry is cyclical, and the Company's results of operations could be adversely affected by industry downturns.
- The automotive industry is evolving, and if the Company does not respond appropriately, its results of operations could be adversely affected.
- The Company is dependent on market segments that use its key products and could be affected by decreasing demand in those segments.
- The Company is subject to risks related to international operations.

Based on the assumptions outlined above, the impairment testing conducted in the fourth quarter of 2022 indicated the Company's goodwill assigned to the respective reporting units was not impaired. Future changes in the judgments, assumptions and estimates from those used in acquisition-related valuations and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. Because the Acquired Delphi business was acquired relatively recently (October 1, 2020), there is less headroom (the difference between the carrying value and the fair value) associated with certain of the Company's reporting units. Based on the impairment testing conducted in 2022, the estimated fair values of the Company's goodwill reporting units exceeded their carrying values by 29% for Fuel Systems and 42% for Aftermarket. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect the Company's financial statements in any given year.

Similar to goodwill, the Company can elect to perform the impairment test for indefinite-lived intangibles other than goodwill (trade names) using a qualitative analysis, considering similar factors as outlined in the goodwill discussion to determine if it is more-likely-than-not that the fair value of the intangible asset is less than its respective carrying value. If the Company elects to perform or is required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. The Company estimates the fair value of indefinite-lived intangibles using the relief-from-royalty method, which it believes is an appropriate and widely used valuation technique for such assets. The fair value derived from the relief-from-royalty method is measured as the discounted cash flow savings realized from owning such trade names and not being required to pay a royalty for their use.

Refer to Note 12, "Goodwill And Other Intangibles," to the Combined Financial Statements in this Information Statement for more information regarding goodwill.

Product warranties The Company provides warranties on some, but not all, of its products sold to OEMs. The warranty terms are typically from one to three years. Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claim settlements as well as product manufacturing and industry developments and recoveries from third parties. Management actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. Costs of product recalls, which may include the cost of the product being replaced as well as the customer's cost of the recall, including labor to remove and replace the recalled part, are accrued as part of the Company's warranty accrual at the time an obligation becomes probable and can be reasonably estimated. Management believes that the warranty accrual is appropriate;

however, actual claims incurred could differ from the original estimates, requiring adjustments to the accrual:

	Year Ended December 31,		
(in millions)	2022	2021	2020
Net sales	$ 3,348	$ 3,227	$ 1,034
Warranty provision	$ 41	$ 39	$ 18
Warranty provision as a percentage of net sales	1.2 %	1.2 %	1.7 %

The sensitivity to a 25 basis-point change (as a percentage of net sales) in the assumed warranty trend on the Company's accrued warranty liability was approximately $8 million.

At December 31, 2022, the total accrued warranty liability was $60 million. The accrual is represented as $32 million in Other current liabilities and $28 million in Other non-current liabilities on the Combined Balance Sheets.

Refer to Note 13, "Product Warranty," to the Combined Financial Statements in this Information Statement for more information regarding product warranties.

Pension The Company provides pension benefits to a number of its current and former employees. The Company's defined benefit pension plans are accounted for in accordance with ASC Topic 715. The determination of the Company's obligation and expense for its pension is dependent on certain assumptions used by actuaries in calculating such amounts. Certain assumptions, including the expected long-term rate of return on plan assets, discount rate and rates of increase in compensation are described in Note 18, "Retirement Benefit Plans," to the Combined Financial Statements in this Information Statement. The effects of any modification to those assumptions, or actual results that differ from assumptions used, are either recognized immediately or amortized over future periods in accordance with GAAP.

The primary assumptions affecting the Company's accounting for employee benefits under ASC Topic 715 as of December 31, 2022 are as follows:

- **Expected long-term rate of return on plan assets**: The expected long-term rate of return is used in the calculation of net periodic benefit cost. The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time, however, the expected long-term rate of return on plan assets is designed to approximate actual earned long-term returns. The expected long-term rate of return for pension assets has been determined based on various inputs, including historical returns for the different asset classes held by the Company's trusts and its asset allocation, as well as inputs from internal and external sources regarding expected capital market return, inflation and other variables. The Company also considers the impact of active management of the plans' invested assets. In determining its pension expense for the year ended December 31, 2022, the Company used long-term rates of return on plan assets ranging from 1.5% to 6.3%.

  Actual returns on U.K. pension assets were (35.3)% and 5.9% for the years ended December 31, 2022 and 2021, respectively, compared to the expected rate of return assumption of 4.3% and 4.0%, respectively, for the same years ended.

- **Discount rate**: The discount rate is used to calculate pension obligations. In determining the discount rate, the Company utilizes a full-yield approach in the estimation of service and interest components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

For its significant plans, the Company used discount rates ranging from 1.4% to 12.0% to determine its pension obligations as of December 31, 2022, including weighted average discount rates of 5.0% (including 4.9% in the U.K.). The U.K. discount rate reflects the fact that the pension plan has been closed for new participants.

While the Company believes that these assumptions are appropriate, significant differences in actual experience or significant changes in these assumptions may materially affect the Company's pension and its future expense.

The sensitivity to a 25 basis-point change in the assumptions for discount rate related to 2023 pre-tax pension expense for Company sponsored pension plans is expected to be negligible.

The following table illustrates the sensitivity to a change in assumptions for expected rate of return on assets related to 2023 pre-tax pension expense and on its pension obligations for Company sponsored pension plans:

(in millions)	Impact on expected return on plan assets	Impact on PBO
25 basis point decrease in discount rate	$ 2	$ 30
25 basis point increase in discount rate	$ (2)	$ (30)

Refer to Note 18, “Retirement Benefit Plans,” to the Combined Financial Statements in this Information Statement for more information regarding the Company’s retirement benefit plans.

Restructuring Restructuring costs may occur when the Company takes action to exit or significantly curtail a part of its operations or implements a reorganization that affects the nature and focus of operations. A restructuring charge can consist of severance costs associated with reductions to the workforce, costs to terminate an operating lease or contract, professional fees and other costs incurred related to the implementation of restructuring activities.

The Company generally records costs associated with voluntary separations at the time of employee acceptance. Costs for involuntary separation programs are recorded when management has approved the plan for separation, the employees are identified and aware of the benefits they are entitled to and it is unlikely that the plan will change significantly. When a plan of separation requires approval by or consultation with the relevant labor organization or government, the costs are recorded upon agreement. Costs associated with benefits that are contingent on the employee continuing to provide service are accrued over the required service period.

Income taxes The Company accounts for income taxes in accordance ASC Topic 740 (“ASC 740”). Income taxes as presented in the Company’s Combined Financial Statements have been allocated in a manner that is systematic, rational, and consistent with the broad principles of ASC 740. Historically, the Company’s operations have been included in BorgWarner’s U.S. federal consolidated tax return, certain foreign tax returns, and certain state tax returns. For the purposes of these financial statements, the Company’s income tax provision was computed as if the Company filed separate tax returns (i.e., as if the Company had not been included in the consolidated income tax return group with BorgWarner). The separate-return method applies ASC 740 to the Combined Financial Statements of each member of a consolidated tax group as if the group member were a separate taxpayer. As a result, actual tax transactions included in the consolidated financial statements of BorgWarner may not be included in these Combined Financial Statements. Further, the Company’s tax results as presented in the Combined Financial Statements may not be reflective of the results that the Company expects to generate in the future. Also, the tax treatment of certain items reflected in the Combined Financial Statements may not be reflected in the Consolidated Financial Statements and tax returns of BorgWarner. It is conceivable that items such as net operating losses, other deferred taxes, uncertain tax positions and valuation allowances may exist in the Combined Financial Statements that may or may not exist in BorgWarner’s Consolidated Financial Statements.

Since the Company’s results are included in BorgWarner’s historical tax returns, payments to certain tax authorities are made by BorgWarner, and not by the Company. For tax jurisdictions where the Company is included with BorgWarner in a

consolidated tax filing, the Company does not maintain taxes payable to or from BorgWarner and the payments are deemed to be settled immediately with the legal entities paying the tax in the respective tax jurisdictions through changes in Parent company investment.

In accordance with ASC 740, the Company's income tax expense is calculated based on expected income and statutory tax rates in the various jurisdictions in which the Company operates and requires the use of management's estimates and judgments. Accounting for income taxes is complex, in part because the Company conducts business globally and, therefore, files income tax returns in numerous tax jurisdictions. Management judgment is required in determining the Company's worldwide provision for income taxes and recording the related assets and liabilities, including accruals for unrecognized tax benefits and assessing the need for valuation allowances.

The determination of accruals for unrecognized tax benefits includes the application of complex tax laws in a multitude of jurisdictions across the Company's global operations. Management judgment is required in determining the gross unrecognized tax benefits' related liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is less than certain. Accruals for unrecognized tax benefits are established when, despite the belief that tax positions are supportable, there remain certain positions that do not meet the minimum probability threshold, which is a tax position that is more-likely-than-not to be sustained upon examination by the applicable taxing authority. The Company has certain U.S. state income tax returns and certain non-U.S. income tax returns that are currently under various stages of audit by applicable tax authorities. At December 31, 2022, the Company had a liability for tax positions the Company estimates are not more-likely-than-not to be sustained based on the technical merits, which is included in other non-current liabilities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled

The Company records valuation allowances to reduce the carrying value of deferred tax assets to amounts that it expects are more-likely-than-not to be realized. The Company assesses existing deferred tax assets, net operating losses, and tax credits by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current and estimated future taxable income and tax planning strategies.

Estimates of future taxable income, including income generated from prudent and feasible tax planning strategies resulting from actual or planned business and operational developments, could change in the near term, perhaps materially, which may require the Company to consider any potential impact to the assessment of the recoverability of the related deferred tax asset. Such potential impact could be material to the Company's combined financial condition or results of operations for an individual reporting period.

The Tax Cuts and Jobs Act of 2017 (the "Tax Act") that was signed into law in December 2017 constituted a major change to the U.S. tax system. The impact of the Tax Act on the Company is based on management's current interpretations of the Tax Act, recently issued regulations and related analysis. The Company's tax liability may be materially different based on regulatory developments or enacted changes to the U.S. tax law. In future periods, its effective tax rate could be subject to additional uncertainty as a result of regulatory or legislative developments related to U.S. tax law.

Refer to Note 7, "Income Taxes," to the Combined Financial Statements in this Information Statement for more information regarding income taxes.

New Accounting Pronouncements

Refer to Note 1, "Summary Of Significant Accounting Policies," to the Combined Financial Statements in this Information Statement for more information regarding new applicable accounting pronouncements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risks include fluctuations in interest rates and foreign currency exchange rates. The Company is also affected by changes in the prices of commodities used or consumed in its manufacturing operations. Some of its commodity purchase price risk is covered by supply agreements with customers and suppliers. Other commodity purchase price risk is occasionally addressed by hedging strategies, which include forward contracts. The Company enters into derivative instruments only with high-credit-quality counterparties and diversifies its positions across such counterparties to reduce its exposure to credit losses. The Company does not engage in any derivative instruments for purposes other than hedging specific operating risks.

The Company has established policies and procedures to manage sensitivity to interest rate, foreign currency exchange rate and commodity purchase price risk, which include monitoring the level of exposure to each market risk. For quantitative disclosures about market risk, refer to Note 17, "Financial Instruments," to the Combined Financial Statements in this Information Statement for information with respect to interest rate risk, foreign currency exchange rate risk and commodity purchase price risk.

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. The level of our interest rate risk is dependent on our debt exposure and is sensitive to changes in the general level of interest rates. Historical fluctuations in interest rates have not been significant for us; however, this may vary in the future as our capital structure changes.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that the Company will incur economic losses due to adverse changes in foreign currency exchange rates. Currently, the Company's most significant currency exposures relate to the Brazilian Real, British Pound, Chinese Renminbi, Euro, Indian Rupee, Korean Won, Mexican Peso, Polish Zloty, and Turkish Lira. The Company mitigates its foreign currency exchange rate risk by establishing local production facilities and related supply chain participants in the markets it serves, by invoicing customers in the same currency as the source of the products and by funding some of its investments in foreign markets through local currency loans. The Company also monitors its foreign currency exposure in each country and implements strategies to respond to changing economic and political environments. In addition, the Company regularly enters into forward currency contracts, to reduce exposure to transaction-related exchange rate risk. As of March 31, 2023, December 31, 2022 and 2021, the Company recorded a pre-tax deferred loss of $4 million, $4 million and $10 million, respectively, for designated net investment hedges within Accumulated other comprehensive (loss) income.

The significant foreign currency translation adjustments, including the impact of the net investment hedges discussed above, during the three months ended March 31, 2023 and 2022 and the years ended December 31, 2022, 2021 and 2020 are shown in the following tables, which provides the percentage change in U.S. Dollars against the respective currencies and the approximate impacts of these changes recorded within Other comprehensive (loss) income for the respective periods.

(in millions, except for percentages)	March 31, 2023	
British Pound	2.0 %	$ 9
Brazilian Real	4.4 %	$ 6
Euro	1.3 %	$ 4
Chinese Renminbi	0.4 %	$ 2

(in millions, except for percentages)	March 31, 2022	
Brazilian Real	18 %	$ 22
British Pound	(3)%	$ (13)
Euro	(3)%	$ (9)
Turkish Lira	(10)%	$ (2)

(in millions, except for percentages)	December 31, 2022	
British Pound	(11)%	$ (45)
Chinese Renminbi	(8)%	$ (28)
Euro	(6)%	$ (14)
India Rupee	(10)%	$ (8)
Brazilian Real	5 %	$ 8

(in millions, except for percentages)	December 31, 2021	
Euro	(7)%	$ (26)
Brazilian Real	(7)%	$ (9)
British Pound	(1)%	$ (5)
Korean Won	(9)%	$ (3)
Chinese Renminbi	3 %	$ 10

(in millions, except for percentages)	December 31, 2020	
British Pound	3 %	$ 22
Euro	9 %	$ 16
Chinese Renminbi	7 %	$ 9
Brazilian Real	(23)%	$ 5
Korean Won	7 %	$ 2

Commodity Price Risk

Commodity price risk is the possibility that the Company will incur economic losses due to adverse changes in the cost of raw materials used in the production of its products. Commodity forward and option contracts are occasionally executed to offset exposure to potential change in prices mainly for various non-ferrous metals and natural gas consumption used in the manufacturing of vehicle components. As of December 31, 2022 and 2021, the Company had no outstanding commodity swap contracts.

Other Quantitative and Qualitative Disclosures About Market Risk

For information regarding interest rate risk, foreign currency exchange risk and commodity price risk, refer to Note 17, “Financial Instruments,” to the Combined Financial Statements in this Information Statement. For information regarding the levels of indebtedness subject to interest rate fluctuation, refer to Note 14, “Notes Payable And Debt,” to the Combined

Financial Statements in this Information Statement. For information regarding the level of business outside the United States, which is subject to foreign currency exchange rate market risk, refer to Note 24, “Reporting Segments And Related Information,” to the Combined Financial Statements in this Information Statement.

MANAGEMENT

Executive Officers

The following are brief biographies describing the backgrounds of our executive officers following the Spin-Off.

Brady D. Ericson (51), President and Chief Executive Officer. Mr. Ericson has served as President and General Manager of BorgWarner Fuel Systems and Aftermarket since March 2022 and will serve as President and Chief Executive Officer of PHINIA. He has been an officer of BorgWarner since 2011, serving as President and General Manager of Morse Systems from June 2019 to March 2022, Chief Strategy Officer from January 2017 to June 2019 and President, Emissions Systems and BERU Systems from September 2011 to December 2016. Prior to this, he served in roles of increasing responsibility in operations, manufacturing strategy, engineering, and sales. He has served in overseas assignments in four different countries in Europe and Asia. Earlier in his career, Mr. Ericson held various sales and engineering positions with Honeywell (formerly AlliedSignal), Remy International, and Ford Motor Company. Mr. Ericson previously served on the boards of directors of Romeo System, Inc., from May 2019 to December 2020, and Romeo Power, Inc., from December 2020 to August 2021. Mr. Ericson holds a Bachelor of Science in Mechanical Engineering from Kettering University and a Master of Business Administration from Duke University.

Chris P. Gropp (58), Vice President and Chief Financial Officer. Ms. Gropp began her career at BorgWarner in 2001, serving most recently as Vice President of Finance for Fuel Systems and Aftermarket since October 2020. Over her 22 years at BorgWarner, she has held positions of increasing responsibility in several BorgWarner businesses domestically and internationally, from Plant Controller and Commercial Controller to Finance Director and Vice President of Finance for three of BorgWarner's businesses. Prior to joining BorgWarner, Ms. Gropp was an auditor for KPMG and Director, Finance/ Controller for Pressac Inc. Ms. Gropp earned a Bachelor of Science degree in Accounting from the University of Alabama. She is a certified public accountant licensed in Alabama and a member of the American Institute of Certified Public Accountants as well as the Alabama Society of Certified Public Accountants.

Robert Boyle (43), Vice President, General Counsel and Secretary. Mr. Boyle joined BorgWarner in October 2020 as part of the acquisition of Delphi Technologies, a leading provider of advanced vehicle propulsion solutions, where he was Vice President, Corporate and Securities, and Assistant Secretary from November 2018 to October 2020. Since then, he has served as BorgWarner Vice President and General Counsel (Europe) based in Germany where he has managed a diverse team of lawyers responsible for cross-border commercial, operational, and strategic matters. Prior to joining Delphi Technologies, Mr. Boyle focused on securities and corporate law matters as an attorney at General Motors Company (NYSE: GM), a multinational automotive manufacturing company, from April 2015 to November 2018. Mr. Boyle has extensive experience in commercial and strategic transactions, including public and private securities offerings and mergers and acquisitions. He also has experience working across a range of geographies, including Germany and the United States. Mr. Boyle holds a Bachelor's Degree from Georgetown University and a Juris Doctorate from the DePaul University College of Law (Chicago).

Alisa Di Beasi (48), Vice President and Chief Human Resource Officer. Ms. Di Beasi joined BorgWarner in January 2020 as Vice President, Global Human Resources for Morse Systems. Ms. Di Beasi is a 25-year-plus human resources business partner who has worked in a wide range of industries. She brings extensive knowledge and experience leading both emerging companies and large global corporations, as well as successfully leading people functions through acquisitions. While at BorgWarner, she led the human resources integrations of Delphi Technologies, PTP and Akasol AG. Prior to her role at BorgWarner, she worked for ABB AG. ABB AG, a multinational technology leader in electrification and

automation, from December 2016 to December 2019. She has worked and lived in India and Germany. Ms. Di Beasi is a two-time graduate of National Louis University (Chicago), with a Bachelor's Degree in

Science and Management and Business Administration and a Master's Degree in Human Resource Management and Organizational Behavior.

Michael Coetzee (57), Vice President and General Manager Fuel Systems Americas. Mr. Coetzee joined BorgWarner in August 2012 as Director of Operations for locations in Illinois, United States, and Juarez, Mexico. In October 2015, Mr. Coetzee transitioned to Emissions Systems as Executive Director, then rejoined Transmissions Systems in September 2016 as Vice President and General Manager, Americas. Since January 2020, he has served as Morse Systems, Vice President and General Manager, Americas where he was instrumental in various mergers and acquisitions. Since beginning his career, Mr. Coetzee has held various positions of increasing responsibility including in manufacturing engineering, maintenance, production supervision and plant management. Mr. Coetzee holds qualifications in Mechanical Engineering from Technikon Witwatersrand and Project Management from the University of Pretoria in South Africa and a Master of Business Administration from the University of Liverpool, England.

Pedro Abreu (46), Vice President and General Manager Fuel Systems Asia Pacific. Mr. Abreu began his career with BorgWarner in January 2009 as Plant Controller for Portugal. From February 2015 to August 2019, Mr. Abreu served as Plant Manager for Portugal, from July 2017 to December 2018, as Manager for the Vigo location, in Spain, from September 2019 to September 2021, as Plant Manager for the Tulle, France location. In October 2021, Mr. Abreu was promoted to the role of Vice President and General Manager Asia for Fuel Systems. Throughout his career, Mr. Abreu has held various finance and operations positions of increasing responsibility. Mr. Abreu has a Bachelor's Degree in Economics from Universidade Fernando Pessoa and holds a Master of Business Administration from Porto Business School.

John Lipinski (55), Vice President and General Manager Fuel Systems Europe. Mr. Lipinski has served as Vice President of BorgWarner since April 2023. He joined BorgWarner as part of the Delphi Technologies acquisition, where he served as Senior Director Global Manufacturing Engineering and Operations, from October 2020 to June 2022, and Vice President, Global Manufacturing Engineering for the PowerDrive Systems Business Unit, from July 2022 to April 2023. At Delphi Technologies, Mr. Lipinski served as Europe Operations Director, Electrification and Electronics, from January 2018 to September 2019, and as Global Operations Senior Director, from October 2019 to October 2020. While working for Delphi and Delphi Technologies, he had international assignments in Germany, Mexico and Poland. Mr. Lipinski has over 28 years of automotive tier one experience in operations, supply chain, and engineering. Mr. Lipinski holds a Bachelor of Science in Organizational Leadership from Purdue University.

Neil Fryer (61), Vice President and General Manager Global Aftermarket. Mr. Fryer joined BorgWarner as part of the Delphi Technologies acquisition, where he served as Vice President Global Marketing, Product and Strategic Planning for Aftermarket. Since January 2022, Mr. Fryer has served as Vice President and General Manager Global Aftermarket. Prior to joining BorgWarner, Mr. Fryer served as Vice President Global Marketing, Product and Strategic Planning for the Aftermarket Business Unit with Delphi Technologies, from December 2017 to September 2020. He previously served as Senior Vice President, Aftermarket at ZF Group, TRW, from June 2014 to November 2017, as Managing Partner Management, from September 2008 to May 2014, Vice President Aftersales Europe at Fiat Group Automobiles, from May 2004 to June 2008, Group Director Aftermarket at Bosal, from January 2000 to April 2004, and Lucas Aftermarket Operations, from October 1990 to December 1999. Mr. Fryer has extensive experience in the global aftermarket industry. Mr. Fryer holds a Bachelor of Arts in English from University of London and a Master of Business Administration from the University of Warwick, England.

Todd Anderson (53), Vice President and Chief Technology Officer. Mr. Anderson has served as the Vice President and General Manager, Fuel Injection Systems – Europe, Middle East, Africa Region since January 2021 until April 2023 and has more than 28 years of commercial vehicle and automotive tier one experience in operations, engineering, and

management. He joined Delphi Technologies in May 2019 as Vice President and Managing Director, Diesel Fuel Injection Systems and was responsible for the FIS global diesel product line. Prior to his role with Delphi Technologies, Mr. Anderson was a Private Equity

Advisor with Falfurrias Capital Partners, a private equity investment firm, from February 2019 to April 2019, and President of Stemco LP, a truck equipment manufacturer, from April 2014 to August 2018. Mr. Anderson holds a Bachelor of Science degree in Mechanical Engineering from Brigham Young University and has completed the Executive Education Certification from Harvard School of Business and Executive Master of Business Administration courses from Queen's College, North Carolina.

Christopher Gustanski (50), Vice President, Operational Excellence. Mr. Gustanski has served as Vice President Manufacturing Strategy and Quality of BorgWarner since October 2020. Mr. Gustanski joined BorgWarner as part of the Delphi Technologies acquisition, where he held a dual role as Vice President Manufacturing Engineering - Powertrain Products and Corporate Manufacturing Engineering, Lean, and Footprint Planning, from July 2019 to October 2020, and as Director of Manufacturing Engineering – Internal Combustion Engine from November 2017 to June 2019. Mr. Gustanski has held various roles throughout his 32-year career in the automotive industry, primarily in manufacturing engineering, with increasing responsibility and scope of product lines. He has global experience with manufacturing sites and technical centers across PHINIA, in addition to prior experience in global operations. Mr. Gustanski holds a Bachelor's Degree in Mechanical Engineering and a Master's Degree in Manufacturing Management from Kettering University, Michigan.

Matthew Logar (47), Vice President and Chief Information Officer. Mr. Logar became Vice President and Chief Information Officer in May 2023. With 25 years of IT experience, Mr. Logar joined PHINIA from Gentherm (NASDAQ: THRM), a developer of innovative thermal management technologies, where he served as Chief Information Officer from June 2020 to April 2023. Previous to that, Mr. Logar served Gentherm as Executive Director, Information Technology, from October 2019 to June 2020. Mr. Logar joined Gentherm from General Electric Co. (NYSE: GE) where he began his career and served in multiple Vice President and executive IT leadership roles, most recently as Vice President Account Management. Mr. Logar holds a Bachelor's of Science in Business with a concentration in Computer Information Systems from Indiana University and a Masters in Business Administration from the University of Chicago.

Sebastian Dori (42), Vice President and Chief Purchasing Officer. Mr. Dori has served as Vice President Global Supply Management for Fuel Systems since April 2021. Mr. Dori previously served BorgWarner as Director Global Supply Chain Management of Morse Systems, from November 2020 to April 2021, Supply Chain Director Europe and South America for Turbo Systems, from February 2017 to November 2020, and Global Commodity Director for Turbo Systems, from December 2015 to February 2017. Mr. Dori has more than 15 years' experience in the automotive industry. Mr. Dori holds an Engineering Degree (Diplom-Ingenieur (FH)) in Material Sciences from University of Giessen-Friedberg, Germany.

Board of Directors

Prior to or at the completion of the Spin-Off, we intend to appoint the following persons to our Board.

Brady D. Ericson. Mr. Ericson's biographical information is set forth above. As our President and Chief Executive Officer, we believe Mr. Ericson's extensive knowledge of PHINIA's business, experience in the automotive and the manufacturing industries, in addition to his multi-national business experience as a leader of BorgWarner, make him uniquely qualified to understand the opportunities and challenges facing our business and serve as a member of our Board.

[●]

Our Board Following the Spin-Off and Director Independence

We expect that all our Board members will meet the independence requirements of the Exchange, with the exception of Brady D. Ericson, our President and Chief Executive Officer. We expect to adopt Corporate Governance Guidelines that will provide a director will not be considered independent unless

our Board determines that such director has no direct or indirect material relationship with the Company and that, among other things:

- a director who is an employee, or whose immediate family member is an executive officer, of the Company is not "independent" until three years after the end of such employment relationship;
- a director who receives, or whose immediate family member receives, more than $120,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not "independent" until three years after he or she ceases to receive more than $120,000 per year in such compensation;
- a director who is affiliated with or employed by, or whose immediate family member is a current partner of, the internal or external auditor of the Company, is a current employee of such a firm and personally works on the Company's audit or was within the last three years a partner or employee of such a firm and personally worked on the Company's audit at that time, is not "independent" until three years after the end of the affiliation or the employment or auditing relationship;
- a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's present executives serve on that company's compensation committee, is not "independent" until three years after the end of such service or the employment relationship;
- a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount that, in any single calendar year, exceeds the greater of $1 million, or 2% of such other company's consolidated gross revenues, is not "independent" until three years after falling below such threshold; and
- a director who is not considered independent by relevant statute or regulation is not "independent."

No director or executive officer is related to any other director or executive officer (or to any director or executive officer of any of our subsidiaries) by blood, marriage, or adoption. There are no arrangements or understandings between any of our directors or executive officers or any other person pursuant to which that director or executive officer was elected as a director of PHINIA or any of our subsidiaries. None of our directors or executive officers is party to, or has any material interests in, any material legal proceedings that are adverse to us or our subsidiaries.

Board Leadership Structure

Upon completion of the Spin-off and then annually thereafter, our independent directors will select an independent, non-employee director to serve as either the Board's Non-Executive Chair or Lead Director. We anticipate that, at or before the time of the Spin-Off, our Board will separate the roles of Chair and Chief Executive Officer. [●], an independent director, is expected to initially serve as our Non-Executive Chair and Mr. Ericson will serve as our President and Chief Executive Officer. We expect that separation of the Chair and Chief Executive Officer positions will take best synergetic advantage of the talents of two leaders and allow Mr. Ericson to devote his full attention to focusing on his responsibilities as Chief Executive Officer without the additional responsibilities of Chair. The Non-Executive Chair, or, when applicable, the Lead Director, will focus on:

- effectiveness and independence of our Board, including providing independent oversight of the Company's management and affairs on behalf of our stockholders;

- serving as the principal liaison between our management and the independent directors;

- contributing to agenda planning and chairing the executive session of non-employee directors at each regularly scheduled Board meeting;
- facilitating discussion among the independent directors on key issues and concerns outside of Board meetings;
- consulting with the Chief Executive Officer and independent directors regarding Board agenda items;
- approving the scheduling of Board meetings and approving the agenda and materials for each Board meeting and executive session of our Board's non-employee, independent directors;
- presiding over all meetings of our Board;
- communicating with stockholders when appropriate;
- overseeing the Chief Executive Officer, full Board, and individual director evaluation processes with the Corporate Governance Committee; and
- other responsibilities that the independent directors as a whole might designate from time to time.

No single leadership model is right for all companies at all times. We expect our Board will reserve for itself the discretion to determine the most appropriate leadership structure for us and to review the leadership structure from time to time.

Committees of the Board

Effective upon the completion of the Spin-Off, our Board will have the following committees, each of which will operate under a written charter that will be posted on our website prior to the Spin-Off.

Audit Committee

The Audit Committee will, among other things, assist our full Board in fulfilling our Board's oversight responsibility relating to:

- ensuring the quality and integrity of our accounting, auditing, financial reporting, and risk management practices;
- overseeing the appointment, compensation, retention, and oversight of our independent registered public accounting firm;
- monitoring the independent registered public accounting firm's qualifications, independence, and work (including resolving any disagreements between our management and the independent registered public accounting firm regarding financial reporting);
- providing pre-approval of all services to be performed by the independent registered public accounting firm;
- monitoring of the performance of our internal audit function and compliance with legal and regulatory requirements and reviewing, on behalf of our Board, our risk management programs; and
- overseeing the quality and integrity of our accounting, auditing, financial reporting and risk management practices, including as it relates to cybersecurity and assessing our compliance with ESG-related disclosure requirements.

The Audit Committee will have at least three members and will consist entirely of independent directors, each of whom will meet the independence requirements set forth in the listing standards of the Exchange, Rule 10A-3 under the Exchange

Act and our Audit Committee charter. Each member of the Audit Committee will be financially literate, and at least one member of the Audit Committee will have

accounting and related financial management expertise and satisfy the criteria to be an “audit committee financial expert” under the rules and regulations of the SEC, as those qualifications are interpreted by our Board in its business judgment. Upon completion of the Spin-Off, we expect our Audit Committee will consist of , with serving as chair.

Compensation Committee

The Compensation Committee will, among other things, assist our Board in fulfilling its oversight responsibility relating to:

- reviewing and approving our executive compensation philosophy and 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 stockholder interests;
- reviewing and approving chief executive officer and other executive remuneration and compensation plans, and supervising the administration of these plans;
- ensuring that the compensation of executive officers is internally equitable, is externally competitive, motivates executive officers toward the achievement of business objectives, and aligns their focus with the long-term interests of our stockholders; and
- overseeing human capital management and assesses whether ESG goals and milestones, if appropriate, are effectively reflected in executive compensation.

Upon completion of the Spin-Off, we expect our Compensation Committee will consist of , with serving as chair.

Corporate Governance Committee

The Corporate Governance Committee will, among other things, assist our Board in fulfilling its oversight responsibility by:

- recommending Board composition and structure;
- developing and recommending appropriate corporate governance principles, including the nature, duties, and powers of Board committees;
- recommending the term of office for directors and committee members;
- reviewing and recommending qualified persons to be nominated for election or re-election as directors, including stockholders’ suggestions for Board nominations;
- recommending the emergency successor to the Chief Executive Officer;
- considering any requests for waivers of application of our Code of Ethical Conduct;
- analyzing and approving any related person transactions;
- overseeing our sustainability strategy, policies, and procedures, including corporate responsibility matters;
- receiving, reviewing, and considering stakeholder feedback on ESG topics; and
- ensuring that there is ESG expertise on the Board and awareness of ESG risks and opportunities.

The Corporate Governance Committee will also establish criteria for Board and committee membership, evaluate our policies relating to the recruitment of directors, and oversee the evaluation of our Board, its committees, and management.

The Corporate Governance Committee will consider nominees for our Board from a variety of sources, including current directors, management, retained third-party search firms, and stockholders.

Stockholder-recommended candidates and stockholder nominees whose nominations comply with the required procedures, and who meet the criteria referred to, in our by-laws and Corporate Governance Guidelines will be evaluated by the Corporate Governance Committee in the same manner as the Corporate Governance Committee's candidates.

The Corporate Governance Committee will seek to establish and maintain a board that is strong in its collective knowledge and that possesses a diversity of skills, background, and experience in areas identified as relevant to guide the Company in execution of its business strategy, recognizing that these areas may change over time. In considering whether to recommend to the full Board any candidate for inclusion in our Board's slate of recommended director nominees, the Corporate Governance Committee will consider, among other things, the extent to which candidates possess the following factors:

- the highest personal and professional ethics, integrity, and values;
- demonstrated business acumen, experience, and ability to use sound judgment to contribute to effective oversight of the business and financial affairs of the Company;
- ability to evaluate strategic options and risks and form independent opinions, stated constructively to contribute to guidance and direction of the Company;
- active, objective, and constructive participation at meetings of our Board and its committees, with flexibility in approaching problems;
- open-mindedness on policy issues and areas of activity affecting overall interests of the Company and its stockholders;
- stature to represent the Company before the public, stockholders, and various others who affect the Company;
- involvement only in activities and interests that do not create a conflict with the director's responsibilities to the Company and its stockholders;
- willingness to objectively appraise management performance in the interest of the stockholders;
- interest and availability of time to be involved with the Company and its employees over a sustained period;
- ability to work well with others, with deep and wide perspective in dealing with people and situations, and respect for the views of others;
- a reasoned and balanced commitment to the social responsibilities of the Company;
- contribution to our Board's desired diversity and balance;
- willingness of independent directors to limit public company board service to four or fewer boards (any exceptions would require Corporate Governance Committee approval);
- willingness to tender, promptly following the annual meeting at which they are elected or re-elected as director, an irrevocable resignation that will be effective upon (1) the failure to receive the required vote at the next annual meeting at which they face re-election, and (2) our Board's acceptance of such resignation; and
- willingness to provide all information, including completion of a questionnaire, required by the Company's by-laws.

The Corporate Governance Committee will accept candidate recommendations and referrals from a variety of sources, including stockholders, directors, management, search firms, and other sources. An

overview of the process the Corporate Governance Committee will undertake when evaluating candidates includes:

- use of a skills matrix to identify specific attributes desired to be represented on our Board;
- an assessment of the candidates' freedom from conflicts of interest and independence;
- consideration of the narrowed pool of candidates' qualifications, expertise, and cognitive diversity;
- qualified candidates are discussed and interviewed by the Corporate Governance Committee, Non-Executive Chair and Chief Executive Officer;
- the Corporate Governance Committee recommends nominees to the full Board;
- the full Board selects nominees;
- stockholders vote on nominees at annual stockholders' meetings; and
- the Corporate Governance Committee will evaluate the full Board, its committees, and individual directors annually.

Upon completion of the Spin-Off, we expect our Corporate Governance Committee will consist of , with serving as chair.

Executive Committee

The Executive Committee will be empowered to act for the full Board during intervals between Board meetings when telephonic or virtual meetings cannot reasonably be arranged, with the exception of certain matters that by law may not be delegated.

Risk Oversight

Our Board will be primarily responsible for oversight of the strategic, operational, commercial, financial, legal, health and safety and compliance risks our Company faces, including cybersecurity threats and other cybersecurity aspects of the foregoing risks. We anticipate that oversight of risk will be an evolving process in which management, primarily through an internal enterprise risk management committee (the "ERM Committee"), assesses the degree to which risk management is integrated into business processes throughout the organization and seeks opportunities to further such integration. Our management will regularly and as needed provide our Board information, including risk assessment and management reports from the internal ERM Committee, regarding such risks.

While our Board has ultimate responsibility for oversight of our risk management practices, we anticipate that the Audit, Compensation and Corporate Governance Committees of our Board will contribute to the risk management oversight function in the manner set forth below:

- The Audit Committee will focus on financial and compliance risk, including internal controls and cybersecurity risk management practices, and receive risk assessment and management reports from our information technology and internal audit functions. It will also receive, review and discuss regular reports concerning risk identification and assessment, risk management policies and practices, and mitigation initiatives, to assure that the risk management processes we design and implement are adapted to our strategy and are functioning as expected.
- The Compensation Committee will strive to adopt compensation incentives that encourage appropriate risk-taking behavior that is consistent with the Company's long-term business strategy and objectives.

- The Corporate Governance Committee will oversee risk management practices in its domain, including director candidate selection, governance, sustainability, and succession matters.

We expect the members of the ERM Committee will be a cross-functional team of management leaders. Given their roles with the Company, we believe the members will be well positioned to provide the ERM Committee with the information necessary to properly identify, manage and monitor material risks associated with our business processes and provide appropriate information to the Board and its committees.

Codes of Conduct and Ethics

Prior to the completion of the Spin-Off, we will adopt a Code of Ethical Conduct, which will apply to all our directors, officers, and employees, and a Code of Ethics for CEO and Senior Financial Officers, which will apply to our Chief Executive Officer, Chief Financial Officer, Treasurer, and Controller. Each of these codes will be posted on our website at PHINIA.com prior to completion of the Spin-Off. We intend to disclose any amendments to, or waivers from, a provision of our Code of Ethical Conduct or Code of Ethics for CEO and Senior Financial Officers on our website within four business days following the date of any amendment or waiver.

Governance Principles

The Board will adopt a set of governance principles in connection with the Spin-Off to assist it in guiding our governance practices, which will be regularly reviewed by the Corporate Governance Committee. These guidelines will cover a number of areas, including Board independence, leadership, composition (including director qualifications and diversity), responsibilities, and operations; director compensation; Chief Executive Officer evaluation and succession planning; Board committees; director orientation and continuing education; director access to management and independent advisers; annual Board and committee evaluations; the Board's communication policy; and other matters. A copy of our governance principles will be posted on our website.

Stockholder Communications with the Board

Stockholders interested in communicating with the Non-Executive Chair or with non-management directors may do so by writing to such director, in care of our Secretary, Robert Boyle. We open and forward mail to the director or directors specified in the communication.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity one of whose executive officers served on our Compensation Committee or our Board.

DIRECTOR COMPENSATION

We expect that our Board will approve an initial director compensation program pursuant to which each of our non-employee directors will receive an annual director fee and an annual equity award in connection with their services. In addition, each director will be reimbursed for out-of-pocket expenses in connection with his or her services.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The discussion and analysis below are designed to assist stockholders with understanding:

- the objectives of the executive compensation program of BorgWarner prior to the Spin-Off and our executive compensation program after the Spin-Off;
- the components of compensation paid to the persons identified in the 2022 Summary Compensation Table below, who are referred to collectively as our “named executive officers”; and
- the basis for the compensation decisions affecting those persons.

This discussion and analysis should be read together with the compensation tables located elsewhere in this Information Statement.

The information provided for 2022 and any prior periods reflects compensation earned at BorgWarner or its subsidiaries for each of the named executive officers based on their respective roles with BorgWarner or its subsidiaries during 2022 or such prior periods, and the design and objectives of BorgWarner’s executive compensation programs in place prior to the Spin-Off.

All 2022 executive compensation decisions, and all 2023 compensation decisions prior to the Spin-Off, for our named executive officers were or will be made or overseen by the Compensation Committee of the BorgWarner Board of Directors. Executive compensation decisions following the Spin-Off will be made by the Compensation Committee of the Board of Directors of PHINIA.

We believe the BorgWarner executive compensation programs described below in this Compensation Discussion and Analysis were both effective at retaining and motivating our named executive officers and competitive as compared to compensation programs at our peers. We currently anticipate that, except as otherwise described in this Compensation Discussion and Analysis, compensation programs for our named executive officers immediately following the Spin-Off will be similar to the programs currently used by BorgWarner for its executive officers. However, after the Spin-Off, the PHINIA Compensation Committee will continue to evaluate our compensation and benefit programs and may make changes as necessary to meet prevailing business needs and strategic priorities. Changes to elements of our compensation programs may be made going forward if appropriate, based on industry practices and the competitive environment for a newly formed, publicly-traded company of our size, or for other reasons.

Our Named Executive Officers

For purposes of this Information Statement, the following individuals are referred to as our named executive officers based on their status as individuals who were, or would have been, considered executive officers of BorgWarner’s Fuel Systems and Aftermarket businesses during 2022:

Name	Title
Brady D. Ericson	President and Chief Executive Officer
Chris P. Gropp	Vice President and Chief Financial Officer
Robert Boyle	Vice President and General Counsel
Todd Anderson	Vice President and Chief Technology Officer
Alisa Di Beasi	Vice President and Chief Human Resources Officer

Leading Compensation Governance Practices

The following features of BorgWarner's executive compensation program demonstrate sound compensation governance and have been designed in the best interests of stockholders and executives. We anticipate that PHINIA will continue similar features initially after the Spin-Off.

WHAT BORGWARNER DOES	WHAT BORGWARNER DOESN'T DO
Stockholder engagement informs compensation program	No short sales of BorgWarner stock
Significant portion of executive pay is performance-based and at-risk	No pledging of BorgWarner stock
Rigorous goal setting process	No hedging of BorgWarner stock
Annual compensation assessment	No loans
Annual risk assessment	No gross-ups on excise tax or excessive perquisites
Stock ownership guidelines for executives	
Clawback policy for recoupment of incentive compensation under certain conditions	
Double trigger change in control provisions for restricted stock and performance shares	

What Guides BorgWarner's Compensation Program

Compensation Philosophy and Objectives

Attracting, developing, and retaining a highly talented workforce – at all levels within the organization – is a top priority at BorgWarner. BorgWarner is committed to providing competitive compensation opportunities designed to deliver equal pay for equal work regardless of race, color, age, religion, sex, sexual orientation, gender, identity/expression, national origin, disability, or protected veteran status.

As part of its regular compensation review process, BorgWarner's Board and senior management team regularly seek input from external experts and independent compensation consultants. Informed in large part by the results of comprehensive analyses, BorgWarner ensures that its compensation program continues to support its business strategy, pay-for-performance philosophy, and competitive pay practices. Through this work, BorgWarner makes data-driven decisions about each employee's compensation in the context of the employee's role at BorgWarner, experience, geography, and performance. When necessary, BorgWarner makes adjustments to better align pay with external market practices or internal comparable positions.

BorgWarner also strives to ensure pay equity among comparable jobs across BorgWarner. To this end, BorgWarner examines pay among similarly-situated employees who perform comparable work to identify

pay disparities or other inequities (if any). Where appropriate, BorgWarner takes corrective action consistent with its commitment to a diverse and inclusive culture where all its employees are paid equitably and have equal opportunities for success.

BorgWarner's management regularly reports to the BorgWarner Board on each of these efforts.

In addition to the above priorities, BorgWarner's executive compensation program aims to achieve the following objectives:

- Align the interests of its executives with the long-term interests of the business, the BorgWarner stockholders, and employees
- Motivate exceptional performance through metrics that support its long-term strategy of growth and create stockholder value
- Attract, develop, motivate, and retain top global talent
- Pay competitively across salary grades in all regions of the world
- Mitigate excessive risk taking
- Reflect the input of BorgWarner stockholders

Principal Elements of Compensation

The principal elements of compensation listed below support BorgWarner's compensation philosophy and objectives. BorgWarner reviews each element annually and adjusts when appropriate to align with median market levels (50th percentile of BorgWarner's compensation peer group). Total target compensation may

be reasonably below or above the median considering a person's scope of responsibilities and experience, development opportunity, changes in responsibilities and individual business performance.

Element	How It's Paid	Key Features
Salary	Cash (Fixed)	Provides a competitive fixed rate of pay relative to similar positions in the market and enables BorgWarner to attract and retain critical executive talent • Based on job scope, level of responsibilities, individual performance, experience, and market levels of pay
Annual Cash Incentive	Cash (Variable)	Focuses executives on achieving annual financial goals that drive long-term stockholder value • 50% based on adjusted operating margin ("AOM"), which measures BorgWarner's profitability relative to the sales it generates • 50% based on free cash flow ("FCF"), which measures how much cash flow BorgWarner generates (after capital expenditures) to allow BorgWarner to pursue opportunities that enhance stockholder value BorgWarner's Compensation Committee may also apply a performance modifier of up to +/- 10% of the target award based on achievement of company-wide strategic goals. The modifier is based on quantitative or qualitative targets to drive progress and demonstrate commitment in the following areas: • ESG initiatives including DE&I • Acquisitions and dispositions, including integration • Succession planning and talent development • Leadership during unusual and challenging circumstances • Strategic change management
Long-Term Equity Incentive	Equity (Variable)	Provides incentives for executives to execute on longer-term financial goals that drive stockholder value creation and support BorgWarner's retention strategy • BorgWarner grants two-thirds of the total value of the target long-term opportunity using Performance Shares ◦ 25% based on eProducts Revenue Mix at the end of a three-year performance period ◦ 25% based on eProducts Revenue at the end of a three-year performance period ◦ 25% based on cumulative FCF over a three-year performance period ◦ 25% based on relative TSR measured over a three-year performance period • BorgWarner grants one-third of the value using Restricted Shares ◦ 50% vests on the second anniversary of the grant date; the remainder of the shares vest on the third anniversary of the grant date, provided that the recipient is still employed

The Decision-Making Process

The Role of the Compensation Committee

The BorgWarner Compensation Committee oversees the executive compensation program for BorgWarner's executive officers, including Mr. Ericson. The BorgWarner Compensation Committee is comprised of independent, non-employee members of the BorgWarner Board. The BorgWarner Compensation Committee works closely with its independent consultants and management to examine the effectiveness of BorgWarner's executive compensation program throughout the year. The BorgWarner Compensation Committee's charter may be accessed at BorgWarner's website, www.borgwarner.com/investors/corporate-governance, and specifies details of the BorgWarner Compensation Committee's authority and responsibilities. The PHINIA Compensation Committee's charter is expected to be substantially similar to the BorgWarner Compensation Committee's charter initially after the Spin-Off.

The BorgWarner Compensation Committee also performs a strategic review of BorgWarner's executive officers' compensation at least annually, in addition to regular discussions at BorgWarner Compensation Committee meetings held throughout the year. Reflecting BorgWarner's intent to pay for performance, the BorgWarner Compensation Committee evaluates BorgWarner's compensation philosophy and objectives to ensure they align with BorgWarner's business strategies, competitive realities, and the BorgWarner Board's determination of what is in the best interests of stockholders. The BorgWarner Compensation Committee also considers feedback from stockholders. After consideration of all of these data points, the BorgWarner Compensation Committee determines whether the compensation program: (1) meets these objectives, (2) provides adequate incentives and motivation to BorgWarner's executive officers, and (3) appropriately compensates the executive officers relative to comparable officers at other companies with which BorgWarner competes for executive talent. For compensation decisions relating to executive officers other than BorgWarner's CEO, the BorgWarner Compensation Committee considers recommendations from BorgWarner's CEO.

The Role of Management

BorgWarner's CEO submits his recommendations for the compensation of his direct reports to the BorgWarner Compensation Committee for its approval. The BorgWarner CEO does not participate in the deliberations of the BorgWarner Compensation Committee regarding his own compensation. Independent members of the BorgWarner Board make all final determinations regarding CEO compensation. This process: (1) ensures that the BorgWarner Compensation Committee routinely receives and considers management input, (2) provides transparency, and (3) maintains committee oversight.

In connection with the Spin-Off, BorgWarner anticipated that Mr. Ericson, Ms. Gropp, Mr. Anderson, Mr. Boyle and Ms. Di Beasi would be named executive officers of PHINIA, and as a result, the BorgWarner Compensation Committee approved their compensation effective as of the completion of the Spin-Off. In 2022, Ms. Gropp, Mr. Anderson, Mr. Boyle and Ms. Di Beasi were not direct reports of BorgWarner's CEO, and their compensation was set in the ordinary course in accordance with BorgWarner's compensation practices.

The Role of the Independent Compensation Consultant

The BorgWarner Compensation Committee retained Pearl Meyer & Partners, LLC ("Pearl Meyer") as its independent compensation consultant for 2022. The BorgWarner Compensation Committee annually reviews its relationship with Pearl Meyer to ensure continued independence. The review process includes consideration of the factors impacting independence set forth in New York Stock Exchange rules. Pearl Meyer reports directly to the BorgWarner Compensation Committee and provides benchmarking data to the BorgWarner Corporate Governance Committee with respect to BorgWarner Board compensation.

Pearl Meyer regularly participates in BorgWarner Compensation Committee meetings and, in collaboration with the BorgWarner Compensation Committee, aids in determining the appropriate compensation program, design, levels, and peer groups for BorgWarner.

The BorgWarner Compensation Committee also engaged Pearl Meyer to advise on the PHINIA executive compensation program that would be in place at the time of the Spin-Off, including the compensation philosophy, compensation peer group and compensation for our executive officers.

The Role of Peer Groups

Compensation Peer Group: The BorgWarner Compensation Committee regularly assesses the market competitiveness of BorgWarner's executive compensation program based on data from a comparator peer group (called "the compensation

peer group”). The BorgWarner Compensation Committee reviews and determines the compensation peer group’s composition on an annual basis, considering input from its independent compensation consultant and management. In evaluating and setting compensation, the BorgWarner Compensation Committee considers several factors including individual and business performance, internal equity, retention, the degree of alignment between the executive’s job duties and the benchmarked job description as well as an assessment of market practices. The benchmarking

exercise is a useful tool that allows BorgWarner to regularly review the market in which it competes for talent and provides credibility for its compensation program with its employees and stockholders.

The following companies comprised the 2022 compensation peer group for BorgWarner:

3M Company	Eaton Corporation plc	PACCAR Inc.
Adient plc	Emerson Electric Co.	Parker-Hannifin Corporation
American Axle & Manufacturing Holdings, Inc.	Fortive Corporation	Rockwell Automation, Inc.
Aptiv PLC	Honeywell International Inc.	Stanley Black & Decker, Inc.
Autoliv, Inc.	Illinois Tool Works Inc.	Tenneco Inc.
Cummins Inc.	Lear Corporation	Textron Inc.
Dana Incorporated	Magna International Inc.	The Goodyear Tire & Rubber Company
Deere & Company	Navistar International Corporation	Trane Technologies plc
Dover Corporation	Oshkosh Corporation	

In connection with the Spin-Off, the BorgWarner Compensation Committee selected a new compensation peer group that reflects the expected profile of PHINIA after the Spin-Off as shown below:

Allison Transmission Holdings, Inc.	Dover Corporation	Modine Manufacturing Company
American Axle & Manufacturing Holdings, Inc.	Flowserve Corporation	Oshkosh Corporation
Autoliv, Inc.	Fortive Corporation	Rockwell Automation, Inc.
Cooper-Standard Holdings, Inc.	Fox Factory Holding Corp.	Standard Motor Products Inc.
Dana Incorporated	Gentex Corporation	Superior Industries International, Inc.
Dorman Products, Inc.	LCI Industries	Visteon Corporation

PHINIA's Compensation Committee is expected to select a peer group for use in setting executive compensation for PHINIA following the Spin-Off, which may consist of the preceding peer group or a different peer group.

Performance Peer Group: For performance share grants in 2022, the BorgWarner Compensation Committee adopted the Automotive Parts & Supplier index performance peer group for purposes of measuring relative TSR. This performance peer group is more specific to BorgWarner's current industry.

The following companies comprise this performance peer group:

Allison Transmission Holdings, Inc.	Gentex Corporation	Modine Manufacturing Company
American Axle & Manufacturing Holdings, Inc.	Gentherm Incorporated	Standard Motor Products, Inc.
Aptiv PLC	Honeywell International Inc.	Stoneridge, Inc.
Autoliv, Inc.	Horizon Global Corporation	Strattec Security Corporation
Commercial Vehicle Group, Inc.	Illinois Tool Works Inc.	Superior Industries International, Inc.
Cooper-Standard Holdings Inc.	LCI Industries	Tenneco Inc.
Dana Incorporated	Lear Corporation	Visteon Corporation
Dorman Products, Inc.	Magna International, Inc.	
Fox Factory Holding Corp.	Meritor, Inc.	

PHINIA's Compensation Committee is expected to select a peer group for use in any performance share grants for PHINIA following the Spin-Off.

Treatment of Our Named Executive Officers' Long-Term Equity Incentives in Connection with the Spin-Off

The equity-based awards that are held by our named executive officers who will continue with us after the Spin-Off will be treated the same as equity awards held by other employees who will continue with PHINIA, as described under "The Spin-Off—Treatment of Equity Awards."

2022 Executive Compensation Program In Detail

Base Salary

BorgWarner establishes executives' base salaries taking into account the scope of the executive's responsibilities, time in position, individual experience, internal equity, individual performance, and business performance. When considering market competitive base salaries, BorgWarner targets the median level among its peer group companies, which it determines annually. BorgWarner reviews base salaries annually in April and adjusts as appropriate to align with market levels.

Based on the foregoing considerations, BorgWarner established the following annual base salaries for our named executive officers for 2022:

Executive Officer	Salary Prior to April 1, 2022	Salary Effective from April 1, 2022
Brady D. Ericson	$650,000	$675,000
Chris P. Gropp	$329,616	$339,505
Robert Boyle	$320,000	$333,120
Todd Anderson	$315,000	$324,450
Alisa Di Beasi	$300,105	$310,609

In connection with her transfer from BorgWarner’s Morse Systems business unit to its Fuel Systems & Aftermarket business unit effective July 1, 2022, Ms. Di Beasi’s base salary was increased to $326,139 to reflect her increased role and responsibilities.

As part of the annual review process, taking into account anticipated changes in responsibilities following the Spin-Off, BorgWarner approved the following base salaries effective as of the Spin-Off:

Executive Officer	Salary Effective April 1, 2023	Salary Effective at Spin-Off
Brady D. Ericson	$700,000	$875,000
Chris P. Gropp	$356,480	$500,000
Robert Boyle	$344,113	$395,000
Todd Anderson	$347,162	$347,162
Alisa Di Beasi	$342,446	$355,000

Management Incentive Plan

BorgWarner's Management Incentive Plan ("MIP") is BorgWarner's cash-based, annual incentive plan for executives and is intended to drive executive behavior to accomplish key business strategies. MIP plays a critical role in BorgWarner's continued efforts to be a propulsion leader even as the automotive industry makes the significant shift to accelerate EV production. For this reason, BorgWarner management with the support of the BorgWarner Compensation Committee determined that all members of the senior leadership team, including our Chief Executive Officer, should be on the same compensation plan which is directly tied to BorgWarner performance.

During 2022, Mr. Ericson was an executive officer of BorgWarner, and Mr. Boyle was a corporate employee subject to the same MIP bonus calculation as Mr. Ericson, while the other named executive officers of PHINIA were not. Therefore, there were differences in the MIP bonus calculations for the other named executive officers to the extent they had different targets that were partially related to the Business Unit with which they were associated, as described below.

2022 MIP Target Award Opportunities

BorgWarner expresses target bonus opportunities as a percentage of base salary and establishes them based on the named executive officer's level of responsibility and ability to impact BorgWarner's overall results. The BorgWarner Compensation Committee also considers market data in setting target award amounts.

The 2022 target bonus opportunities for our named executive officers were 120% of base salary for Mr. Ericson, 45% of the base salary for Mr. Anderson, and a fixed target bonus opportunity of $122,000 for each of our other named executive officers. Named executive officers receive 50% of the target opportunity for achieving threshold performance and 200% of the target opportunity for achieving maximum performance or above, with results in between these levels linearly interpolated.

2022 MIP Performance Goals and Results

Each year, the BorgWarner Compensation Committee establishes threshold, target, and maximum performance goals for BorgWarner and business segments at the beginning of the calendar year. To establish these goals, the BorgWarner Compensation Committee considers the broader economic environment, industry conditions, and BorgWarner's current guidance and past performance with respect to operating earnings and cash flow generation.

The BorgWarner Compensation Committee based performance under the 2022 MIP on the achievement of two pre-established financial performance metrics: AOM and FCF. The BorgWarner Compensation Committee selected these metrics because delivering strong operating income and efficient capital deployment that leads to cash flow generation are critical to BorgWarner's long-term success. AOM and FCF were weighted equally for our named executive officers other

than Ms. Gropp, Mr. Anderson and Ms. Di Beasi who had additional Business Unit performance measures as described below.

AOM and FCF were calculated and defined as follows:

AOM%	=	Adjusted Operating Income	÷	Net Sales

AOM%	Adjusted operating margin is defined as (1) U.S. GAAP Operating Income adjusted to eliminate the impact of restructuring expense; merger, acquisition, and disposition expense; other net expenses, discontinued operations; other gains and losses not reflective of BorgWarner's ongoing operations; and any related tax effects, divided by (2) externally reported sales.

The BorgWarner Compensation Committee selected AOM because it:

- is an historical indicator of BorgWarner's primary internal performance metrics, which is measured and reported monthly by every manufacturing location globally;
- supports BorgWarner's longer-term goal of sustaining its historically strong margin profile;
- has a high degree of correlation to improved stock price performance; and
- is strongly connected to the determination of economic value.

FCF	=	Operating Cash Flow	-	Capital Expenditures, including Tooling Outlays

FCF	Free cash flow is defined as (1) the net cash provided by operating activities minus (2) capital expenditures, including tooling outlays, and (3) adjusted for operating cash inflows or outflows not reflective of BorgWarner's ongoing operations.

The BorgWarner Compensation Committee selected FCF because it places emphasis on driving strong cash flow performance, which supports BorgWarner's ability to invest in future growth plans and to return value directly to stockholders.

The BorgWarner Compensation Committee set the 2022 target performance levels for AOM and FCF based on the BorgWarner Board-approved annual budget, which was within BorgWarner's February 2022 guidance range for these metrics. The BorgWarner Compensation Committee set the maximum performance levels well above the high end of those ranges to require significant outperformance to achieve a maximum payout. The BorgWarner Compensation Committee also set threshold performance levels to allow a payout for performance below the target that was consistent with the outperformance required for a maximum payout.

The 2022 AOM and FCF performance targets and actual results were as follows:

	Performance Level			
Performance Metric	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)	Actual Results
BorgWarner AOM	9.8 %	10.3 %	10.8 %	10.26 %
BorgWarner FCF	$650 million	$750 million	$850 million	$860 million

For 2022, BorgWarner delivered AOM of 10.26%, which was between the threshold and target performance levels, and FCF of $860 million, which was above the maximum performance level. As a result of this performance, the AOM portion of the award resulted in a payout of 96%. The FCF portion of

the award resulted in a 200% payout. With a 50% weighting for each of the metrics, BorgWarner's performance resulted in a combined payout of 148% under the 2022 MIP for our named executive officers other than Ms. Gropp, Mr. Anderson and Ms. Di Beasi as illustrated below.

The performance measures and goals, the weightings and the actual results for Ms. Gropp and Mr. Anderson were as follows:

		Performance Level			
Performance Metric	Weight	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)	Actual Results
BorgWarner AOM	30%	9.8%	10.3%	10.8%	10.26%
BorgWarner FCF	30%	$650 million	$750 million	$850 million	$860 million
Fuel Systems AOM	40%	10.37%	10.87%	11.37%	11.08%

Based on the above weightings for each of the metrics, actual performance resulted in a combined payout of 146% under the 2022 MIP for Ms. Gropp and Mr. Anderson.

Ms. Di Beasi transferred from BorgWarner's Morse Systems business unit to its Fuel Systems & Aftermarket business unit effective July 1, 2022. Accordingly, Ms. Di Beasi's performance measures and goals were pro-rated for the period of January 1, 2022 to June 30, 2022 as follows:

		Performance Level			
Performance Metric	Weight	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)	Actual Results
BorgWarner AOM	30%	9.8%	10.3%	10.8%	10.26%
BorgWarner FCF	30%	$650 million	$750 million	$850 million	$860 million
Morse Systems AOM	40%	17.29%	17.79%	18.29%	17 .89%

Ms. Di Beasi's performance measures and goals were pro-rated for the period of July 1, 2022 to December 31, 2022 as follows:

		Performance Level			
Performance Metric	Weight	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)	Actual Results
BorgWarner AOM	30%	9.8%	10.3%	10.8%	10.26%
BorgWarner FCF	30%	$650 million	$750 million	$850 million	$860 million
Fuel Systems AOM	20%	10.37%	10.87%	11.37%	11.08%
Aftermarket AOM	20%	13.77%	14.27%	14.77%	15.38%

Based on the above weightings for each of the metrics, actual performance resulted in a combined payout of 147% under the 2022 MIP for Ms. Di Beasi.

2022 MIP Performance Modifier

The BorgWarner Compensation Committee carefully considers each element BorgWarner’s executive compensation program to ensure that those elements promote execution of its strategy. To further BorgWarner’s mission to execute on its accelerated electrification strategy and continue to deliver innovative and sustainable mobility solutions for the vehicle market, the BorgWarner Compensation Committee added a performance modifier to the 2022 MIP effective January 1, 2022. The Committee may apply up to plus or minus 10% of the target MIP award for all MIP participants, based on achievement of

Company-wide strategic goals. The payout remains capped at 200% of target (e.g., if financial performance is at maximum performance level, then the modifier cannot increase the award).

The BorgWarner Compensation Committee bases the modifier on quantitative or qualitative targets to drive progress and demonstrate commitment in the following areas:

- ESG initiatives including DE&I
- Acquisitions and dispositions, including integration
- Succession planning and talent development
- Leadership during unusual and challenging circumstances
- Strategic change management

The achievements the BorgWarner Compensation Committee considered for 2022 included those set out in the table below:

ESG initiatives including DE&I

- Incentivized energy reduction through an added metric to the Employee Incentive Plan
- Installed technology to collect real-time data on electricity and natural gas usage in BorgWarner's operations
- BorgWarner announced 2026 goals for global female representation (35%) and racial/ethnic minority representation in the US (30%) as well as achieving and maintaining pay equity
- Progress on these goals in 2022 showed that global female representation improved to 30.4% (up from 30.1% in 2021) and racial/ethnic minority representation in the United States increased to 26.4% (up from 25% in 2021)

Acquisitions and dispositions, including integration

- Announced spin-off of Fuel Systems and Aftermarket business unit
- Expanded eMotor, eFan and charging capabilities with four acquisitions
- Completed acquisition of 100% of the Akasol Battery Business

Succession planning and talent development

- Over 100 female talents participated in various Women in Leadership events with over 1/3 of this population experiencing a job change
- Over 1,000 engineers were hired into electrification roles helping to deliver BorgWarner's Charging Forward strategy
- Launched an upskilling program to add electrification skills to our current engineering workforce training over 190 engineers between the United States and Europe
- Offered virtual training in basic electrification to over 1,500 employees

Leadership during unusual and challenging circumstances

- The management team was able to manage the impact of inflationary cost increases through non-contractual price increases
- The management team was able to mitigate the impact of supply chain disruptions from chip shortages and other global events

Strategic Change Management

- Successful execution of the Charging Forward strategy with organic electric vehicle revenue growth of more than $3 billion of booked revenue in 2025
- When combined with the electric vehicle revenue acquired as a result of the Akasol, Santroll, Rhombus and SSE acquisitions, BorgWarner believes it is on track to achieve around $4.3 billion of electric vehicle revenue by 2025.

The table above demonstrates that the BorgWarner management team made significant achievements in 2022 in multiple aspects and areas of the business in addition to strong financial performance. After careful review of the actions and the commitment that management demonstrated to these company-wide strategic goals detailed above, the BorgWarner Compensation Committee, on a subjective basis,

approved a performance modifier of 10% of the MIP target award payout shown above to be added for all MIP eligible participants, including the BorgWarner named executive officers.

For Mr. Ericson, this performance provided the following bonus payout.

MIP Result % of Target Bonus	=	AOM% 96% Payout as % of Target x 50%	+	FCF 200% Payout as % of Target x 50%	+	Performance Modifier 10% Payout as % of Target	=	158%
Bonus Payout	=	Base Salary of $675,000	×	Target Percentage of Base Salary (120%)	×	MIP Result of 158% of Target Bonus	=	$ 1,279,800

Name	MIP Payout as % of Target Based on Actual AOM Performance	MIP Payout as % of Target Based on Actual FCF Performance	MIP Payout as % of Target Based on Actual Business Unit Performance	MIP Payout as % of Target Based on Performance Modifier	Bonus Payout
Brady D. Ericson[(1)]	96 %	200 %	N/A	10 %	$ 1,279,800
Chris P. Gropp[(2)]	96 %	200 %	142 %	10 %	$ 189,832
Robert Boyle[(1)]	96 %	200 %	N/A	10 %	$ 192,760
Todd Anderson[(2)]	96 %	200 %	142 %	10 %	$ 211,032
Alisa Di Beasi[(2)]	96 %	200 %	146 %	10 %	$ 191,642

(1) Mr. Ericson's and Mr. Boyle's MIP payouts were weighted 50% to AOM and 50% to FCF.

(2) Ms. Gropp's, Mr. Anderson's and Ms. Di Beasi's MIP payouts were weighted 30% AOM, 30% FCF and 40% Business Unit AOM.

Long-Term Equity Incentives

BorgWarner believes that long-term performance is driven through an ownership culture that rewards executives for maximizing long-term stockholder value. BorgWarner's long-term incentive plans are intended to provide participants with appropriate incentives to acquire equity interests in BorgWarner and align their interests with the interests of its stockholders.

2020-2022 Performance Share Awards Earned

For the 2020-2022 performance cycle, participants could earn performance shares based on the achievement of three equally weighted measures: relative total shareholder return ("relative TSR"), relative revenue growth ("RRG"), and adjusted earnings per share. Results for the 2020-2022 performance cycle were as follows:

- **Relative TSR Payout for 2020-2022:** BorgWarner's relative TSR was at the 50th percentile of the performance peer group, which was at the target level for a payout resulting in a 100% payout of TSR performance shares.

- **RRG Payout for 2020-2022:** BorgWarner's annualized revenue growth, excluding the impact of changes in currency values and merger, acquisition, and disposition activity (in the year in which the merger, acquisition, or disposition activity occurred), was 5.6%, while the weighted average

vehicle production decreased by 3.4%. The resulting 9.0% outperformance relative to the market resulted in a 2020-2022 RRG performance share payout at 200% of target.

- **Adjusted EPS for 2020-2022:** BorgWarner's adjusted earnings per share, excluding the impact of changes in currency values and merger, acquisition, and disposition activity (in the year in which the merger, acquisition, or disposition activity occurred), was $5.10 which was between the threshold level of $4.50 and the target of $5.20 and resulted in a 2020-2022 Adjusted EPS performance share payout at 93% of target.

Of our named executive officers, only Mr. Ericson received performance shares for the 2020-2022 performance cycle. Mr. Ericson's performance shares were earned as set out in the table below. Our other named executive officers received restricted stock and were not eligible for performance shares.

	Total Stockholder Return		Relative Revenue Growth		Adjusted Earnings Per Share	
Name	Shares at Grant	Shares Earned	Shares at Target	Shares Earned	Shares at Target	Shares Earned
Brady D. Ericson	7,770	7,770	7,770	15,540	7,770	7,226

2022-2024 Performance Share Awards

The BorgWarner Compensation Committee considers a mix of equity vehicles when granting long-term incentive awards. For 2022, BorgWarner delivered two-thirds of the total value of the target long-term incentive opportunity through performance shares and one third through restricted stock for its executive officers. The performance shares would be earned over the three-year performance period of 2022-2024 based on achievement of pre-determined performance goals related to the metrics set out below:

Performance Metric	Weighting	Definition
eProducts Revenue Mix	25%	Calculated as a percentage of BorgWarner's total pro forma Revenue in 2024 derived from eProducts*^
eProducts Revenue	25%	BorgWarner's total pro forma Revenue in 2024 derived from eProducts^
Cumulative Free Cash Flow	25%	Operating Cash Flow less Capital Expenditures for the three-year period from 2022-2024
Relative TSR	25%	Determined by ranking BorgWarner's three-year TSR among a peer group of companies (see the "Performance Peer Group" above)

* Total 2024 revenue derived from eProducts will be divided by total BorgWarner 2024 Revenue to calculate the metric "eProducts as % of Total Revenue" for 2024.

^ eProducts revenue will be subject to the following adjustments: (1) For any acquisitions completed during calendar year 2024, the full amount of 2024 eProducts revenue from the acquired company will be included in the numerator and the full amount of 2024 revenue from the acquired company will be included in the denominator (on a proforma basis), as though the acquisition had been completed on January 1, 2024; and (2) for any dispositions completed during calendar year 2024,

the full amount of 2024 Revenue from the disposition will be excluded from the numerator (if applicable) and the denominator (on a proforma basis), as though the disposition had been completed on January 1, 2024.
The BorgWarner Compensation Committee established this mix for the 2022-2024 performance cycle to place emphasis on delivering organic and inorganic growth to drive higher eProducts revenue and generating FCF in BorgWarner's core business to help fund investments in eProducts, while maintaining a balanced focus on long-term growth and stockholder value creation. Actual award payouts for each

performance metric for the 2022-2024 performance cycle can range between 0% and 200% of target based on performance results as follows:

eProducts Revenue Mix

Performance Level	Achievement	Payout as a % of Target
Maximum	≥24.0%	200%
Target	16.0%	100%
Threshold	12.0%	50%
Below Threshold	<12.0%	0%

eProducts Revenue

Performance Level	Achievement	Payout as a % of Target
Maximum	≥$4.0B	200%
Target	$3.0B	100%
Threshold	$2.0B	50%
Below Threshold	<$2.0B	0%

Cumulative FCF

Performance Level	Achievement	Payout as a % of Target
Maximum	≥$2.0 billion	200%
Target	$1.7 billion	100%
Threshold	$1.4 billion	50%
Below Threshold	<1.4 billion	0%

Relative TSR

Performance Level	Percentile Rank Achievement	Payout as a % of Target
Maximum	≥75th	200%
	65th	160%
Target	50th	100%
	35th	55%
Threshold	25th	25%
Below Threshold	Below 25th	0%

Restricted Stock

Generally, BorgWarner grants restricted stock in February and one-half of the shares will vest on the second anniversary of the grant date and the remainder of the shares will vest on the third anniversary of the grant date, in each instance provided that the recipient is still employed. BorgWarner uses a consistent methodology based on the market median for long-term incentives to determine the target dollar amount of the long-term incentive opportunity for each executive. BorgWarner

grants performance share awards and restricted stock in terms of a number of shares and converts the target dollar amount to a specific number of shares. BorgWarner calculates this by using the average closing price of BorgWarner's common stock for the last five trading days of the year preceding the date of grant, which coincides with the end of the prior performance period for performance shares.

Treatment of Equity in the Event of a Change of Control

In response to stockholder feedback, BorgWarner revised the terms of its equity plans starting in 2018 to subject all restricted stock and performance shares to double-trigger vesting (rather than single-trigger vesting) upon a change of control. Specifically, to the extent the successor or purchaser in a change of control transaction honors or assumes on an equivalent basis outstanding equity-based awards, these awards will not automatically be subject to accelerated exercisability, vesting, or settlement upon the change of control. Rather, vesting will occur upon the participant's termination of employment if he or she is terminated without cause or if the participant terminates for good reason (assuming the participant has such right under an employment or other agreement) during the two-year period following the change of control.

If the successor or purchaser in the change of control transaction does not assume the awards or issue replacement awards, then upon the date of the change of control, restricted stock will become fully vested and performance shares will vest proportionately (based on the performance period up to the change of control date compared to the original performance period of the grant) with performance deemed to be satisfied at target.

Treatment of Our Named Executive Officers' Long-Term Equity Incentives in Connection with the Spin-Off

Long-term equity incentive awards held by our named executive officers who will continue with us after the Spin-Off will be treated in the same way as equity awards held by other employees who will continue with us, as described under "The Spin-Off—Treatment of Equity Awards."

Other Executive Compensation Practices, Policies and Guidelines

Stock Ownership Guidelines

To promote equity ownership and align the interests of management and our stockholders, BorgWarner has established stock ownership guidelines that outline its expectations for its executives to hold a significant and sustained long-term personal financial interest in BorgWarner. The guidelines are as follows:

CEO	CFO	Business Presidents and Executive Vice Presidents
6x base salary	**3x** base salary	**2x** base salary

BorgWarner expects executives to meet the guidelines within five years after appointment as an officer. Shares counted to meet the ownership guidelines include vested and non-vested restricted shares, vested performance share awards, and shares held by the executive under BorgWarner's Retirement Savings Plan and the Retirement Savings Excess Benefit Plan. The BorgWarner Compensation Committee also approved a holding requirement for officers who do not meet their ownership guideline; officers must hold at least 50% of any performance share awards or restricted shares that become vested until their ownership guideline is met. BorgWarner's Compensation Committee reviews the ownership level for all persons covered under this guideline each year.

In connection with the Spin-Off, we anticipate adopting stock ownership guidelines similar to those described above relating to our executive officers and our securities.

Clawback Policy

BorgWarner's Board adopted a policy setting forth procedures to recover payment in the event that an executive engages in any fraud or intentional illegal conduct that materially contributed to the need for a restatement of BorgWarner's publicly filed financial results. Performance-based compensation received by the executive during the three-year period preceding the restatement will be subject to reduction or reimbursement to BorgWarner at the BorgWarner Compensation Committee's discretion. In connection with the Spin-Off, we anticipate adopting a policy similar to the foregoing relating to our executive officers

after the Spin-Off. We also intend to include provisions in the policy, or to modify the policy as needed, to comply with the listing standards expected to be adopted pursuant to the SEC's 2022 rulemaking on compensation recovery policies.

Short Sales, Pledging, & Hedging

Generally, BorgWarner's Insider Trading and Confidentiality Policy prohibits directors and employees from engaging in any transaction involving a put, call, or other option on BorgWarner securities, from selling any BorgWarner securities he or she does not own (i.e., "selling short"), from pledging any BorgWarner securities as collateral to secure personal loans or other obligations, and from engaging in hedging or monetization transactions involving BorgWarner securities. The types of hedging or monetization transactions prohibited by the policy include the use of financial instruments such as prepaid variable forwards, equity swaps, collars, and exchange funds. In connection with the Spin-Off, we anticipate adopting a policy similar to the policy applying to our directors and employees and our securities.

Executive Benefits and Perquisites

Our named executive officers are, prior to the Spin-Off, eligible to participate in BorgWarner's employee benefit plans on the same basis as other employees (such as medical, dental, and vision care plans; health care flexible spending accounts; life, accidental death and dismemberment, and disability insurance; employee assistance programs; and a defined contribution retirement plan, including a 401(k) feature). Following the Spin-Off, we anticipate that they will be eligible to participate in our employee benefit plans on the same basis as other employees. BorgWarner provides the retirement plans described in "Executive Compensation—Executive Compensation Tables—Pension Plans" to all employees to permit them to accumulate funds for retirement and to provide a competitive retirement package.

U.S.-based executives who exceed the limits under the qualified BorgWarner Inc. Retirement Savings Plan participate in the BorgWarner Inc. Retirement Savings Excess Benefit Plan. For further detail, see "Executive Compensation—Executive Compensation Tables—Non-Qualified Deferred Compensation for 2022."

Executive perquisites for the U.S.-based named executive officers are limited to a taxable annual perquisite allowance. Following the Spin-Off, the annual perquisite allowance is expected to be $50,000 for Mr. Ericson, $35,000 for Ms. Gropp and $25,000 for the other named executive officers. BorgWarner generally does not provide, and we do not anticipate providing after the Spin-Off, tax gross-ups on benefits or perquisites.

The BorgWarner named executive officers may use BorgWarner's corporate aircraft for personal purposes in special circumstances as determined by BorgWarner's CEO. On certain limited occasions, and consistent with BorgWarner policy, a named executive officer's spouse or other family member may accompany the officer on a business trip in which corporate aircraft is used. BorgWarner does not incur any additional direct operating cost in such situations because there is no incremental cost associated with the additional traveler.

None of our named executive officers participates in or has account balances in any BorgWarner-sponsored qualified or non-qualified defined benefit pension plans.

Change of Control Agreements

BorgWarner has entered into Change of Control Employment Agreements ("COC Agreements"), with each of its executive officers, including Mr. Ericson, and certain other executives. In establishing the COC Agreements, BorgWarner's Board determined that it was in the best interests of BorgWarner and its stockholders to (1) maintain the officers' continued dedication in the event of either a contemplated or actual change of control, and (2) provide three years of compensation to

officers terminated in connection with a change of control so as to focus their attention on executing the transaction rather than the personal uncertainties and risks associated with such change of control.

COC Agreements: (1) do not provide for excise tax gross-up provisions, (2) condition the receipt of certain benefits on the execution of a non-compete agreement, and (3) incorporate a clause that allows an executive to forego certain benefits in the event that receipt would trigger the excise tax. See “Executive Compensation—Executive Compensation Tables—Non-Qualified Deferred Compensation for 2022—Change of Control Employment Agreements” for further details. In connection with the Spin-Off, we anticipate entering into agreements similar to the COC Agreements with our named executive officers, but relating to employment with, and potential change of control events involving, PHINIA, and providing for two years of compensation rather than three. The Spin-Off does not constitute a change of control under the COC Agreements.

Each of our named executive officers is eligible for severance benefits under the BorgWarner Inc. Transitional Income Plan, or TIP. BorgWarner established the TIP to provide some financial protection to all U.S. salaried employees in the event that their employment is terminated for reasons beyond their control. The TIP benefit includes a lump sum payment that is based on length of service (with a maximum benefit of 26 weeks of base salary) and medical coverage. In no event would an officer receive a payment under both the COC Agreement and the TIP. In connection with the Spin-Off, we anticipate adopting a plan similar to the TIP to provide severance protections to substantially all of our U.S. salaried employees, including our named executive officers, in the event of an involuntary termination without cause not in connection with a change of control of PHINIA.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code of 1986 generally provides that a public corporation may not deduct for tax purposes compensation in excess of $1 million that it paid for any calendar year to certain covered employees – generally including our named executive officers.

In determining our executive compensation for 2022, BorgWarner considered the tax deductibility of compensation as well as the goals of its compensation program, and it retained the flexibility to provide compensation that is consistent with our goals, even if such compensation would not be fully tax-deductible. Because many different factors influence a well-rounded, comprehensive executive compensation program, some of the compensation we provide to our executive officers is likely not to be fully deductible due to Section 162(m).

Retention Bonuses

In connection with the Spin-Off, we have awarded retention bonuses to each of our named executive officers other than Mr. Ericson. The retention bonuses are in the amount of six months’ base salary (as in effect on April 1, 2022) and will be earned in the event that the executive remains employed until the distribution and transfers employment from BorgWarner to us. We set the amount of the retention bonuses with the intention to provide a meaningful incentive to remain employed through the Spin-Off and transfer to PHINIA.

Executive Compensation Tables

2022 SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by our named executive officers for service with BorgWarner or its subsidiaries during 2022:

Name & Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	Non-Equity Incentive Plan Compensation[2] ($)	Change in Pension Value & Nonqualified Deferred Compensation Earnings ($)	All Other Compensation[3] ($)	Total ($)
Brady D. Ericson President and CEO	2022	668,750	—	2,028,631	1,279,800	—	287,661	4,264,842
Chris P. Gropp VP and Chief Financial Officer	2022	337,033	—	199,273	189,832	—	306,573	1,032,711
Robert Boyle VP and General Counsel	2022	329,840	—	193,740	192,760	—	928,513	1,644,853
Todd Anderson VP and Chief Technology Officer	2022	322,088	—	188,207	211,032	—	605,489	1,326,816
Alisa Di Beasi VP and Chief Human Resources Officer	2022	315,748	—	199,273	191,642	—	60,751	767,414

(1) The aggregate values reported for 2022 represent the grant date fair value ("FMV") of the stock awards noted in the Grants of Plan-Based Awards table, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. Assuming maximum performance levels are achieved for the Performance Share Plans, the maximum value of all stock performance share awards granted would be $2,862,695 for Mr. Ericson, based on FMV at the time of grant. The stock awards were granted under the BorgWarner Inc. 2018 Stock Incentive Plan.

(2) Payments made under the MIP with respect to 2022 performance.

(3) The following table details, by category, the amounts reported above in the “All Other Compensation” column of the Summary Compensation Table for each of our named executive officers. The chart below indicates the amount in each category for each of our named executive officers.

Name	Vehicle Allowance (a) ($)	Personal Use of Company Aircraft ($)	Registrant Contributions to Defined Contribution Plans (b) ($)	Value of Dividends on Unvested Shares of Stock ($)	Other ($)	Total of "All Other Compensation" ($)
Brady D. Ericson	30,000	2,957	229,628	25,076	—	287,661
Chris P. Gropp (c)	10,288	—	68,461	9,056	218,768	306,573
Robert Boyle (d)	11,209	—	47,043	9,056	861,205	928,513
Todd Anderson (e)	10,465	—	53,338	10,827	530,859	605,489
Alisa Di Beasi	10,200	—	42,058	8,493	—	60,751

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(a) Includes a perquisite allowance for Mr. Ericson and vehicle benefits provided to Ms. Gropp, Ms. Di Beasi and Mr. Boyle.

(b) Amounts credited by BorgWarner on behalf of our named executive officers during 2022 pursuant to the provisions of the RSP and the Excess Benefit Plan.

(c) Other column reflects costs related to the international assignment of Ms. Gropp, including $133,004 related to taxes paid by BorgWarner, $50,068 related to housing, $14,973 related to tax gross-ups, and $13,193 related to home leave trips.

(d) Other column reflects costs related to the international assignment of Mr. Boyle, including $575,814 related to taxes paid by BorgWarner, $105,351 related to tax gross-ups, $77,629 related to housing, $60,457 related to dependent education, and $30,971 related to home leave trips.

(e) Other column reflects costs related to the international assignment of Mr. Anderson, including $475,490 related to taxes paid by BorgWarner, $22,858 related to tax gross-ups, and $20,599 related to dependent education.

GRANTS OF PLAN-BASED AWARDS IN 2022

The following table sets forth the plan-based awards granted in 2022 by BorgWarner to our named executive officers:

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan [2]			All Other Stock Awards: Number of Shares or Stock Units[3]	Grant Date Fair Value of Stock Awards
Name	Award Type	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	
Brady D. Ericson	Short-Term Incentive		405,000	810,000	1,620,000					
	Performance Shares	2/17/2022				12,478	28,520	57,040		1,431,348
	Restricted Stock	2/17/2022							13,386	597,283
Chris P. Gropp	Short-Term Incentive		61,000	122,000	244,000					
	Restricted Stock	2/17/2022							4,466	199,273
Robert Boyle	Short-Term Incentive		61,000	122,000	244,000					
	Restricted Stock	2/17/2022							4,342	193,740
Todd Anderson	Short-Term Incentive		72,470	144,940	289,879					
	Restricted Stock	2/17/2022							4,218	188,207
Alisa Di Beasi	Short-Term Incentive		61,000	122,000	244,000					
	Restricted Stock	2/17/2022							4,466	199,273

(1) 2022 Bonus opportunity under the MIP.

(2) 2022 Performance Share Grant: Value of grant = number of target shares times the Monte Carlo pricing on grant date of $44.62 and $66.89.

(3) 2022 Restricted Stock Grant: Granted same day as approved by the Compensation Committee of the Board of Directors. The shares will vest 50% on the second anniversary of the grant date and 100% on the third anniversary of the grant date. FMV at grant date = number of restricted shares times the closing stock price on February 17, 2022 of $44.62 in accordance with ASC Topic 718.

OUTSTANDING EQUITY AWARDS AT 2022 YEAR END

The following table sets forth our named executive officers BorgWarner option and stock awards as of the end of 2022:

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested[1] (#)	Market Value of Shares or Units of Stock That Have Not Vested[1] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested[2] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[2] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Brady D. Ericson					34,696	1,396,514	120,240	4,839,660
Chris P. Gropp					12,548	505,057		
Robert Boyle					12,547	505,017		
Todd Anderson					14,970	602,543		
Alisa Di Beasi					11,756	473,179		

(1) The values in column (f) represent the number of restricted shares of stock and/or stock units granted in 2020, 2021 and 2022 plus reinvested dividends and/or dividend equivalents that will vest on February 28, 2023, 2024 and 2025. The dollar value in column (g) is calculated using the closing stock price on December 31, 2022 of $40.25 per share.

(2) The values of columns (h) and (i) are comprised of performance share grants made under the BorgWarner Inc. 2018 Stock Incentive Plan, issued for the performance periods of 2021-2023 and 2022-2024. Column (h) represents the maximum potential payout for all outstanding unearned relative TSR 2021-2023 and 2022-2024 shares, eProducts Revenue Mix 2021-2023 and 2022-2024 shares, cumulative FCF 2021-2023 and 2022-2024 shares, and eProducts Revenue 2022-2024 shares, that would be paid out at the end of each performance period. The payout levels of the shares shown at maximum levels were determined because actual performance over the most recent period was above 100.0% of the target level. Column (i) represents the number of performance shares in column (h) times the closing stock price of $40.25 on December 31, 2022. Actual future payouts will depend on several factors, including (1) the number of performance shares that are earned, as determined after the end of the performance period based on the level at which the applicable performance goals have been achieved; and (2) the FMV of stock, as defined in the 2018 Plan.

OPTION EXERCISES AND STOCK VESTED IN 2022

The following table presents, for each named executive officer, the BorgWarner stock options exercised and stock awards vested during 2022:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting[1] (#)	Value Realized on Vesting[2] ($)
Brady D. Ericson			41,339	1,711,104
Chris P. Gropp			5,094	227,294
Robert Boyle			3,278	146,264
Todd Anderson			4,323	192,892
Alisa Di Beasi			2,144	95,665

(1) Number of "shares" disclosed represents the total number of relative TSR, RRG, and adjusted earnings per share performance shares earned for the 2020-2022 performance period and paid in 2023, the total number of shares of restricted stock granted in 2019 that lapsed in 2022, and the total number of shares of restricted stock granted in 2020 that lapsed in 2022.

(2) Amount is equal to the number of total stockholder return, RRG, and adjusted earnings per share performance shares earned multiplied by $40.25, which was the closing stock price at the end of the performance period on December 31, 2022, the FMV of the shares of restricted stock granted in 2019 that lapsed and were paid in 2022, the FMV of the shares of restricted stock granted in 2020 that lapsed and were paid in 2022.

PENSION BENEFITS

None of our named executive officers participates or has an account balance in any of the BorgWarner-sponsored qualified or non-qualified defined benefit pension plans. Accordingly, we have not included a Pension Benefits table.

Our named executive officers are, prior to the Spin-Off, eligible to participate in BorgWarner's Retirement Savings Plan, or RSP, its tax-qualified defined contribution plan. This plan, which is available to all U.S. salaried and hourly employees, allows participants to take advantage of current tax-advantaged opportunities for accumulating future retirement income. The BorgWarner RSP is comprised of two primary components: a BorgWarner Retirement Account and a Savings Account with a match feature. In the BorgWarner Retirement Account, BorgWarner makes a contribution to the employee's account each pay period based on years of service and eligible pay. For the majority of employees, including our named executive officers, this ranges from 4% to 6% of compensation up to the Social Security wage base and from 8% to 11.5% of compensation above the Social Security wage base. In the Savings Account, participants may make contributions to the plan of 1% to 70% of their eligible earnings on a before-tax and/or after-tax basis (up to the statutorily prescribed annual limit on pre-tax contributions under the Code). BorgWarner matches 100% of the first 3% of the employee's pre-tax contributions. Participant contributions are held in trust as required by law. All employee contributions are 100% vested when contributed. The first 3% of compensation contributed to the BorgWarner Retirement Account vests immediately and any other employer contributions vest 100% after three years of service.

We anticipate that, in connection with the Spin-Off, we will adopt, and our named executive officers will be eligible for participation in, retirement plans that are similar to those provided by BorgWarner immediately prior to the Spin-Off.

NON-QUALIFIED DEFERRED COMPENSATION FOR 2022

The following table shows the non-qualified deferred compensation activity of our named executive officers under BorgWarner's plan during 2022:

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY[(1)] ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE[(2)] ($)
Brady D. Ericson		192,988	(368,429)		1,872,433
Chris P. Gropp		34,221	(63,523)		360,993
Robert Boyle		19,503	(2,691)		32,897
Todd Anderson		25,668	(3,096)		40,095
Alisa Di Beasi		18,811	(3,913)		37,472

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(1) The amounts shown in this column represent benefits earned under the Defined Contribution Retirement Savings Plan, which amounts also appear in the "All Other Compensation" column in the 2022 Summary Compensation Table for 2022.

(2) The amount shown in this column in excess of the sum of the amounts from the preceding columns includes $2,047,874 for Mr. Ericson and $390,295 for Ms. Gropp, $16,086 for Mr. Boyle, $17,523 for Mr. Anderson and $22,574 for Ms. Di Beasi that represents the closing balance at the end of the prior calendar year.

The BorgWarner Retirement Savings Excess Benefit Plan is an unfunded, non-qualified retirement plan, which keeps certain highly compensated U.S. employees whole with regard to BorgWarner contributions that are otherwise limited under the RSP by provisions of the Code. Participation is automatic once these limits are reached in a plan year. The contributions vest in the same manner as under the RSP. Distributions are made following a participant's separation from service, with distributions attributable to amounts earned or vested before January 1, 2005 distributed within 30 days of participant's separation from service and amounts earned or vested after December 31, 2004 distributed in the seventh month following the month in which the participant's separation from service occurs. No in-service withdrawals or loans are available.

Retirement Savings Excess Benefit Plan balances are invested in the same investment choices that are selected by the participants under the RSP. As these plans are unfunded, no money is actually invested. Rather, a notional account is maintained which mirrors the returns of these investments.

In connection with the Spin-Off, we anticipate establishing an arrangement similar to the BorgWarner Retirement Savings Excess Benefit Plan.

Potential Payments Upon Termination or Change of Control

The following table shows the post-employment payments that would have been paid to our named executive officers upon or following certain events related to a change of control of BorgWarner, assuming that such events occurred on December 31, 2022. For purposes of the calculations, BorgWarner's closing stock price on the last business day of 2022 ($40.25) was used to determine the market value of restricted stock and performance shares.

	Payment Triggering Events in Connection with a Change of Control[1]				
		Involuntary Termination		Voluntary Termination	
Name	Change of Control only ($)[2]	With Cause ($)	Without Cause[3] ($)	With Good Reason[3] ($)	Without Good Reason[4] ($)
Brady D. Ericson			9,247,983	9,247,983	722,418
Chris P. Gropp			505,057	505,057	
Robert Boyle			505,017	505,017	
Todd Anderson			602,543	602,543	
Alisa Di Beasi			473,179	473,179	

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(1) The amounts disclosed in the table above do not include life or disability insurance benefits or vested benefits under the qualified RSP or under the TIP, as these benefit plans are available to all U.S.-based salaried employees. The provisions of each plan would determine the timing and method of payments made under the above scenarios.

(2) No amounts are shown in this column based on the assumption that the successor in a Change in Control transaction honors or assumes outstanding equity-based awards.

(3) For Mr. Ericson, includes cash severance payment based on three times the average of base salary plus bonus, prorated payment based on an average of past bonuses for year of termination, value of unvested restricted stock, value of unvested performance shares, retirement benefit based on three times the 2022 Company contributions to the RSP, value of welfare benefits (i.e., health care, life insurance, and disability insurance coverage) for 18 months, and outplacement services. Amounts do not reflect any impact from the potential imposition of any excise tax. For Ms. Gropp, Mr. Boyle, Mr. Anderson and Ms. Di Beasi includes value of restricted stock only.

(4) Includes prorated payment based on an average of past bonuses for year of termination.

Change of Control Employment Agreements

BorgWarner has entered into COC Agreements with each of our named executive officers. The COC Agreements do not include excise tax gross-up provisions. They also allow a portion of any benefit received in connection with a change of control to be attributable to a non-compete agreement to reduce the potential for the excise tax.

Below is a general description of the material terms and conditions of BorgWarner's COC Agreements.

In the event that a named executive officer were to terminate employment with BorgWarner for good reason, or BorgWarner were to terminate an officer's employment with BorgWarner without cause, within two years of a change of control of BorgWarner or in anticipation of a change of control of BorgWarner, our named executive officers would be entitled to the following:

- A lump sum cash amount equal to three times his or her annual base salary and average annual bonus for the most recent three years
- A lump sum cash amount based on a prorated portion of the average of past bonuses for the portion of the year up to the date of termination
- A lump sum cash amount equal to three times BorgWarner's retirement contributions that would have been made on his or her behalf in the first plan year ending after termination of employment

- Continuation of medical, dental, and life insurance benefits for 18 months
- Outplacement services at a cost not to exceed $40,000

Executives would forego a portion of change of control payments that could otherwise trigger excise taxes under Section 4999 of the Code, as the tax will not be “grossed-up” under the COC Agreement, if such reduction in change in control payments would be beneficial to the executive.

“Change of control” generally means (1) the acquisition by any party of beneficial ownership of 20% or more of either (a) the then-outstanding shares of BorgWarner’s common stock, or (b) the combined voting power of our then outstanding voting securities entitled to vote generally in the election of BorgWarner’s directors, (2) a change in the majority of BorgWarner’s Board, (3) a major corporate transaction, such as a merger or sale of substantially all of BorgWarner’s assets, which results in a change in the majority of BorgWarner’s Board or a majority of stockholders, or (4) a complete liquidation or dissolution of BorgWarner.

“Cause” generally means the willful and continued failure of the executive to perform substantially the executive’s duties or the willful engaging by the executive in illegal conduct or gross misconduct materially injurious to BorgWarner.

“Good Reason” generally means the diminution of responsibilities, authority or duties, our failure to comply with compensation or benefit provisions of the COC Agreement, transfer to a new work location more than 35 miles from the officer’s previous work location, a purported termination of the COC Agreement by BorgWarner other than in accordance with the COC Agreement, or BorgWarner’s failure to require any successor to BorgWarner to comply with the COC Agreement.

In connection with the Spin-Off, we anticipate entering into agreements similar to the COC Agreements with our named executive officers, but relating to employment with, and potential change of control events involving, PHINIA, and providing for two years of compensation rather than three.

Terminations Not Related to a Change of Control

In the event of an involuntary termination without cause not in connection with a change of control of BorgWarner, no additional payments would be required to be made to our named executive officers except under the TIP, which applies to all U.S. salaried employees of BorgWarner. Benefits provided under the TIP include a lump sum payment of up to six months’ base salary plus payment of healthcare, dental, and vision benefit premiums required under COBRA for six months. Although the Spin-Off will result in our named executive officers’ no longer being employed by BorgWarner or its subsidiaries, no payments will be required to be made to our named executive officers under the TIP as a result of the Spin-Off. In connection with the Spin-Off, we anticipate adopting a plan similar to the TIP to provide severance protections to substantially all of our U.S. salaried employees, including our named executive officers, in the event of an involuntary termination without cause not in connection with a change of control of PHINIA.

In the event of termination of employment by retirement not in connection with a change of control of BorgWarner, no additional payments would be made to our named executive officers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this Information Statement, BorgWarner beneficially owns all of the outstanding shares of our common stock. The following table provides information regarding the anticipated beneficial ownership of our common stock at the time of the Spin-Off by:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each of our stockholders whom we believe (based on the assumptions described below) will beneficially own more than 5% of our outstanding common stock.

Except as otherwise noted below, we based the share amounts on each person's beneficial ownership of BorgWarner common stock on , 2023, giving effect to a Spin-Off ratio of one share of our common stock for every five shares of BorgWarner common stock.

Except as otherwise noted in the footnotes below, each person or entity identified in the table has sole voting and investment power with respect to the securities beneficially owned.

Immediately following the Spin-Off, we estimate that shares of our common stock will be issued and outstanding, based on the approximately shares of BorgWarner common stock outstanding on , 2023. The actual number of shares of our common stock that will be outstanding following the completion of the Spin-Off will be determined on , 2023.

	Amount and Nature of Beneficial Ownership[a]	Percentage of Class
Directors and Executive Officers		
Brady D. Ericson		
Chris P. Gropp		
Todd Anderson		
Robert Boyle		
Alisa Di Beasi		
Directors and Executive Officers as a group		
Principal Stockholders:		
The Vanguard Group	5,277,620[b]	10.7%[b]
100 Vanguard Blvd.		
Malvern, PA 19355		
BlackRock, Inc.	3,782,787[c]	8.1%[c]
55 East 52nd Street		
New York, NY 10055		

* Represents less than 1%.

(a) Includes all shares with respect to which each officer or director directly, or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares the power to vote or to direct voting of such shares or to dispose or to direct the disposition of such shares.

(b) Pursuant to a Schedule 13G/A, dated February 9, 2023, filed on behalf of The Vanguard Group with respect to BorgWarner, indicating that it had sole dispositive power for 25,394,435 BorgWarner shares, shared dispositive power for 993,664 BorgWarner shares, and shared voting power for 357,038 BorgWarner shares.

(c) Pursuant to a Schedule 13G/A, dated February 3, 2023, filed on behalf of BlackRock, Inc. with respect to BorgWarner, indicating that it had sole voting power for 16,733,087 BorgWarner shares and sole dispositive power for 18,913,935 BorgWarner shares.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements with BorgWarner

To govern the ongoing relationships between us and BorgWarner after the Spin-Off and to facilitate an orderly transition, we and BorgWarner intend to enter into agreements providing for various services and rights following the Spin-Off, and under which we and BorgWarner will agree to indemnify each other against certain liabilities arising from our respective businesses. The following summarizes the terms of the material agreements we expect to enter into with BorgWarner.

Separation and Distribution Agreement

We intend to enter into a Separation and Distribution Agreement with BorgWarner before the Spin-Off. The Separation and Distribution Agreement will set forth our agreements with BorgWarner regarding the principal actions to be taken in connection with the Spin-Off. It will also set forth other agreements that govern aspects of our relationship with BorgWarner following the Spin-Off.

Transfer of Assets and Assumption of Liabilities

The Separation and Distribution Agreement will identify certain transfers of assets and assumptions of liabilities that are necessary in advance of our separation from BorgWarner so that we and BorgWarner retain the assets of, and the liabilities associated with, our respective businesses. The Separation and Distribution Agreement generally provides that the assets comprising our business will consist of those exclusively related to our current business and operations or otherwise allocated to our business through a process of dividing shared assets. The liabilities we will assume in connection with the Spin-Off will generally consist of those related to the assets comprising our business or to the past and future operations of our business, including our locations used in our current operations. The Separation and Distribution Agreement will also provide for the settlement or extinguishment of certain liabilities and other obligations between us and BorgWarner.

Cash Adjustment

Our cash balance at the time of the Spin-Off is targeted to be approximately $300 million, subject to a cash adjustment. The Separation and Distribution Agreement provides for a post-distribution cash adjustment payment by BorgWarner or PHINIA to the other to be calculated by BorgWarner based on the differences between the estimated and actual amounts of (1) our businesses' capital expenditures during 2023 prior to the Distribution Date relative to budgeted amounts and (2) our working capital levels.

Internal Restructuring

The Separation and Distribution Agreement will describe certain actions related to our separation from BorgWarner that have occurred or will occur prior to the Spin-Off, including the contribution by BorgWarner to us of the assets and liabilities that comprise our business.

Intercompany Arrangements

All agreements, arrangements, commitments, and understandings, including most intercompany accounts payable or accounts receivable, between us, on the one hand, and BorgWarner, on the other hand, will terminate and/or be repaid effective as of the Distribution Date, except specified agreements and arrangements that are intended to survive the Spin-Off.

Credit Support

We will agree to use commercially reasonable efforts to arrange, prior to the Spin-Off, for the termination or replacement of all guarantees, bank provided guarantees, covenants, indemnities, surety bonds, letters of credit, or similar assurances of credit support, other than certain specified credit support instruments, currently provided by or through BorgWarner or any of its subsidiaries for the benefit of us or any of our subsidiaries.

Representations and Warranties

In general, neither we nor BorgWarner will make any representations or warranties regarding any assets or liabilities transferred or assumed (including with respect to the sufficiency of assets for the conduct of our business), any notices, consents, or governmental approvals that may be required in connection with these transfers or assumptions, the value or freedom from any lien or other security interest of any assets or liabilities transferred, the absence of any defenses relating to any claim of either party, or the legal sufficiency of any conveyance documents. Except as expressly set forth in the Separation and Distribution Agreement or any ancillary agreement, all assets will be transferred on an "as is," "where is" basis.

Further Assurances

The parties will use commercially reasonable efforts to effect any transfers contemplated by the Separation and Distribution Agreement that have not been consummated prior to the Spin-Off. In addition, the parties will use commercially reasonable efforts to effect any transfer or re-transfer of any asset or liability that was improperly transferred or retained.

The Spin-Off

The Separation and Distribution Agreement will govern BorgWarner's and our respective rights and obligations regarding the proposed Spin-Off. On or prior to the Distribution Date, BorgWarner will deliver 100% of the issued and outstanding shares of our common stock to the distribution agent. On or as soon as practicable following the Distribution Date, the distribution agent will electronically deliver the shares of our common stock to BorgWarner stockholders based on the distribution ratio. The BorgWarner Board may, in its sole and absolute discretion, determine the Record Date and the Distribution Date. In addition, BorgWarner may, at any time until the distribution, decide to abandon the Spin-Off or modify or change the terms of the Spin-Off.

Conditions

The Separation and Distribution Agreement will also provide that several conditions must be satisfied or, to the extent permitted by law, waived by BorgWarner, in its sole and absolute discretion, before the Spin-Off can occur. For further information about these conditions, see "The Spin-Off—Conditions to the Spin-Off."

Exchange of Information

We and BorgWarner will agree to provide each other with information reasonably needed to comply with reporting, disclosure, filing, or other requirements of any national securities exchange or governmental authority and requested by the other party for use in judicial, regulatory, administrative, and other proceedings or to satisfy audit, accounting, litigation, and other similar requirements. We and BorgWarner will also agree to use commercially reasonable efforts to retain such information in accordance with specified record retention policies. Each party will also agree to use its commercially reasonable efforts to assist the other with its financial reporting and audit obligations.

Termination

The BorgWarner Board, in its sole and absolute discretion, may terminate the Separation and Distribution Agreement at any time prior to the distribution.

Release of Claims

We and BorgWarner will each agree to release the other and its affiliates, successors, and assigns, and all persons that prior to the Spin-Off have been the other's stockholders, fiduciaries, directors, trustees, counsel, officers, members,

managers, employees, agents, and certain other parties, and their respective heirs, executors, administrators, successors, and assigns, from any and all liabilities, whether at law or in equity (including any right of contribution), whether arising under any contract, by operation of law, or

otherwise, existing or arising from any acts or events occurring, or failing to occur, or alleged to have occurred, or to have failed to occur, or any conditions existing or alleged to have existed on or before the Spin-Off, including in connection with the Spin-Off and all other activities to implement the Spin-Off. The releases will not extend to obligations or liabilities under the Separation and Distribution Agreement or any of the other agreements between us and BorgWarner entered into in connection with the Spin-Off, to any other agreements between us and BorgWarner that remain in effect following the separation pursuant to the Separation and Distribution Agreement or any ancillary agreement, or to certain other obligations or liabilities specified in the Separation and Distribution Agreement.

Indemnification

We and BorgWarner will each agree to indemnify the other and each of the other's current and former directors, officers, and employees, and each of the heirs, executors, administrators, successors, and assigns of any of them, against certain liabilities incurred in connection with the Spin-Off and our and BorgWarner's respective businesses. The amount of either BorgWarner's or our indemnification obligations will be reduced by any net insurance proceeds the party being indemnified receives. The Separation and Distribution Agreement will also specify procedures regarding claims subject to indemnification.

Transition Services Agreements

We intend to enter into Transition Services Agreements pursuant to which BorgWarner will provide us, and we will provide BorgWarner, with certain specified services for a limited time to ensure an orderly transition following the Spin-Off. The services BorgWarner will provide consist of digital technology, human resources, supply chain, finance, and real estate services, among others. The services that we will provide will consist of engineering and human resources services, among others. The services are generally intended to be provided for a period no longer than 12 months following the Spin-Off. The Transition Services Agreements will provide for customary termination provisions, including if the other party fails to cure a material breach of its obligations within an agreed period of time. The parties may otherwise negotiate mutually agreed reductions in the scope or early terminations of services received. The Transition Services Agreements will provide for customary indemnification and limits on liability.
Given the short-term nature of the Transition Services Agreements, we are in the process of increasing our internal capabilities to eliminate reliance on BorgWarner for the transition services it will provide us as quickly as possible following the Spin-Off.

Tax Matters Agreement

We intend to enter into a Tax Matters Agreement with BorgWarner that will govern the respective rights, responsibilities, and obligations of BorgWarner and us after the Spin-Off with respect to all tax matters (including tax liabilities, tax attributes, tax returns, and tax contests).

The Tax Matters Agreement will generally provide that BorgWarner will be responsible and will indemnify us for taxes imposed on a joint-return basis or separate-return basis relating to the Fuel Systems and Aftermarket businesses for periods preceding the Spin-Off, subject to certain exceptions. We will be responsible and will indemnify BorgWarner for certain taxes imposed on a joint-return basis relating to the Fuel Systems and Aftermarket businesses for periods preceding the Spin-Off, all taxes imposed on a separate-return basis on us or our subsidiaries (after giving effect to the Spin-Off) for periods following the Spin-Off and all other taxes relating to the Fuel Systems and Aftermarket businesses for all periods following the Spin-Off. In addition, the Tax Matters Agreement will address the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the Spin-Off.

In addition, the Tax Matters Agreement will provide that we will be required to indemnify BorgWarner for any taxes (and reasonable expenses) resulting from the failure of the Spin-Off and related internal transactions to qualify for their intended tax treatment under U.S. federal, state, and local income tax law as well as foreign tax law, where such taxes result from (1) breaches of covenants and representations we make and agree to in connection with the Spin-Off, (2) the application of certain provisions of U.S. federal income tax law to these transactions, or (3) any other action or omission (other than actions

expressly required or permitted by the Separation and Distribution Agreement, the Tax Matters Agreement, or other ancillary agreements) we take after the Spin-Off that gives rise to these taxes. BorgWarner will have the exclusive right to control the conduct of any audit or contest relating to these taxes, but we will have notification and information rights regarding BorgWarner's conduct of any such audit or contest, to the extent that we could be liable for taxes under the Tax Matters Agreement as a result of such audit or contest.

The Tax Matters Agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, redemptions or repurchases, mergers or other business combinations, sales of assets and similar transactions) that are intended to preserve the tax-free nature of the Spin-Off and certain related transactions. Under the Tax Matters Agreement, these restrictions will apply for two years following the Spin-Off, unless BorgWarner obtains a private letter ruling from the IRS or an opinion of counsel, in each case acceptable to BorgWarner in its discretion, that the restricted action would not impact the tax-free treatment of the Spin-Off or other transaction, or unless BorgWarner otherwise gives its consent for us to take a restricted action in its discretion. Even if such a private letter ruling or opinion is obtained, or BorgWarner does otherwise consent to our taking an otherwise restricted action, we will remain liable to indemnify BorgWarner in the event such restricted action gives rise to an otherwise indemnifiable liability. These restrictions may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that may maximize the value of our business and might discourage or delay a strategic transaction that our stockholders may consider favorable.

Employee Matters Agreement

We intend to enter into an Employee Matters Agreement with BorgWarner that provides certain protections for our employees and former employees, sets forth the timing and general responsibilities related to the split of assets and liabilities of certain BorgWarner employee benefit and compensation plans, and provides for mutual two-year non-solicitation obligations with respect to employees, with customary exemptions.

For example, for at least 12 months after the Spin-Off for U.S. employees (and for longer periods as may be required by law), we will continue to provide our employees with at least the same salary/wages and cash incentive compensation opportunities in effect immediately prior to the Spin-Off. During that period, we will also continue to offer employee benefits that are substantially similar, in the aggregate, to those in effect immediately prior to the Spin-Off and recognize prior BorgWarner service credit for all employees employed by us on the Distribution Date.

Except as specifically provided in the Employee Matters Agreement, we will generally be responsible for all employment, employee compensation, and employee benefits-related liabilities relating to employees, former employees, and other individuals allocated to us. For these individuals, we will assume certain assets and liabilities with respect to BorgWarner's U.S. and non-U.S. benefit plans, including a majority of the assets and liabilities of BorgWarner's non-U.S. pension plans.

The Employee Matters Agreement incorporates the indemnification provisions contained in the Separation and Distribution Agreement and provides that we will indemnify BorgWarner for certain liabilities associated with the failure to comply with our obligations under the Employee Matters Agreement, for any employment liabilities related to employees, former employees, and other individuals allocated to us that cannot be assumed, retained, transferred, or assigned as a matter of law, and for claims related to our adoption or assumption of certain employee benefit and compensation plans, and any future actions that we take with respect to those plans.

The Employee Matters Agreement will also reflect the adjustment of outstanding equity-based awards granted by BorgWarner prior to the Spin-Off. See "The Spin-Off—Treatment of Equity Awards."

Intellectual Property Agreements

We intend to enter into one or more intellectual property agreements with BorgWarner, pursuant to which BorgWarner will grant us, and we will grant BorgWarner, licenses under certain trademarks, patents and

other intellectual property rights that are used by the Fuel Systems and Aftermarket businesses but that are owned or being retained by BorgWarner, or that are currently being used in BorgWarner's retained businesses that will be assigned to or owned by us.

BorgWarner will grant to us perpetual, non-exclusive, royalty-free licenses to use and exploit certain intellectual property rights (excluding trademarks and domain names), the ownership of which is being retained by BorgWarner, that are currently being used by our business. Additionally, we will grant to BorgWarner perpetual, non-exclusive, royalty-free licenses to use and exploit certain intellectual property rights (excluding trademarks and domain names), which are owned or will be assigned to us, that are currently being used in BorgWarner's retained businesses.

The field of use for the foregoing intellectual property rights licensed by BorgWarner to us will generally be for the Fuel Systems and the Aftermarket businesses. The field of use for the foregoing intellectual property rights licensed by us to BorgWarner will be primarily for BorgWarner's retained starters and alternators business. The licenses granted to BorgWarner and us will generally be transferable with any sale or transfer of an entity or line of business that utilizes the relevant intellectual property, and the transferred license will be limited to the business, products, and services as conducted by the transferred entity or line of business as of the date of the transfer.

Pursuant to a Trademark License Agreement, BorgWarner will grant to us a limited, revocable, non-exclusive, royalty-free license to use certain trademarks retained by BorgWarner that are currently used by the Fuel Systems and Aftermarket businesses in connection with tooling, machinery, blueprints and product drawings until such materials can be replaced. Additionally, we will grant to BorgWarner a limited, revocable, non-exclusive license to use certain trademarks allocated to us that are currently used by BorgWarner's retained business in connection with tooling, machinery, blueprints and product drawings, until such materials can be replaced.

Real Estate Lease Agreements

We intend to enter into Lease Agreements with BorgWarner that will govern the lease or sublease of real estate between BorgWarner and us following the Spin-Off for sites that will be occupied by both BorgWarner's and our employees following the Spin-Off, other than on a short-term basis pursuant the Transition Services Agreements. For each leased or subleased site, the lessee or sub-lessee occupant can continue to occupy such site only until the expiration date of the applicable lease or sublease, subject to extension. The lessee or sub-lessee will pay its pro-rata share of costs for the occupied site generally based on percentage of site occupation, and in some cases headcount, through such expiration date. Except as otherwise agreed by the parties, the lessor or sub-lessor will pay for any alterations or improvements necessary to demise the applicable site, if it elects to so demise such site, in its sole discretion.

Supply Agreements and Contract Manufacturing Agreements

We intend to enter into certain Supply Agreements as well as Contract Manufacturing Agreements with BorgWarner pursuant to which BorgWarner will manufacture and supply to us, and we will manufacture and supply to BorgWarner, certain products in accordance with applicable product specifications. The scope of the agreements is limited to products that are at the time of the Spin-Off being manufactured by either BorgWarner or us. New products may be included in the scope of the agreements only if they are already included in existing long-range business plans of the respective purchaser or upon mutual agreement.

The prices for products supplied under the Supply Agreements will, as of the Spin-Off, be equal to the arm's length transfer prices applicable immediately before the Spin-Off or, if such transfer prices do not already exist before the Spin-Off, as otherwise set forth in the applicable agreement. The Supply Agreements will provide for ongoing price adjustments in

accordance with certain pre-defined parameters (e.g., in case of significant volume deviations) and allow either party to adjust prices in case of significant

increase or decrease of external costs. The prices for products supplied under the Contract Manufacturing Agreements are expected to be set on a cost-plus basis.

The terms of the Supply Agreements and Contract Manufacturing Agreements will be defined on a product-by-product basis, ranging from fixed terms of up to 24 months to variable terms that run until end of production of the respective products plus additional service terms as required in corresponding customer agreements. The agreements will include customary termination rights for cause, including for material breach by the other party.

With respect to engine control modules and fuel delivery controllers supplied to us by BorgWarner under anticipated Supply Agreements, we intend to enter into an Electronics Collaboration Agreement with BorgWarner that will complement the Supply Agreements with specific terms, in particular in relation to license grants to underlying technology, warranty claims vis-à-vis third party customers and engineering support provided by BorgWarner and us to each other.

Related-Party Transactions Policy

We expect that, prior to the completion of the Spin-Off, our Board will establish a related-party transactions policy regarding the review and approval of transactions with related persons. We anticipate that this policy will provide that our Corporate Governance Committee shall be responsible for the review, disapproval, or approval of any transaction in which any "related party" had, has, or will have a direct or indirect material interest, subject to certain specified exceptions. We further anticipate that this policy will include the following standards in assessing transactions with related persons: (1) the business purpose of the transaction; (2) whether the transaction is entered into on an arm's-length basis on terms fair to us; (3) whether such transaction would violate any provisions of our Code of Ethical Conduct; and (4) whether the transaction would present an improper conflict. A proposed related-person transaction will not be approved if the Board determines that the transaction is inconsistent with our interests and the interests of our stockholders. In general, "related parties" are our directors, director nominees, executive officers, and stockholders beneficially owning more than 5% of our outstanding common stock and immediate family members.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SPIN-OFF

The following is a discussion of material U.S. federal income tax consequences of the Spin-Off to "U.S. holders" (as defined below) of BorgWarner common stock. This discussion is based on the Code, Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the Internal Revenue Service ("IRS"), and judicial decisions, in each case as in effect and available as of the date of this Information Statement and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this document. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

This discussion applies only to U.S. holders of shares of BorgWarner common stock that hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the Spin-Off will be consummated in accordance with the Separation and Distribution Agreement and the other agreements related to the Spin-Off and as described in this Information Statement. Holders of BorgWarner common stock that are not U.S. holders should consult their own tax advisors as to the tax consequences of the Spin-Off.

This summary is for general information only and does not constitute tax advice or an opinion of counsel. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular holders of BorgWarner common stock in light of their particular circumstances nor does it address tax consequences applicable to holders that are or may be subject to special treatment under the U.S. federal income tax laws (such as, for example, insurance companies, tax-exempt organizations, financial institutions, mutual funds, certain former U.S. citizens or long-term residents of the United States, broker-dealers, entities or arrangements treated as partnerships for U.S. federal income tax purposes, or other pass-through entities or owners thereof, traders in securities who elect a mark-to-market method of accounting, holders who hold their BorgWarner common stock as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," holders who acquired BorgWarner common stock upon the exercise of employee stock options or otherwise as compensation, or holders whose functional currency is not the U.S. dollar). This discussion also does not address any tax consequences arising under the alternative minimum tax, the Medicare tax on net investment income or the Foreign Account Tax Compliance Act (including the Treasury Regulations promulgated thereunder and intergovernmental agreements entered into pursuant thereto or in connection therewith). In addition, no information is provided with respect to any tax consequences under state, local, or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion does not address the tax consequences to any person who actually or constructively owns 5% or more of the outstanding shares of BorgWarner common stock.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds BorgWarner common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Holders of BorgWarner common stock that are partnerships and partners in such partnerships should consult their own tax advisors as to the tax consequences of the Spin-Off.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of BorgWarner common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust, if: (1) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (2) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SPIN-OFF UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE SPIN-OFF, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. AND OTHER TAX LAWS, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED HEREIN.

It is expected that, prior to the distribution, BorgWarner will receive an opinion of Ernst & Young LLP, to the effect that the Spin-Off will qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code. Receipt of such opinion is a condition to the distribution. The opinion of Ernst & Young, LLP will rely on certain facts, assumptions, representations, and undertakings from BorgWarner and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations, or undertakings are incorrect or not otherwise satisfied, or if BorgWarner or PHINIA breaches any of its representations or covenants contained in the Separation and Distribution Agreement and certain other agreements, the opinion of Ernst & Young, LLP may no longer be valid, or the conclusions reached therein may be materially altered by such incorrectness, non-satisfaction or breach. BorgWarner may also waive receipt of such a tax opinion as a condition to the distribution. BorgWarner does not currently intend to waive this condition to the distribution. If BorgWarner waives this condition, then we would notify BorgWarner stockholders by (1) filing an amendment to the Registration Statement on Form 10 of which this Information Statement forms a part if the waiver occurs before the Registration Statement becomes effective or by (2) filing a Current Report on Form 8-K if the waiver occurs after the Registration Statement becomes effective, as described in "The Spin-Off — Conditions to the Spin-Off."

Notwithstanding the opinion of Ernst & Young, LLP, the IRS could determine on audit that the Spin-Off is taxable if it determines that any of these facts, assumptions, representations, or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion, including as a result of certain significant changes in the stock ownership of BorgWarner or us after the distribution. In addition, an opinion of Ernst & Young, LLP represents the judgment of Ernst & Young, LLP and is not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions. Accordingly, notwithstanding receipt by BorgWarner of the opinion of Ernst & Young LLP, there can be no assurance that the IRS will not assert that the Spin-Off does not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, BorgWarner, PHINIA and BorgWarner stockholders could be subject to significant U.S. federal income tax liability or tax indemnification obligations. Please refer to "—Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable" below.

Material U.S. Federal Income Tax Consequences if the Spin-Off Qualifies as a Tax-Free "Reorganization" under Sections 368(a)(1)(D) and 355 of the Code.

If the Spin-Off qualifies as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code, the U.S. federal income tax consequences of the Spin-Off generally are as follows:

- no gain will be recognized by (and no amount will be includible in the income of) BorgWarner as a result of the Spin-Off;

- no gain or loss will be recognized by (and no amount will be includible in the income of) U.S. holders of BorgWarner common stock upon the receipt of PHINIA common stock in the distribution, except for cash received in lieu of fractional shares;

- the aggregate tax basis in the BorgWarner common stock and the PHINIA common stock received in the distribution in the hands of each U.S. holder of BorgWarner common stock immediately after the distribution will equal the aggregate basis of BorgWarner common stock held by such U.S. holder immediately before the distribution, allocated between the BorgWarner common stock and the PHINIA common stock in proportion to the relative fair market value of each on the date of the distribution; and
- the holding period of PHINIA common stock received by each U.S. holder of BorgWarner common stock in the distribution will include the holding period at the time of the distribution for the BorgWarner common stock with respect to which the distribution is made.

If a U.S. holder of BorgWarner common stock holds different blocks of BorgWarner common stock (generally shares of BorgWarner common stock acquired on different dates or at different prices), such holder should consult its own tax advisor regarding the determination of the basis and holding period of shares of PHINIA common stock received in the distribution in respect of particular blocks of BorgWarner common stock.

Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable.

As discussed above, notwithstanding receipt by BorgWarner of an opinion of Ernst & Young LLP, the IRS could assert that the Spin-Off does not qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code. If the IRS were successful in taking this position, some or all of the consequences described above would not apply, and BorgWarner, PHINIA and BorgWarner stockholders could be subject to significant U.S. federal income tax liability or tax indemnification obligations. In addition, certain events that may or may not be within the control of BorgWarner or PHINIA could cause the Spin-Off not to qualify for tax-free treatment for U.S. federal income tax purposes.

If the Spin-Off were to fail to qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code, BorgWarner would recognize taxable gain as if it had sold the PHINIA common stock in a taxable sale for its fair market value, and BorgWarner stockholders that receive shares of PHINIA common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the Spin-Off were otherwise to qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code, the distribution may result in taxable gain to BorgWarner (but not its stockholders) under Section 355(e) of the Code if the distribution, together with certain related transactions, were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in BorgWarner or PHINIA. For this purpose, any acquisitions of BorgWarner or PHINIA shares within the period beginning two years before, and ending two years after, the distribution are presumed to be part of such a plan, although BorgWarner or PHINIA may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations).

In connection with the Spin-Off, PHINIA and BorgWarner will enter into a tax matters agreement that, among other things, will allocate between PHINIA and BorgWarner the responsibility for tax liabilities incurred by them as a result of the failure of the Spin-Off or certain related transactions to qualify for their intended tax treatment. For a discussion of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Agreements with BorgWarner—Tax Matters Agreement."

THE FOREGOING IS INTENDED ONLY AS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SPIN-OFF UNDER CURRENT LAW. IT IS NOT A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX CONSEQUENCES THAT MAY BE IMPORTANT TO PARTICULAR HOLDERS. ALL HOLDERS OF BORGWARNER COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE

PARTICULAR TAX CONSEQUENCES TO THEM OF THE SPIN-OFF, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

DESCRIPTION OF OUR CAPITAL STOCK

General

Prior to the Spin-Off, BorgWarner, as our sole stockholder, will approve and adopt our certificate of incorporation, and our Board will approve and adopt our by-laws. The following summarizes information concerning our capital stock, including material provisions of our certificate of incorporation, our by-laws, and certain provisions of the Delaware General Corporation Law. You are encouraged to read the forms of our certificate of incorporation and our by-laws, which are filed as exhibits to our Registration Statement on Form 10, of which this Information Statement is a part, for greater detail with respect to these provisions. We will include our certificate of incorporation and by-laws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. In addition, since the terms of the Delaware General Corporation Law are more detailed than the general information provided below, you should read the actual provisions of the Delaware General Corporation Law for complete information.

Authorized Shares

Immediately following the Spin-Off, our authorized shares will be 201,000,000 shares of capital stock, consisting of 200,000,000 shares of common stock, $0.01 par value per share, and 1,000,000 shares of preferred stock, $0.01 par value per share. Preferred stock will be issuable in one or more classes and series, with preferences, rights, restrictions, and qualifications as established by our Board without stockholder approval, including voting, dividend, redemption, liquidation, sinking fund, conversion and other rights. No shares of our preferred stock will be outstanding immediately following the Spin-Off.

Common Stock

Immediately following the Spin-Off, we estimate that approximately shares of our common stock will be issued and outstanding, based on approximately shares of BorgWarner common stock outstanding as of , 2023. The actual number of shares of our common stock outstanding immediately following the Spin-Off will depend on the actual number of shares of BorgWarner common stock outstanding on the Record Date, and will reflect any issuance of new shares or exercise of outstanding options pursuant to BorgWarner's equity plans and any repurchases of BorgWarner shares by BorgWarner pursuant to its common stock repurchase program, in each case on or prior to the Record Date.

Dividends

Holders of our common stock will be entitled to receive dividends, if any, as may be declared from time to time by our Board in its discretion out of funds available. The timing, declaration, amount, and payment of future dividends will depend on our financial condition, earnings, capital requirements and debt service obligations as well as legal requirements, regulatory constraints, industry practice, and other factors that our Board deems relevant. Our Board will make all decisions regarding our payment of dividends from time to time in accordance with applicable law. See "Dividend Policy."

Voting Rights

Each holder of our common stock will be entitled to one vote per share and will be entitled to vote on all matters presented to a vote of stockholders, including the election of directors. Holders of our common stock will have no cumulative voting rights. As a result, under the Delaware General Corporation Law, the holders of more than one half of the outstanding shares of our common stock generally will be able to elect all of our directors then standing for election, and holders of the remaining shares will not be able to elect any director, subject to any voting rights held by holders of our preferred stock.

Liquidation Rights

Upon liquidation of the Company, holders of our common stock will be entitled to share equally in any distribution of our assets after provision for our liabilities and the liquidation preference of any outstanding shares of our preferred stock.

Other Rights

Holders of our common stock will have no preemptive rights to purchase or subscribe for any stock or other securities. In addition, there will be no redemption or sinking fund provisions for holders of our common stock.

Anti-Takeover Effects of Certain Provisions of our Certificate of Incorporation and Bylaws

Certain provisions of the Delaware General Corporation Law and in our proposed certificate of incorporation and by-laws summarized below may delay, defer, discourage, or prevent a change in control of PHINIA, the removal of our management or directors, or an offer by a potential acquirer to our stockholders. These provisions include:

- *No cumulative voting*. Under the Delaware General Corporation Law and our certificate of incorporation, stockholders will not be entitled to cumulate votes in the election of directors.
- *Requirements for removal of directors*. Our certificate of incorporation will provide that any director may be removed from office at any time, with or without cause, but only by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors.
- *Special meeting of stockholders*. Our certificate of incorporation will provide that special meetings of the stockholders may only be called at the direction of a majority of the directors of the Company.
- *No stockholder action by written consent*. Our certificate of incorporation will expressly exclude the right of our stockholders to act by written consent. Stockholder action must take place at an annual meeting or at a special meeting of our stockholders.
- *Stockholder advance notice procedures*. Our by-laws will establish advance notice procedures with respect to stockholder proposals and the nomination by stockholders of candidates for election as directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed.

Anti-Takeover Effects of Certain Provisions of Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law, which generally may have an anti-takeover effect for transactions not approved in advance by our Board, including discouraging attempts that might result in a premium over the market price for our common stock. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that the stockholder becomes an interested stockholder unless:

- the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the board of directors prior to the time the interested stockholder obtained such status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two thirds of the outstanding voting stock which is not owned by the interested stockholder.

For purposes of Section 203, a “business combination” is defined to include mergers, asset sales and other transactions resulting in financial benefit to an interested stockholder. In general, an “interested stockholder” is a person who owns (or is an affiliate or associate of the corporation and, within the prior three years, did own) 15% or more of the corporation’s voting stock.

Limitation on Liability of Directors and Indemnification of Directors and Officers

Delaware law authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their stockholders for monetary damages for breaches of directors’ and officers’ fiduciary duties as directors or officers, as applicable, and our certificate of incorporation will include such an exculpation provision. Our certificate of incorporation will provide that a director or officer will not be personally liable for monetary damages to us or our stockholders for breach of fiduciary duty as a director or officer, except for liability:

- for any breach of the director or officer’s duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- applicable to directors for paying a dividend or approving a stock repurchase or redemption in violation of Section 174 of the Delaware General Corporation Law;
- for any transaction from which the director derived an improper personal benefit; or
- applicable to officers for any action by or in the right of PHINIA.

Our certificate of incorporation will also provide that each of our current or former directors, officers, employees or agents, or each such person who is or was serving or who had agreed to serve at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executors, administrators or estate of that person), will be indemnified by us to the fullest extent permitted by the Delaware General Corporation Law. Our certificate of incorporation will also specifically authorize us to enter into agreements with any person providing for indemnification greater or different than that provided by our certificate of incorporation.

Exclusive Forum

Our by-laws will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery located within the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee, or stockholder to us or our stockholders, any action asserting a claim arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our by-laws or to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery, or any action asserting a claim governed by the internal affairs doctrine. However, if the Court of Chancery within the State of Delaware lacks jurisdiction over such action, the action may be brought in another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, then in the U.S. District Court for the District of Delaware. Additionally, our by-laws will state that the foregoing provision will not apply to claims arising under the Securities Act. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The exclusive forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds

favorable for disputes with us or any of our directors, officers, or stockholders, which may discourage lawsuits with respect to such claims. Our stockholders will not be deemed to have waived

our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare.

Listing

We have applied to list our common stock on the Exchange, under the ticker symbol “PHIN.”

WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form 10 with the SEC with respect to the shares of our common stock that BorgWarner's stockholders will receive in the Spin-Off as contemplated by this Information Statement. This Information Statement is a part of, and does not contain all the information set forth in, the Registration Statement and the other exhibits and schedules to the Registration Statement. For further information with respect to us and our common stock, please refer to the Registration Statement, including its other exhibits and schedules. Statements we make in this Information Statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document. You may review a copy of the Registration Statement, including its exhibits and schedules, on the website maintained by the SEC at www.sec.gov. Information contained on any website we refer to in this Information Statement does not and will not constitute a part of this Information Statement or the Registration Statement on Form 10 of which this Information Statement is a part.

As a result of the Spin-Off, we will become subject to the information and reporting requirements of the Exchange Act, and in accordance with the Exchange Act, we will file periodic reports, proxy statements, and other information with the SEC, copies of which will be available on the SEC's website.

You may request a copy of any of our filings with the SEC at no cost by writing us at the following address:

PHINIA
3000 University Drive
Auburn Hills, MI 48326
Attention: Investor Relations

We intend to furnish holders of our common stock with annual reports containing financial statements prepared in accordance with U.S. GAAP and audited and reported on by an independent registered public accounting firm.

INDEX TO THE FINANCIAL STATEMENTS

PHINIA

CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)

(in millions)	March 31, 2023	December 31, 2022
ASSETS		
Cash, cash equivalents and restricted cash	$ 181	$ 251
Receivables, net	791	749
Due from Parent, current	230	142
Inventories, net	493	459
Prepayments and other current assets	41	40
Total current assets	1,736	1,641
Property, plant and equipment, net	911	924
Investments and long-term receivables	124	117
Due from Parent, non-current	240	208
Goodwill	492	490
Other intangible assets, net	427	432
Other non-current assets	266	262
Total assets	$ 4,196	$ 4,074
LIABILITIES AND EQUITY		
Accounts payable	$ 478	$ 500
Due to Parent, current	327	285
Other current liabilities	361	385
Total current liabilities	1,166	1,170
Long-term debt	27	28
Due to Parent, non-current	947	957
Retirement-related liabilities	75	79
Other non-current liabilities	189	197
Total liabilities	2,404	2,431
Commitments and contingencies (Note 18)		
Parent company investment	1,859	1,731
Accumulated other comprehensive loss	(67)	(88)
Total equity	1,792	1,643
Total liabilities and equity	$ 4,196	$ 4,074

See accompanying Notes to Condensed Combined Financial Statements.

PHINIA

CONDENSED COMBINED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions)	Three months ended March 31, 2023	2022
Net sales	$ 835	$ 842
Cost of sales	663	668
Gross profit	172	174
Selling, general and administrative expenses	99	100
Restructuring expense	4	2
Other operating expense, net	11	1
Operating income	58	71
Equity in affiliates' earnings, net of tax	(3)	(2)
Interest expense, net	3	4
Other postretirement income	—	(9)
Earnings before income taxes	58	78
Provision for income taxes	23	21
Net earnings	$ 35	$ 57

See accompanying Notes to Condensed Combined Financial Statements.

PHINIA

CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in millions)	Three months ended March 31, 2023	2022
Net earnings attributable to PHINIA	$ 35	$ 57
Other comprehensive income (loss)		
Foreign currency translation adjustments[1]	20	(3)
Defined benefit pension plans[1]	(1)	(1)
Hedge instruments[1]	2	(1)
Total other comprehensive income (loss)	21	(5)
Comprehensive income	$ 56	$ 52

[1] Net of income taxes.

See accompanying Notes to Condensed Combined Financial Statements.

PHINIA

CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three months ended March 31, 2023	2022
OPERATING		
Net earnings	$ 35	$ 57
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Depreciation and tooling amortization	34	37
Intangible asset amortization	7	7
Restructuring expense, net of cash paid	3	1
Stock-based compensation expense	1	2
Deferred income tax expense	8	—
Other non-cash adjustments, net	(8)	(2)
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities	80	102
Retirement plan contributions	(1)	(1)
Changes in assets and liabilities, excluding foreign currency translation adjustments:		
Receivables	(35)	(66)
Receivables due from Parent	(1)	2
Inventories	(29)	(41)
Prepayments and other current assets	1	(1)
Accounts payable and other current liabilities	(42)	47
Accounts payable and accrued expenses due to Parent	(1)	(5)
Prepaid taxes and income taxes payable	24	1
Other assets and liabilities	(29)	(22)
Net cash (used in) provided by operating activities	(33)	16
INVESTING		
Capital expenditures, including tooling outlays	(38)	(37)
Net cash used in investing activities	(38)	(37)
FINANCING		
Cash outflows related to debt due to/from Parent	(100)	(104)
Cash inflows related to debt due to/from Parent	30	8
Purchase of noncontrolling interest	—	(3)
Net transfers from Parent	67	53
Net cash used in financing activities	(3)	(46)
Effect of exchange rate changes on cash	4	1
Net decrease in cash and cash equivalents	(70)	(66)
Cash and cash equivalents at beginning of year	251	259
Cash and cash equivalents at end of year	$ 181	$ 193
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid (received) during the year for:		
Interest, net	$ —	$ (1)
Income taxes, net of refunds	$ 1	$ 19

Non-cash investing transactions:		
Period end accounts payable related to property, plant, and equipment purchases	$ 42	$ 31

See accompanying Notes to Condensed Combined Financial Statements.

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (UNAUDITED)

INTRODUCTION

The accompanying Condensed Combined Financial Statements and notes present the combined results of operations, financial positions, and cash flows of the Fuel Systems and Aftermarket businesses of BorgWarner Inc. ("PHINIA" or the "Company"). PHINIA's business is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions in combustion and hybrid propulsion for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). The Company is a global supplier to most major original equipment manufacturers ("OEMs") seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, the Company offers a wide range of original equipment service ("OES") solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

The Proposed Separation

On December 6, 2022, BorgWarner Inc. ("BorgWarner" or the "Parent") announced plans for the complete legal and structural separation of BorgWarner's Fuel Systems and Aftermarket businesses from BorgWarner by the spin-off of its wholly-owned subsidiary, PHINIA Inc., which was formed on February 9, 2023 and will hold BorgWarner's Fuel Systems and Aftermarket businesses (the "Spin-Off). To effect the Spin-Off, BorgWarner will distribute 100% of PHINIA Inc. common stock to BorgWarner's stockholders. These transactions will result in all of the assets, liabilities, and legal entities comprising BorgWarner's Fuel Systems and Aftermarket businesses being owned directly, or indirectly through its subsidiaries, by PHINIA Inc. Following the Spin-Off, PHINIA Inc. will become an independent, publicly traded company.

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited Condensed Combined Financial Statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented on a "carve-out" basis and as historically operated by BorgWarner. The Condensed Combined Financial Statements have been derived from the Consolidated Financial Statements and accounting records of BorgWarner using the historical results of operations and historical basis of assets and liabilities of the Company on a "carve-out basis" and reflect BorgWarner's net investment in the Company. The Company's Condensed Combined Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes necessary for a comprehensive presentation of financial position, results of operations and cash flow activity required by GAAP for complete financial statements. In the opinion of management, all normal recurring adjustments necessary for a fair statement of results have been included. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The balance sheet as of December 31, 2022 was derived from the audited financial statements as of that date. For further information, refer to the Combined Financial Statements and Footnotes for the years ended December 31, 2022, 2021 and 2020 included elsewhere in this Information Statement.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and accompanying notes, as well as amounts of revenues and expenses reported during the periods covered by those financial statements and accompanying notes. The

Condensed Combined Financial Statements may not be indicative of the Company's future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as a standalone company during the periods presented.

The Condensed Combined Statements of Operations include all revenues and costs directly attributable to the Company, including costs for facilities, functions, and services utilized. Costs for certain centralized functions and programs provided and administered by BorgWarner are charged directly to the Company. These centralized functions and programs include, but are not limited to research and development and information technology.

A portion of BorgWarner's total corporate expenses have been allocated to the Company for services from BorgWarner. These expenses include the cost of corporate functions and resources, including, but not limited to, executive management, finance, accounting, legal, human resources, research and development and sales. Additionally, a portion of the Company's corporate expenses have been allocated to the Parent for charges incurred related to subsidiaries of the Parent historically supported by the Company, primarily related to information technology. These expenses were allocated based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues, legal entities, headcount or weighted-square footage, as applicable. The Company considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, both the Company and the Parent during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred if the Company had been a standalone company for the periods presented. For the three months ended March 31, 2023 and 2022, net corporate allocation expenses totaled $35 million and $30 million, respectively, which were primarily included in selling, general and administrative expenses.

In addition to the allocations above, the Company provides application testing and other research and development services for other BorgWarner businesses. For the three months ended March 31, 2023 and 2022, income related to these activities of $1 million and $2 million, respectively, have been included in other operating income, net in the Condensed Combined Statements of Operations.

Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. Going forward, the Company may perform these functions using its own resources or outsourced services.

BorgWarner utilizes several centralized approaches to cash management and financing of its operations. The cash and cash equivalents held by BorgWarner are not specifically identifiable to the Company and therefore have not been reflected in the Company's Condensed Combined Balance Sheets. Alternatively, the cash and cash equivalents held by the Company, and used to fund the underlying operations of PHINIA, have been reflected in the Company's Condensed Combined Balance Sheets. Separately, the Company and BorgWarner participate in various cash pooling arrangements to manage liquidity and fund operations. Any balances owed to the Company from BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due from Parent. Any balances due from the Company to BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due to Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment in the Condensed Combined Financial Statements.

The Condensed Combined Financial Statements include certain assets and liabilities that have been determined to be attributable to the Company, including certain assets and liabilities that were historically held at the corporate level in BorgWarner. BorgWarner's third-party long-term debt and the related interest expense have not been allocated to the Company for any of the periods presented because the Company was not the legal obligor of such debt. Any long-term debt specifically attributed to the Company has been reflected in the Condensed Combined Balance Sheets.

Because a direct ownership relationship did not exist in the Company, a Parent company investment is shown in lieu of shareholders' equity in the Condensed Combined Financial Statements. All intercompany transactions within the Company

have been eliminated. All transactions between the Company and BorgWarner have been included in these Condensed Combined Financial Statements. The total net effect

of the settlement of the transactions between the Company and BorgWarner, exclusive of those historically settled in cash, is reflected in the Condensed Combined Statements of Cash Flows in Cash flows from financing activities as Net transfers from Parent and in the Condensed Combined Balance Sheets as Parent company investment. For those transactions between the Company and BorgWarner that were historically settled in cash, the Company has reflected such balances in the Condensed Combined Balance Sheets as Due from Parent or Due to Parent. Intercompany loans between the Company and BorgWarner have also been included within the Condensed Combined Balance Sheets as Due from Parent and Due to Parent. Refer to Note 19, “Related-Party Transactions,” for further information regarding these balances.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company manufactures and sells products, primarily to OEMs of commercial vehicle industrial applications and light vehicles, to certain Tier One vehicle systems suppliers and into the aftermarket. The Company’s payment terms are based on customary business practices and vary by customer type and products offered. The Company has evaluated the terms of its arrangements and determined that they do not contain significant financing components.

Generally, revenue is recognized upon shipment or delivery; however, a limited number of the Company’s customer arrangements for its highly customized products with no alternative use provide the Company with the right to payment during the production process. As a result, for these limited arrangements, revenue is recognized as goods are produced and control transfers to the customer using the input cost-to-cost method. The Company recorded a contract asset of $2 million at both March 31, 2023 and December 31, 2022 for these arrangements. These amounts are reflected in Prepayments and other current assets in the Company’s Condensed Combined Balance Sheets.

In limited instances, certain customers have provided payments in advance of receiving related products, typically at the onset of an arrangement prior to the beginning of production. These contract liabilities are reflected as Other current liabilities in the Condensed Combined Balance Sheets and was $3 million at December 31, 2022. There was no balance at March 31, 2023. These amounts are reflected as revenue over the term of the arrangement (typically 3 to 7 years) as the underlying products are shipped and represent the Company’s remaining performance obligations as of the end of the period.

The following table represents a disaggregation of revenue from contracts with customers by reporting segment and region for the three months ended March 31, 2023 and 2022. Refer to Note 20, Reporting Segments And Related Information to the Condensed Combined Financial Statements for more information.

	Three months ended March 31, 2023		
(In millions)	Fuel Systems	Aftermarket	Total
Americas	$ 167	$ 198	$ 365
Europe	223	112	335
Asia	119	16	135
Total	$ 509	$ 326	$ 835

(In millions)	Three months ended March 31, 2022		
	Fuel Systems	Aftermarket	Total
Americas	$ 137	$ 192	$ 329
Europe	245	98	343
Asia	156	14	170
Total	$ 538	$ 304	$ 842

NOTE 3 RESTRUCTURING

The Company's restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve net cost reductions. Restructuring activities include efforts to integrate and rationalize the Company's business and to relocate operations to best-cost locations.

The Company's restructuring expenses consist primarily of employee termination benefits (principally severance and/or other termination benefits) and other costs, which are primarily professional fees and costs related to equipment moves.

The following table displays a roll forward of the restructuring liability recorded within the Company's Condensed Combined Balance Sheets and the related cash flow activity:

(in millions)	Employee termination benefits	Other	Total
Balance at January 1, 2023	$ 20	$ —	$ 20
Restructuring expense, net	4	—	4
Cash payments	(7)	—	(7)
Balance at March 31, 2023	17	—	17
Less: Non-current restructuring liability	(4)	—	(4)
Current restructuring liability at March 31, 2023	$ 13	$ —	$ 13

(in millions)	Employee termination benefits	Other	Total
Balance at January 1, 2022	$ 60	$ —	$ 60
Restructuring expense, net	1	1	2
Cash payments	(20)	(1)	(21)
Foreign currency translation adjustment and other	(1)	—	(1)
Balance at March 31, 2022	40	—	40
Less: Non-current restructuring liability	(11)	—	(11)
Current restructuring liability at March 31, 2022	$ 29	$ —	$ 29

During the three months ended March 31, 2023, the Company recorded $4 million of restructuring costs for individually approved restructuring actions that primarily related to reductions in headcount.

In 2019, Acquired Delphi announced a restructuring plan to reshape and realign its global technical center footprint and reduce salaried and contract staff. The Company continued actions under this program post-acquisition and recorded

charges of $2 million during the three months ended March 31, 2022, primarily related to employee severance and equipment moves. The actions under this program are substantially complete.

Estimates of restructuring expense are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established accruals.

The Company continues to evaluate different options across its operations to reduce existing structural costs over the next few years. The Company will recognize restructuring expense associated with any

future actions at the time they are approved and become probable or are incurred. Any future actions could result in significant restructuring expense.

NOTE 4 RESEARCH AND DEVELOPMENT COSTS

The Company's net Research & Development ("R&D") expenditures are primarily included in Selling, general and administrative expenses of the Condensed Combined Statements of Operations. Customer reimbursements are netted against gross R&D expenditures as they are considered a recovery of cost. Customer reimbursements for prototypes are recorded net of prototype costs based on customer contracts, typically either when the prototype is shipped or when it is accepted by the customer. Customer reimbursements for engineering services are recorded when performance obligations are satisfied in accordance with the contract. Financial risks and rewards transfer upon shipment, acceptance of a prototype component by the customer or upon completion of the performance obligation as stated in the respective customer agreement. The Company has various customer arrangements relating to R&D activities that it performs at its various R&D locations.

The following table presents the Company's gross and net expenditures on R&D activities:

	Three Months Ended March 31,	
(in millions)	2023	2022
Gross R&D expenditures	$ 49	$ 51
Customer reimbursements	(20)	(26)
Net R&D expenditures	$ 29	$ 25

Net R&D expenditures as a percentage of net sales were 3.5% and 3.0% for the three months ended March 31, 2023 and 2022, respectively.

NOTE 5 OTHER OPERATING EXPENSE, NET

Items included in Other operating expense, net consist of:

	Three Months Ended March 31,	
(in millions)	2023	2022
Merger, acquisition and divestiture expense	$ 18	$ 10
Related-party R&D income	(1)	(2)
Related-party royalty income	(5)	(7)
Other income, net	(1)	—
Other operating expense, net	$ 11	$ 1

Merger and acquisition expense: During the three months ended March 31, 2023 and 2022, the Company recorded merger, acquisition and divestiture expense of $18 million and $10 million, respectively, primarily related to professional fees associated with the intended separation of the Company.

Related-party R&D income: The Company provides application testing and other R&D services for other BorgWarner businesses. For the three months ended March 31, 2023 and 2022, the Company recognized income related to these services of $1 million and $2 million, respectively. Refer to Note 19, "Related-Party Transactions," for further information.

Related-party royalty income: The Company participates in royalty arrangements with other BorgWarner businesses, which involve the licensing of the Delphi Technologies trade name and product-related intellectual properties. For the three months ended March 31, 2023 and 2022, the Company recognized royalty income from other BorgWarner businesses in the amount of $5 million and $7 million, respectively. Refer to Note 19, "Related-Party Transactions," for further information.

NOTE 6 INCOME TAXES

The Company's provision for income taxes is based upon an estimated annual effective tax rate for the year applied to domestic and foreign income. On a quarterly basis, the annual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter.

The Company's effective tax rate for the three months ended March 31, 2023 and 2022 was 39% and 26%, respectively. The effective tax rate for the three months ended March 31, 2023, increased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably an increase in pre-tax losses where no tax benefit is recognized. During the three months ended March 31, 2023, a discrete tax benefit of approximately $9 million was recorded related to the resolution of tax audits and a $7 million discrete expense was recorded for the impact of enacted tax law changes.

The annual effective tax rates differ from the U.S. statutory rate primarily due to foreign rates which vary from those in the U.S., jurisdictions with pretax losses for which no tax benefit could be realized, U.S. taxes on foreign earnings, and permanent differences between book and tax treatment for certain items including enhanced deduction of research and development expenses in certain jurisdictions.

NOTE 7 INVENTORIES, NET

A summary of Inventories, net is presented below:

(in millions)	March 31, 2023	December 31, 2022
Raw material and supplies	$ 284	$ 275
Work-in-progress	42	39
Finished goods	167	145
Inventories, net	$ 493	$ 459

NOTE 8 OTHER CURRENT AND NON-CURRENT ASSETS

(in millions)	March 31, 2023	December 31, 2022
Prepayments and other current assets:		
Prepaid taxes	$ 11	$ 11
Derivative instruments	8	7
Customer return assets	6	6
Prepaid engineering	4	3
Deposits	4	3
Other	8	10
Total prepayments and other current assets	$ 41	$ 40
Investments and long-term receivables:		
Long-term receivables	$ 75	$ 71
Investment in equity affiliates	47	44
Investment in equity securities	2	2
Total investments and long-term receivables	$ 124	$ 117
Other non-current assets:		
Deferred income taxes	$ 160	$ 157
Operating leases	77	80
Other	29	25
Total other non-current assets	$ 266	$ 262

NOTE 9 GOODWILL AND OTHER INTANGIBLES

During the fourth quarter of each year, the Company assesses its goodwill and indefinite-lived intangible assets assigned to each of its reporting units. In addition, the Company may test goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value. No events or circumstances were noted in the first three months of 2023 requiring additional assessment or testing. Future changes in the judgments, assumptions and estimates from those used in acquisition-related valuations and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect the Company’s financial statements in any given year.

A summary of the changes in the carrying amount of goodwill is as follows:

(in millions)	Aftermarket	Fuel Systems	Total
Gross goodwill balance, December 31, 2022	$ 545	$ 58	$ 603
Accumulated impairment losses, December 31, 2022	(113)	—	(113)
Net goodwill balance, December 31, 2022	$ 432	$ 58	$ 490
Goodwill during the period:			
Other, primarily translation adjustment	2	—	2
Net goodwill balance, March 31, 2023	$ 434	$ 58	$ 492

The Company's other intangible assets, primarily from acquisitions, consist of the following:

(in millions)	Estimated useful lives (years)	March 31, 2023 Gross carrying amount	March 31, 2023 Accumulated amortization	March 31, 2023 Net carrying amount	December 31, 2022 Gross carrying amount	December 31, 2022 Accumulated amortization	December 31, 2022 Net carrying amount
Amortized intangible assets:							
Patented and unpatented technology	14 - 15	$ 144	$ 32	$ 112	$ 144	$ 30	$ 114
Customer relationships	14 - 15	265	90	175	263	85	178
Total amortized intangible assets		409	122	287	407	115	292
Unamortized trade names		140	—	140	140	—	140
Total other intangible assets		$ 549	$ 122	$ 427	$ 547	$ 115	$ 432

NOTE 10 PRODUCT WARRANTY

The Company provides warranties on some, but not all, of its products. The warranty terms are typically from one to three years. Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claim settlements as well as product manufacturing and industry developments and recoveries from third parties. Management actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. Management believes that the warranty accrual is appropriate; however, in certain cases, initial customer claims exceed the amount accrued. The product warranty accrual is allocated to current and non-current liabilities in the Combined Balance Sheets.

The following table summarizes the activity in the product warranty accrual accounts:

(in millions)	2023	2022
Beginning balance, January 1	$ 62	$ 50
Adjustments of prior estimates	—	1
Provisions for current period sales	8	7
Payments	(13)	(7)
Other, primarily translation adjustment	(2)	1
Ending balance, March 31	$ 55	$ 52

The product warranty liability is classified in the Condensed Combined Balance Sheets as follows:

(in millions)	March 31, 2023	December 31, 2022
Other current liabilities	$ 29	$ 32
Other non-current liabilities	26	28
Total product warranty liability	$ 55	$ 60

NOTE 11 NOTES PAYABLE AND DEBT

As of March 31, 2023 and December 31, 2022, the Company had debt outstanding as follows:

(in millions)	March 31, 2023	December 31, 2022
Long-term debt		
5.000% Senior notes due 10/01/25 ($24 million par value)	$ 25	$ 26
Other long-term debt	2	2
Total long-term debt	$ 27	$ 28
Less: current portion	—	—
Long-term debt, net of current portion	$ 27	$ 28

The following table provides details on Interest expense, net included in the Condensed Combined Statements of Operations:

	March 31,	
(in millions)	2023	2022
Interest expense - related party	$ 7	$ 5
Interest expense	2	1
Interest income - related party	(3)	(2)
Interest income	(3)	—
Interest expense, net	$ 3	$ 4

As of March 31, 2023 and December 31, 2022, the estimated fair values of the Company's senior unsecured notes totaled $23 million, as of each date. The estimated fair value was $2 million and $3 million lower than carrying value at March 31, 2023 and December 31, 2022, respectively. Fair market values of the senior unsecured notes are developed using observable values for similar debt instruments, which are considered Level 2 inputs as defined by ASC Topic 820. The carrying values of the Company's other debt facilities approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

NOTE 12 OTHER CURRENT AND NON-CURRENT LIABILITIES

Additional detail related to liabilities is presented in the table below:

(in millions)	March 31, 2023	December 31, 2022
Other current liabilities:		
Customer related	$ 83	$ 96
Payroll and employee related	65	81
Income taxes payable	44	28
Product warranties (Note 10)	29	32
Operating leases	18	18
Accrued freight	15	13
Employee termination benefits (Note 3)	13	16
Deferred engineering	12	17
Other	82	84
Total other current liabilities	$ 361	$ 385
Other non-current liabilities:		
Operating leases	$ 62	$ 67
Deferred income taxes	54	46
Uncertain tax positions (Note 6)	29	37
Product warranties (Note 10)	26	28
Employee termination benefits (Note 3)	4	4
Other	14	15
Total other non-current liabilities	$ 189	$ 197

NOTE 13 FAIR VALUE MEASUREMENTS

ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in ASC Topic 820:

A. **Market approach:** Prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets or liabilities, such as a business.

B. **Cost approach:** Amount that would be required to replace the service capacity of an asset (replacement cost).

C. **Income approach:** Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables classify assets and liabilities measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2022:

		Basis of fair value measurements			
(in millions)	Balance at March 31, 2023	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation Technique
Assets:					
Foreign currency contracts	$ 12	$ —	$ 12	$ —	A
Liabilities:					
Foreign currency contracts	$ (2)	$ —	$ (2)	$ —	A

		Basis of fair value measurements			
(in millions)	Balance at December 31, 2022	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation Technique
Assets:					
Foreign currency contracts	$ 7	$ —	$ 7	$ —	A
Liabilities:					
Foreign currency contracts	$ (1)	$ —	$ (1)	$ —	A

NOTE 14 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, marketable securities and accounts receivable. Due to the short-term nature of these instruments, their book value approximates their fair value. The Company's financial instruments may include long-term debt, interest rate and cross-currency swaps, commodity derivative contracts and foreign currency derivative contracts. All derivative contracts are placed with counterparties that have an S&P, or equivalent, investment grade credit rating at the time of the contracts' placement. An adjustment for non-performance risk is considered in the estimate of fair value in derivative assets based on the counterparty credit default swap ("CDS") rate. When the Company is in a net derivative liability position, the non-performance risk adjustment is based on its CDS rate. At March 31, 2023 and December 31, 2022, the Company had no derivative contracts that contained credit-risk-related contingent features.

The Company, at times, uses certain commodity derivative contracts to protect against commodity price changes related to forecasted raw material and component purchases. The Company had no outstanding commodity contracts at March 31, 2023 and December 31, 2022.

The Company manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to optimize its interest costs. The Company, at times, selectively uses interest rate swaps to reduce market value risk

associated with changes in interest rates (fair value hedges and cash flow hedges). At March 31, 2023 and December 31, 2022, the Company had no outstanding interest rate swaps or options.

The Company uses foreign currency forward and option contracts to protect against exchange rate movements for forecasted cash flows, including capital expenditures, purchases, operating expenses or sales transactions designated in currencies other than the functional currency of the operating unit. In addition, the Company uses foreign currency forward contracts to hedge exposure associated with its net

investment in certain foreign operations (net investment hedges). Foreign currency derivative contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for the operating units' local currency. At March 31, 2023 and December 31, 2022, the following foreign currency derivative contracts were outstanding and mature through the ending duration noted below:

Foreign currency derivatives (in millions)[1]

Functional currency	Traded currency	Notional in traded currency March 31, 2023	Notional in traded currency December 31, 2022	Ending duration
Chinese Renminbi	British Pound	17	23	Dec-23
Chinese Renminbi	Euro	30	39	Dec-23
Euro	British Pound	44	54	Dec-23
Euro	Polish Zloty	35	49	Dec-23
Euro	U.S. Dollar	14	19	Dec-23
U.S. Dollar	Mexico Peso	855	992	Dec-24
U.S. Dollar	British Pound	12	17	Dec-23
U.S. Dollar	Thailand Baht	1,990	1,790	May-23

(1) Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of March 31, 2023 and December 31, 2022.

At March 31, 2023 and December 31, 2022, the following amounts were recorded in the Condensed Combined Balance Sheets as being payable to or receivable from counterparties under ASC Topic 815:

(in millions)	Assets			Liabilities		
Derivatives designated as hedging instruments Under Topic 815:	Balance Sheet Location	March 31, 2023	December 31, 2022	Balance Sheet Location	March 31, 2023	December 31, 2022
Foreign currency	Prepayments and other current assets	$ 8	$ 7	Other current liabilities	$ 1	$ 1
Foreign currency	Other non-current assets	$ 4	$ —	Other non-current liabilities	$ 1	$ —

Effectiveness for cash flow hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into accumulated other comprehensive income (loss) ("AOCI") and reclassified into income as the underlying operating transactions are recognized. These realized gains or losses offset the hedged transaction and are recorded on the same line in the statement of operations. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method are recognized in AOCI.

Effectiveness for net investment hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into foreign currency translation adjustments and only released when the subsidiary being hedged is sold or substantially liquidated. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded

component and amounts recognized in income under that systematic and rational method is recognized in AOCI.

The table below shows deferred gains (losses) reported in AOCI as well as the amount expected to be reclassified to income in one year or less for designated net investment hedges. The amount expected to be reclassified to income in one year or less assumes no change in the current relationship of the hedged item at March 31, 2023 market rates.

(in millions)	Deferred loss in AOCI at		Gain (loss) expected to be reclassified to income in one year or less
Contract Type	March 31, 2023	December 31, 2022	
Foreign currency	$ (4)	$ (4)	$ —

Derivative instruments designated as hedging instruments as defined by ASC Topic 815 held during the period resulted in the following gains and losses recorded in income:

	Three months ended March 31, 2023			
(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded	$ 835	$ 663	$ 99	$ 21
Gain (loss) on cash flow hedging relationships:				
Foreign currency				
Loss recognized in Other comprehensive income	$ —	$ —	$ —	$ (2)

	Three months ended March 31, 2022			
(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive loss
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded	$ 842	$ 668	$ 100	$ (5)
Gain (loss) on cash flow hedging relationships:				
Foreign currency				
Gain recognized in Other comprehensive loss	$ —	$ —	$ —	$ 1

The gains or losses recorded in income related to components excluded from the assessment of effectiveness for derivative instruments designated as cash flow hedges were immaterial for the periods presented.

Gains and losses on derivative instruments designated as net investment hedges were immaterial for the periods presented.

Derivatives not designated as hedging instruments are used to hedge remeasurement exposures of monetary assets and liabilities denominated in currencies other than the operating units' functional currency. These derivatives resulted in the following gains (losses) recorded in income:

(in millions)		Three months ended March 31,	
Contract Type	Location	2023	2022
Foreign Currency	Cost of sales	$ 2	$ (1)

NOTE 15 RETIREMENT BENEFIT PLANS

BorgWarner sponsors various defined contribution savings plans, primarily in the U.S., that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. Certain of the Company's employees participate in defined benefit pension plans sponsored in part by BorgWarner. Under specified conditions, the Company will make contributions to the plans and/or match a percentage of the employee contributions up to certain limits. The estimated contributions to the defined benefit pension plans for 2023 range from $1 million to $2 million, of which $1 million has been contributed through the first three months of the year.

The components of net periodic benefit income recorded in the Condensed Combined Statements of Operations are as follows:

(in millions)		
Three months ended March 31,	2023	2022
Interest cost	$ 10	$ 6
Expected return on plan assets	(10)	(15)
Net periodic benefit income	$ —	$ (9)

The components of net periodic benefit cost are included in Other postretirement income in the Condensed Combined Statements of Operations.

NOTE 16 STOCKHOLDERS' EQUITY

The changes of the Stockholders' Equity items during the three months ended March 31, 2023 and 2022, are as follows:

(in millions)	Parent company investment	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total equity
Balance, December 31, 2022	$ 1,731	$ (88)	$ —	$ 1,643
Net earnings	35	—	—	35
Other comprehensive income	—	21	—	21
Net transfers from Parent	93	—	—	93
Balance, March 31, 2023	$ 1,859	$ (67)	$ —	$ 1,792

(in millions)	Parent company investment	Accumulated other comprehensive income	Noncontrolling interest	Total equity
Balance, December 31, 2021	$ 1,647	$ 62	$ 3	$ 1,712
Net earnings	57	—	—	57
Other comprehensive loss	—	(5)	—	(5)
Purchase of noncontrolling interest	—	—	(3)	(3)
Net transfers from Parent	63	—	—	63
Balance, March 31, 2022	$ 1,767	$ 57	$ —	$ 1,824

NOTE 17 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the activity within accumulated other comprehensive income (loss):

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, December 31, 2022	$ (85)	$ (6)	$ 3	$ (88)
Comprehensive income (loss) before reclassifications	20	(1)	2	21
Ending Balance, March 31, 2023	$ (65)	$ (7)	$ 5	$ (67)

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, December 31, 2021	$ 5	$ 59	$ (2)	$ 62
Comprehensive loss before reclassifications	(3)	(1)	(1)	(5)
Ending Balance, March 31, 2022	$ 2	$ 58	$ (3)	$ 57

NOTE 18 CONTINGENCIES

In the course of its business, the Company is party to various commercial and legal claims, actions and complaints, including matters involving warranty claims, intellectual property claims, governmental investigations and related proceedings, including relating to alleged or actual violations of vehicle emissions standards, general liability and various other risks. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these commercial and legal matters or, if not, what the impact might be. The Company's management does not believe that adverse outcomes in any of these commercial and legal claims, actions and complaints are reasonably likely to have a material adverse effect on the Company's results of operations, financial position or cash flows. An adverse outcome could, nonetheless, be material to the results of operations or cash flows.

NOTE 19 RELATED-PARTY TRANSACTIONS

The Condensed Combined Financial Statements have been prepared on a carve-out basis and are derived from the consolidated financial statements and accounting records of BorgWarner. The following discussion summarizes activity between the Company and BorgWarner (and its affiliates that are not included within the Condensed Combined Financial Statements).

Allocation of General Corporate and Other Expenses

The Condensed Combined Statements of Operations include expenses for certain centralized functions and other programs provided and administered by BorgWarner that are charged directly to the Company. In addition, for purposes of preparing these Condensed Combined Financial Statements on a carve-out

basis, a portion of BorgWarner's total corporate expenses has been allocated to the Company. Similarly, certain centralized expenses incurred by the Company on behalf of subsidiaries of BorgWarner have been allocated to the Parent. See Note 1, "Basis Of Presentation," for a discussion of the methodology used to allocate corporate expenses for purposes of preparing these financial statements on a carve-out basis.

For the three months ended March 31, 2023 and 2022, net corporate allocation expenses totaled $35 million and $30 million, respectively, which were primarily included in Selling, general and administrative expenses and Restructuring expense in the Condensed Combined Statements of Operations.

Related-Party Sales and Purchases

For the three months ended March 31, 2023 and 2022, the Company sold components to other BorgWarner businesses in the amount of $2 million and $3 million, respectively, which is included in Net sales in the Condensed Combined Statements of Operations.

The Company purchases certain component inventory and services from businesses that will remain with BorgWarner. For the three months ended March 31, 2023 and 2022, the Company made $36 million and $36 million, respectively, of such purchases and recognized cost of sales of $36 million and $43 million, respectively.

Related-Party Royalty Income

The Company participates in royalty arrangements with other BorgWarner businesses which involves the licensing of the Delphi Technologies trade name and product-related intellectual properties. For the three months ended March 31, 2023 and 2022, the Company recognized royalty income from other BorgWarner businesses in the amount of $5 million and $7 million, respectively, which is included in Other operating expense, net in the Condensed Combined Statements of Operations.

Related-Party R&D

The Company provides application testing and other R&D services for other BorgWarner businesses. For the three months ended March 31, 2023 and 2022, the Company recognized income related to these services of $1 million and $2 million, respectively, which is included in Other operating expense, net in the Condensed Combined Statements of Operations.

Due from Parent

The current and non-current portions of amounts due from the Parent as reflected in the Condensed Combined Balance Sheets consist of the following:

(in millions)	March 31, 2023	December 31, 2022
Accounts receivable	$ 99	$ 106
Interest receivable	1	—
Short-term portion of loans receivable and other facilities	130	36
Due from Parent, current	$ 230	$ 142
Cash pooling	$ 240	$ 168
Loans receivable	—	40
Due from Parent, non-current	$ 240	$ 208

In 2018, the Company and BorgWarner entered into a credit facility providing BorgWarner with access to borrow up to €40 million ($43 million). Interest on the credit facility is fixed at 0.65%, paid quarterly. On October 1, 2022, the credit facility was refinanced and the interest rate was amended to 3.69%. As of

December 31, 2022, BorgWarner had drawn $40 million on the credit facility. The credit facility was set to mature in September 2024, however, in February 2023, the Company and BorgWarner made the decision to settle the loan early and the entire facility was converted to equity. This is presented as a net transfer to parent in the Condensed Combined Statement of Cash Flows as of March 31, 2023.

In 2021, the Company issued a Thai Bhat-denominated term loan to BorgWarner for ฿1,720 million ($92 million). Interest on the term loan was fixed at 1.70%, paid annually. As of March 31, 2023 and December 31, 2022, the outstanding balance of the term loan was $31 million and $36 million, respectively. During 2022, the term loan was amended to extend the maturity date. The term loan is set to mature on May 14, 2023.

In 2023, the Company issued a credit facility to BorgWarner for up to $150 million. Interest on the credit facility was fixed at 6.64%, paid annually. As of March 31, 2023, the outstanding balance of the credit facility was $100 million. The credit facility is set to mature on November 16, 2023.

Certain BorgWarner entities participate in cash pooling arrangements headed by the Company, primarily involving Acquired Delphi business entities. Additionally, the Company participates in certain cash pools headed by BorgWarner. Any balances owed to the Company from BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due from Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment.

Due to Parent

The current and non-current portions of amounts due to the Parent as reflected in the Condensed Combined Balance Sheets consist of the following:

(in millions)	March 31, 2023	December 31, 2022
Accounts payable	$ 198	$ 186
Short-term portion of notes payable and other facilities	120	94
Accrued interest payable	9	5
Due to Parent, current	$ 327	$ 285
Notes payable	$ 921	$ 921
Cash pooling	26	36
Due to Parent, non-current	$ 947	$ 957

In 2020, the Company, as borrower, entered into a term loan with BorgWarner, as lender, in the amount of $891 million in exchange for the transfer of the majority of the 5.000% Senior Notes due 2025 assumed by the Company as part of the Acquired Delphi business. Interest on the term loan was fixed at 3.25%, paid annually. In 2021, this loan was refinanced with two new loan tranches, including $30 million of accrued unpaid interest on the original term loan. The first tranche of $368 million has a fixed annual interest rate of 1.40% and matures on October 3, 2024. The second tranche of $553 million has a fixed annual interest rate of 2.20% and matures on October 3, 2029. As of both March 31, 2023 and December 31, 2022, the outstanding balance of the term loan was $921 million.

Throughout 2023 and 2022, the Company, as borrower, and BorgWarner, as lender, entered into various interest-bearing notes, primarily arising from operating relationships between international entities. As of March 31, 2023 and December 31, 2022, the outstanding balance from these facilities totaled $120 million and $94 million, respectively, which is reflected as Due to Parent, current.

As of March 31, 2023 and December 31, 2022, the estimated fair value of the Company's non-current notes payable due to Parent, as described above, was $746 million and $738 million, respectively. The

estimated fair values were $175 million and $183 million lower than carrying values at March 31, 2023 and December 31, 2022, respectively. Fair market values of the non-current notes payable due to Parent are developed using unobservable inputs, which are considered Level 3 inputs as defined by ASC Topic 820. The carrying values of the Company's current notes payable due to Parent approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

Additionally, the Company participates in certain cash pools headed by BorgWarner. Any balances owed by the Company to BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due to Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment.

The Company and BorgWarner have entered into certain intra-group arrangements. Activity associated with these arrangements is included within general financing activities in Net transfers (to) from Parent in the Condensed Combined Statements of Changes in Equity. Amounts owed to BorgWarner as a result of such arrangements are reflected as payables within Due to Parent, current. Amounts owed to the Company from the Parent under these arrangements are reflected as receivables within Due from Parent, current.

Net Transfers (to) from Parent

Net transfers (to) from Parent are included within Parent company investment in the Condensed Combined Statements of Changes in Equity. The components of the transfers (to) from Parent are as follows:

	Three Months Ended March 31,	
(in millions)	2023	2022
General financing activities	$ 169	$ 154
Cash pooling and other equity settled balances with Parent	(70)	(119)
Related-party notes converted to equity	(40)	—
Corporate allocations	35	30
Research and development income from Parent	(1)	(2)
Total net transfers from Parent	$ 93	$ 63
Exclude non-cash items:		
Stock-based compensation	(1)	(2)
Other non-cash activities with Parent, net	(8)	(9)
Related-party notes converted to equity	40	—
Cash pooling and intercompany financing activities with Parent, net	(57)	1
Total net transfers from Parent per Condensed Combined Statements of Cash Flow	$ 67	$ 53

NOTE 20 REPORTING SEGMENTS AND RELATED INFORMATION

The Company's business is comprised of two reporting segments, which are further described below. These segments are strategic business groups, which are managed separately as each represents a specific grouping of related automotive components and systems.

• ***Fuel Systems.*** This segment provides advanced fuel injection systems, fuel delivery modules, canisters, sensors, electronic control modules and associated software. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies, engine control modules, and

complete systems, including software and calibration services, that reduce emissions and improve fuel economy for traditional and hybrid applications.

- ***Aftermarket.*** Through this segment, the Company sells products to independent aftermarket customers and OES customers. Its product portfolio includes a wide range of products as well as maintenance, test equipment and vehicle diagnostics solutions. The Aftermarket segment also includes sales of starters and alternators to OEMs.

Segment Adjusted Operating Income is the measure of segment income or loss used by the Company. Segment Adjusted Operating Income is comprised of operating income adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment Adjusted Operating Income is most reflective of the operational profitability or loss of its reporting segments.

The following tables show segment information and Segment Adjusted Operating Income for the Company's reporting segments:

Net Sales by Reporting Segment

	Three Months Ended March 31, 2023		
(in millions)	Customers	Inter-segment	Net
Fuel Systems	$ 509	$ 58	$ 567
Aftermarket	326	4	330
Inter-segment eliminations	—	(62)	(62)
Total	$ 835	$ —	$ 835

	Three Months Ended March 31, 2022		
(in millions)	Customers	Inter-segment	Net
Fuel Systems	$ 538	$ 48	$ 586
Aftermarket	304	3	307
Inter-segment eliminations	—	(51)	(51)
Total	$ 842	$ —	$ 842

Net Assets by Reporting Segment

(in millions)	March 31, 2023	December 31, 2022
Fuel Systems	$ 2,208	$ 2,314
Aftermarket	1,384	1,348
Total	3,592	3,662
Corporate[1]	604	412
Consolidated	$ 4,196	$ 4,074

(1) Corporate assets include cash and cash equivalents, investments and long-term receivables, and deferred income taxes.

Segment Adjusted Operating Income

(in millions)	Three Months Ended March 31, 2023	2022
Fuel Systems	$ 43	$ 66
Aftermarket	48	38
Segment Adjusted Operating Income	91	104
Corporate, including royalty income and stock-based compensation	4	13
Merger, acquisition and divestiture expense, net	18	10
Intangible asset amortization expense	7	7
Restructuring expense (Note 3)	4	2
Other non-comparable items	—	1
Equity in affiliates' earnings, net of tax	(3)	(2)
Interest expense, net	3	4
Other postretirement income	—	(9)
Earnings before income taxes	58	78
Provision for income taxes	23	21
Net earnings	$ 35	$ 57

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BorgWarner Inc.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of PHINIA, the Fuel Systems and Aftermarket businesses of BorgWarner Inc. (the “Company”), as of December 31, 2022 and 2021, and the related combined statements of operations, comprehensive income (loss), cash flows, and changes in equity for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these combined financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the combined financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the combined financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Provision for Income Taxes

As described in Notes 1 and 7 to the combined financial statements, the Company recorded income taxes from continuing operations of $85 million for the year ended December 31, 2022. The Company’s operations have been included in BorgWarner Inc.’s U.S. federal consolidated tax return, certain foreign tax returns, and certain state tax returns. For the

purposes of the combined financial statements, the Company's income tax provision was computed as if the Company filed separate tax returns (i.e., as if the Company had not been included in the consolidated income tax return group with BorgWarner Inc.).

Management judgment is required in determining the Company's provision for income taxes and recording the related assets and liabilities, including accruals for unrecognized tax benefits and assessing the need for valuation allowances. The determination of accruals for unrecognized tax benefits includes the application of complex tax laws in a multitude of jurisdictions across the Company's global operations. Management judgment is required in determining the gross unrecognized tax benefits' related liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is less than certain. Accruals for unrecognized tax benefits are established when, despite the belief that tax positions are supportable, there remain certain positions that do not meet the minimum probability threshold, which is a tax position that is more-likely-than-not to be sustained upon examination by the applicable taxing authority. The Company records valuation allowances to reduce the carrying value of deferred tax assets to amounts that it expects are more-likely-than-not to be realized. The Company assesses existing deferred tax assets, net operating losses, and tax credits by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current and estimated future taxable income and tax planning strategies.

The principal considerations for our determination that performing procedures relating to the provision for income taxes is a critical audit matter are (i) the significant judgment by management when developing the provision for income taxes, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's provision for income taxes, including the accruals for unrecognized tax benefits and valuation allowances on deferred tax assets, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing the provision for income taxes, including the effective tax rate reconciliation and permanent and temporary differences, (ii) testing the completeness and accuracy of the data used by management in developing the provision for income taxes, including accruals for unrecognized tax benefits and valuation allowances on deferred tax assets, (iii) evaluating the reasonableness of management's more-likely-than-not determination in consideration of the tax laws in relevant jurisdictions when developing the accruals for unrecognized tax benefits, and (iv) evaluating the reasonableness of management's assessment of the realizability of its deferred tax assets based on expectations of the ability to utilize its tax attributes through a review of historical and estimated future taxable income and tax planning strategies. Professionals with specialized skill and knowledge were used to assist in (i) testing the provision for income taxes, (ii) testing the completeness and accuracy of the data used by management, (iii) evaluating the reasonableness of management's more-likely-than-not determination, and (iv) evaluating the reasonableness of management's assessment of the realizability of its deferred tax assets.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
April 3, 2023

We have served as the Company's auditor since 2022.

PHINIA

COMBINED BALANCE SHEETS

(in millions)	December 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 251	$ 259
Receivables, net	749	675
Due from Parent, current	142	223
Inventories, net	459	417
Prepayments and other current assets	40	50
Total current assets	1,641	1,624
Property, plant and equipment, net	924	990
Investments and long-term receivables	117	98
Due from Parent, non-current	208	211
Goodwill	490	496
Other intangible assets, net	432	470
Other non-current assets	262	293
Total assets	$ 4,074	$ 4,182
LIABILITIES AND EQUITY		
Accounts payable	$ 500	$ 455
Due to Parent, current	285	301
Other current liabilities	385	418
Total current liabilities	1,170	1,174
Long-term debt	28	27
Due to Parent, non-current	957	987
Retirement-related liabilities	79	54
Other non-current liabilities	197	228
Total liabilities	2,431	2,470
Commitments and contingencies (Note 21)		
Parent company investment	1,731	1,647
Accumulated other comprehensive (loss) income	(88)	62
Total equity attributable to PHINIA	1,643	1,709
Noncontrolling interest	—	3
Total equity	1,643	1,712
Total liabilities and equity	$ 4,074	$ 4,182

See Accompanying Notes to Combined Financial Statements.

PHINIA

COMBINED STATEMENTS OF OPERATIONS

(in millions)	Year Ended December 31, 2022	2021	2020
Net sales	$ 3,348	$ 3,227	$ 1,034
Cost of sales	2,627	2,551	859
Gross profit	721	676	175
Selling, general and administrative expenses	407	460	147
Restructuring expense	11	55	37
Goodwill impairment	—	—	82
Other operating (income) expense, net	(15)	(13)	2
Operating income (loss)	318	174	(93)
Equity in affiliate's earnings, net of tax	(11)	(7)	(1)
Interest expense, net	14	34	16
Other postretirement income	(32)	(39)	(3)
Earnings (loss) before income taxes and noncontrolling interest	347	186	(105)
Provision for income taxes	85	33	19
Net earnings (loss)	262	153	(124)
Net earnings attributable to the noncontrolling interest, net of tax	—	1	—
Net earnings (loss) attributable to PHINIA	$ 262	$ 152	$ (124)

See Accompanying Notes to Combined Financial Statements.

PHINIA

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Year Ended December 31, 2022	2021	2020
Net earnings (loss) attributable to PHINIA	$ 262	$ 152	$ (124)
Other comprehensive (loss) income			
Foreign currency translation adjustments[1]	(90)	(40)	55
Defined benefit pension plans[1]	(65)	128	(67)
Hedge instruments[1]	5	(2)	—
Total other comprehensive (loss) income	(150)	86	(12)
Comprehensive income (loss) attributable to PHINIA	112	238	(136)
Comprehensive income attributable to noncontrolling interest, net of tax	—	1	—
Comprehensive income (loss)	$ 112	$ 239	$ (136)

(1) Net of income taxes.

See Accompanying Notes to Combined Financial Statements.

PHINIA

COMBINED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2022	2021	2020
OPERATING			
Net earnings (loss)	$ 262	$ 153	$ (124)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:			
Depreciation and tooling amortization	142	175	47
Intangible asset amortization	28	29	15
Restructuring expense, net of cash paid	5	42	—
Asset impairments	5	14	82
Stock-based compensation expense	11	11	3
Deferred income tax expense (benefit)	25	(56)	(4)
Other non-cash adjustments, net	3	10	(8)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities	481	378	11
Retirement plan contributions	(5)	(3)	(138)
Changes in assets and liabilities, excluding effects of acquisitions and foreign currency translation adjustments:			
Receivables	(105)	17	(39)
Receivables due from Parent	2	(1)	2
Inventories	(60)	(84)	4
Prepayments and other current assets	12	(4)	17
Accounts payable and other current liabilities	21	(105)	16
Accounts payable and accrued expenses due to Parent	(5)	9	29
Prepaid taxes and income taxes payable	31	9	11
Other assets and liabilities	(69)	(69)	(10)
Net cash provided by (used in) operating activities	303	147	(97)
INVESTING			
Capital expenditures, including tooling outlays	(107)	(146)	(54)
Proceeds from the Acquired Delphi business	—	—	422
Proceeds from asset disposals and other, net	2	6	1
Net cash (used in) provided by investing activities	(105)	(140)	369
FINANCING			
Repayments of debt, including current portion	(1)	—	(2)
Purchase of noncontrolling interest	(3)	—	—
Net (decrease) increase in notes payable to Parent	—	(8)	8
Cash outflows related to debt due to/from Parent	(117)	(170)	(110)
Cash inflows related to debt due to/from Parent	140	126	87
Net transfers (to) from Parent	(204)	8	19
Net cash (used in) provided by financing activities	(185)	(44)	2
Effect of exchange rate changes on cash	(21)	4	14
Net (decrease) increase in cash and cash equivalents	(8)	(33)	288

Cash and cash equivalents at beginning of year	259	292	4
Cash and cash equivalents at end of year	$ 251	$ 259	$ 292
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest, net	$ 13	$ 14	$ —
Income taxes, net of refunds	$ 51	$ 38	$ 9
Non-cash investing transactions:			
Period end accounts payable related to property, plant, and equipment purchases	$ 67	$ 44	$ 84

See Accompanying Notes to Combined Financial Statements.

PHINIA

COMBINED STATEMENTS OF CHANGES IN EQUITY

(in millions)	Parent company investment	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total equity
Balance, January 1, 2020	$ 447	$ (12)	$ —	$ 435
Acquisition of Delphi Technologies	303	—	2	305
Net loss	(124)	—	—	(124)
Other comprehensive income	—	(12)	—	(12)
Net transfers to Parent	44	—	—	44
Balance, December 31, 2020	$ 670	$ (24)	$ 2	$ 648
Net earnings	152	—	1	153
Other comprehensive loss	—	86	—	86
Net transfers from Parent	825	—	—	825
Balance, December 31, 2021	$ 1,647	$ 62	$ 3	$ 1,712
Net earnings	262	—	—	262
Other comprehensive loss	—	(150)	—	(150)
Purchase of noncontrolling interest	—	—	(3)	(3)
Net transfers to Parent	(178)	—	—	(178)
Balance, December 31, 2022	$ 1,731	$ (88)	$ —	$ 1,643

See Accompanying Notes to Combined Financial Statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

INTRODUCTION

The accompanying Combined Financial Statements and notes present the combined results of operations, financial positions, and cash flows of the Fuel Systems and Aftermarket businesses of BorgWarner Inc. (“PHINIA” or the “Company”). PHINIA’s business is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions of commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). The Company is a global supplier to most major original equipment manufacturers (“OEMs”) seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, the Company offers a full range of original equipment service (“OES”) solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

The Proposed Separation

On December 6, 2022, BorgWarner Inc. (“BorgWarner” or the “Parent”) announced plans for the complete legal and structural separation of BorgWarner’s Fuel Systems and Aftermarket businesses from BorgWarner by the spin-off of its wholly-owned subsidiary, PHINIA Inc., which was formed on February 9, 2023 and will hold BorgWarner’s Fuel Systems and Aftermarket businesses (the “Spin-Off). To effect the Spin-Off, BorgWarner will distribute 100% of PHINIA Inc. common stock to BorgWarner’s stockholders. These transactions will result in all of the assets, liabilities, and legal entities comprising BorgWarner’s Fuel Systems and Aftermarket businesses being owned directly, or indirectly through its subsidiaries, by PHINIA Inc. Following the Spin-Off, PHINIA Inc. will become an independent, publicly traded company.

COVID-19 Pandemic and Other Supply Disruptions

The impact of COVID-19, including changes in consumer behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy. In 2022, COVID-19 outbreaks in certain regions caused intermittent disruptions in the Company’s supply chain and local manufacturing operations. For a significant portion of the second quarter of 2022, China imposed lockdowns in many cities due to an increase in COVID-19 cases in the region, which contributed to a decline in industry production in China during the quarter. In addition, trailing impacts of the shutdowns and production declines related, in part, to COVID-19 created supply constraints of certain components, particularly semiconductor chips. As a result, the Company has experienced, and may continue to experience, delays in the production and distribution of its products and the loss of sales. If the global economic effects caused by COVID-19 continue or increase, overall customer demand may decrease, which could further adversely affect the Company’s business, results of operations, financial condition or cash flows. Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, traditional functioning of financial and capital markets, foreign currency exchange rates, and interest rates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following paragraphs briefly describe the Company’s significant accounting policies.

Basis of presentation These Combined Financial Statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented on a “carve-out” basis and as historically operated by

BorgWarner. The Combined Financial Statements have been derived from the Consolidated Financial Statements and accounting records of BorgWarner using the historical results of operations and historical basis of assets and liabilities of the Company on a “carve-out basis” and reflect BorgWarner’s net investment in the Company. The Company’s Combined Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America

("U.S. GAAP"). The Combined Financial Statements may not be indicative of the Company's future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as a standalone company during the periods presented.

The Combined Statements of Operations include all revenues and costs directly attributable to the Company, including costs for facilities, functions, and services utilized. Costs for certain centralized functions and programs provided and administered by BorgWarner are charged directly to the Company. These centralized functions and programs include, but are not limited to research and development and information technology.

A portion of BorgWarner's total corporate expenses have been allocated to the Company for services from BorgWarner. These expenses include the cost of corporate functions and resources, including, but not limited to, executive management, finance, accounting, legal, human resources, research and development and sales. Additionally, a portion of the Company's corporate expenses have been allocated to the Parent for charges incurred related to subsidiaries of the Parent historically supported by the Company, primarily related to information technology. These expenses were allocated based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues, legal entities, headcount or weighted-square footage, as applicable. The Company considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, both the Company and the Parent during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred if the Company had been a standalone company for the periods presented. For the years ended December 31, 2022, 2021 and 2020, net corporate allocation expenses totaled $118 million, $84 million and $45 million, respectively, which were primarily included in selling, general and administrative expenses and restructuring expense.

In addition to the allocations above, the Company provides application testing and other research and development services for other BorgWarner businesses. For the years ended December 31, 2022, 2021 and 2020, income related to these activities of $11 million, $10 million and $2 million, respectively, have been included in other operating income, net in the Combined Statements of Operations.

Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. Going forward, the Company may perform these functions using its own resources or outsourced services.

BorgWarner utilizes several centralized approaches to cash management and financing of its operations. The cash and cash equivalents held by BorgWarner are not specifically identifiable to the Company and therefore have not been reflected in the Company's Combined Balance Sheets. Alternatively, the cash and cash equivalents held by the Company, and used to fund the underlying operations of PHINIA, have been reflected in the Company's Combined Balance Sheets. Separately, the Company and BorgWarner participate in various cash pooling arrangements to manage liquidity and fund operations. Any balances owed to the Company from BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due from Parent. Any balances due from the Company to BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due to Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment in the combined financial statements.

The Combined Financial Statements include certain assets and liabilities that have been determined to be attributable to the Company, including certain assets and liabilities that were historically held at the corporate level in BorgWarner. BorgWarner's third-party long-term debt and the related interest expense have not been allocated to the Company for any

of the periods presented because the Company was not the legal obligor of such debt. Any long-term debt specifically attributed to the Company has been reflected in the Combined Balance Sheets.

Because a direct ownership relationship did not exist in the Company, a Parent company investment is shown in lieu of shareholders' equity in the Combined Financial Statements. All intercompany transactions within the Company have been eliminated. All transactions between the Company and BorgWarner have been included in these Combined Financial Statements. The total net effect of the settlement of the transactions between the Company and BorgWarner, exclusive of those historically settled in cash, is reflected in the Combined Statements of Cash Flows in Cash flows from financing activities as Net transfers (to) from Parent and in the Combined Balance Sheets as Parent company investment. For those transactions between the Company and BorgWarner that were historically settled in cash, the Company has reflected such balances in the Combined Balance Sheets as Due from Parent or Due to Parent. Intercompany loans between the Company and BorgWarner have also been included within the Combined Balance Sheets as Due from Parent and Due to Parent. Refer to Note 23, "Related-Party Transactions," for further information regarding these balances.

Use of estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the accompanying notes, as well as the amounts of revenues and expenses reported during the periods covered by these financial statements and accompanying notes. Actual results could differ from those estimates.

Joint ventures and equity securities The Company has an investment in one unconsolidated joint venture which was acquired as part of the acquisition of Delphi Technologies on October 1, 2020: Delphi-TVS Diesel Systems Ltd ("D-TVS"), of which the Company owns 52.5%. This joint venture is a non-controlled affiliate in which the Company exercises significant influence but does not have a controlling financial interest and, therefore, is accounted for under the equity method. Although the Company is the majority owner, it does not have the ability to control significant decisions or management of the entity. The Company evaluated this investment under ASC Topic 810 and based on the following factors the Company does not have the power to control the significant decisions of the entity and therefore does not have a controlling financial interest.

- Both partners appoint a managing director and these directors jointly manage all of the affairs of D-TVS, subject to supervision by the board of directors;
- The Company has only a 36% representation on the board of directors; and
- The construct of the board of directors prevents either party from having power/control as described in ASC Topic 810 because both parties lack the ability to directly and/or indirectly control governance and management of D-TVS through either its ownership interest or the board representation.

Generally, under the equity method, the Company's original investment is recorded at cost and subsequently adjusted by the Company's share of equity in income or losses. The carrying value of the Company's investment was $44 million and $40 million as of December 31, 2022 and 2021, respectively. The Company monitors its equity method investments for indicators of other-than-temporary declines in fair value on an ongoing basis. If such a decline has occurred, an impairment charge is recorded, which is measured as the difference between the carrying value and the estimated fair value. The Company's investment in this non-controlled affiliate is included within Investments and long-term receivables in the Combined Balance Sheets. The Company's share of equity in income or losses is included in Equity in affiliates' earnings, net of tax in the Combined Statements of Operations.

The Company also has certain investments for which it does not have the ability to exercise significant influence (generally when ownership interest is less than 20%). The Company's investment in these equity securities is included within Investments and long-term receivables in the Combined Balance Sheet.

Interests in privately held companies that do not have readily determinable fair values are accounted for using the measurement alternative under ASC Topic 321, which includes monitoring on an ongoing basis for indicators of impairments or upward adjustments. These equity securities are measured at cost less impairments, adjusted for observable price changes in orderly transactions for the identical or similar investment of the same issuer. If the Company determines that an indicator of impairment or upward adjustment is present, an adjustment is recorded, which is measured as the difference between carrying value and estimated fair value. Estimated fair value is generally determined using an income approach on discounted cash flows or negotiated transaction values.

Business combinations In accordance with ASC Topic 805, “Business Combinations,” acquisitions are recorded using the acquisition method of accounting. The Company includes the operating results of acquired entities from their respective dates of acquisition. The Company recognizes and measures the identifiable assets acquired, liabilities assumed, and any non-controlling interest at the acquisition date fair value. Various valuation techniques are used to determine the fair value of intangible assets, with the primary techniques being forms of the income approach, specifically the relief-from-royalty and multi-period excess earnings valuation methods. Under these valuation approaches, the Company is required to make estimates and assumptions from a market participant perspective that may include revenue growth rates, estimated earnings, royalty rates, obsolescence factors, contributory asset charges, customer attrition and discount rates. The excess, if any, of total consideration transferred in a business combination over the fair value of identifiable assets acquired, liabilities assumed and any non-controlling interest is recognized as goodwill. Costs incurred as a result of a business combination, other than costs related to the issuance of debt or equity securities, are recorded in the period the costs are incurred. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to assets acquired and liabilities assumed with the corresponding offset to goodwill.

Revenue recognition Revenue is recognized when performance obligations under the terms of a contract are satisfied, which generally occurs with the transfer of control of the products. For most products, transfer of control occurs upon shipment or delivery; however, a limited number of customer arrangements for highly customized products with no alternative use provide the Company with the right to payment during the production process. As a result, for these limited arrangements, revenue is recognized as goods are produced and control transfers to the customer using the input cost-to-cost method. Revenue is measured at the amount of consideration the Company expects to receive in exchange for transferring the goods. Although the Company may enter into long-term supply arrangements with its major customers, the prices and volumes are not fixed over the life of the arrangements, and a contract does not exist for purposes of applying ASC Topic 606 until volumes are contractually known.

Sales incentives and allowances (including returns) are recognized as a reduction to revenue at the time of the related sale. The Company estimates the allowances based on an analysis of historical experience. Taxes assessed by a governmental authority collected by the Company concurrent with a specific revenue-producing transaction are excluded from net sales. Shipping and handling fees billed to customers are included in sales, while costs of shipping and handling are included in cost of sales. The Company has elected to apply the accounting policy election available under ASC Topic 606 and accounts for shipping and handling activities as a fulfillment cost.

The Company has a limited number of arrangements with customers where the price paid by the customer is dependent on the volume of product purchased over the term of the arrangement. In other arrangements, the Company will provide a rebate to customers based on the volume of products purchased during the course of the arrangement. The Company estimates the volumes to be sold over the term of the arrangement and recognizes revenue based on the estimated amount of consideration to be received from these arrangements.

Refer to Note 3, “Revenue From Contracts With Customers,” to the Combined Financial Statements for more information.

Cost of sales The Company includes materials, direct labor and manufacturing overhead within cost of sales. Manufacturing overhead is comprised of indirect materials, indirect labor, factory operating costs, warranty costs and other such costs associated with manufacturing products for sale.

Cash and cash equivalents Cash and cash equivalents are valued at fair market value. It is the Company's policy to classify all highly liquid investments with original maturities of three months or less as cash and cash equivalents. Cash and cash equivalents are maintained with several financial institutions. Cash and cash equivalents are primarily held in foreign locations. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal risk.

Receivables, net and long-term receivables Accounts receivable and long-term receivables are stated at cost less an allowance for credit losses. An allowance for credit losses is recorded for amounts that may become uncollectible in the future. The allowance for credit losses is an estimate based on expected losses, current economic and market conditions, and a review of the current status of each customer’s accounts receivable.

Sales of receivables are accounted for in accordance with the ASC Topic 860. Agreements which result in true sales of the transferred receivables, as defined in ASC Topic 860, which occur when receivables are transferred to a third party without recourse to the Company, are excluded from amounts reported in the Combined Balance Sheets. Cash proceeds received from such sales are included in operating cash flows. The expenses associated with receivables factoring are recorded in the Combined Statements of Operations within interest expense. Refer to Note 8, “Receivables, Net,” to the Combined Financial Statements for more information.

Inventories, net Inventory is measured using first-in, first-out (“FIFO”) or average-cost methods at the lower of cost or net realizable value. Refer to Note 9, “Inventories, Net,” to the Combined Financial Statements for more information.

Pre-production costs related to long-term supply arrangements Engineering, research and development and other design and development costs for products sold on long-term supply arrangements are expensed as incurred unless the Company has a contractual guarantee for reimbursement from the customer. Costs for molds, dies and other tools used to make products sold on long-term supply arrangements for which the Company has title to the assets are capitalized in property, plant and equipment and amortized to cost of sales over the shorter of the term of the arrangement or over the estimated useful lives of the assets, typically three to five years. Costs for molds, dies and other tools used to make products sold on long-term supply arrangements for which the Company has a contractual guarantee for lump sum reimbursement from the customer are capitalized in Prepayments and other current assets.

Property, plant and equipment, net Property, plant and equipment is valued at cost less accumulated depreciation. Expenditures for maintenance, repairs and renewals of relatively minor items are generally charged to expense as incurred. Renewals of significant items are capitalized. Depreciation is generally computed on a straight-line basis over the estimated useful lives of the assets. Useful lives for buildings range from fifteen to forty years, and useful lives for machinery and equipment range from three to twelve years. For income tax purposes, accelerated methods of depreciation are generally used. Refer to Note 11, “Property, Plant And Equipment, Net,” to the Combined Financial Statements for more information.

Impairment of long-lived assets, including definite-lived intangible assets The Company reviews the carrying value of its long-lived assets, whether held for use or disposal, including other amortizing intangible assets, when events and circumstances warrant such a review under ASC Topic 360. In assessing long-lived assets for an impairment loss, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In assessing long-lived assets for impairment, management generally

considers individual facilities to be the lowest level for which identifiable cash flows are largely independent. A recoverability review is performed using the undiscounted cash flows if there is a triggering event. If the undiscounted

cash flow test for recoverability identifies a possible impairment, management will perform a fair value analysis. Management determines fair value under ASC Topic 820 using the appropriate valuation technique of market, income or cost approach. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value.

Management believes that the estimates of future cash flows and fair value assumptions are reasonable; however, changes in assumptions underlying these estimates could affect the valuations. Significant judgments and estimates used by management when evaluating long-lived assets for impairment include (1) an assessment as to whether an adverse event or circumstance has triggered the need for an impairment review; (2) undiscounted future cash flows generated by the asset; and (3) fair valuation of the asset.

Goodwill and other intangible assets During the fourth quarter of each year, the Company qualitatively assesses its goodwill assigned to each of its reporting units. This qualitative assessment evaluates various events and circumstances, such as macroeconomic conditions, industry and market conditions, cost factors, relevant events and financial trends, that may impact a reporting unit's fair value. Using this qualitative assessment, the Company determines whether it is more-likely-than-not the reporting unit's fair value exceeds its carrying value. If it is determined that it is not more-likely-than-not the reporting unit's fair value exceeds the carrying value, or upon consideration of other factors, including recent acquisition, restructuring or disposal activity or to refresh the fair values, the Company performs a quantitative goodwill impairment analysis. In addition, the Company may test goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value.

The Company has definite-lived intangible assets related to developed technology and customer relationships. The Company amortizes definite-lived intangible assets over their estimated useful lives. The Company also has intangible assets related to acquired trade names that are classified as indefinite lived when there are no foreseeable limits on the periods of time over which they are expected to contribute cash flows. Costs to renew or extend the term of acquired intangible assets are recognized as expense as incurred.

Similar to goodwill, the Company can elect to perform the impairment test for indefinite-lived intangibles other than goodwill (trade names) using a qualitative analysis, considering similar factors as outlined in the goodwill discussion in order to determine if it is more-likely-than-not that the fair value of the intangibles are less than the respective carrying values. If the Company elects to perform or is required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. The Company estimates the fair value of indefinite-lived intangibles using the relief-from-royalty method, which it believes is an appropriate and widely used valuation technique for such assets. The fair value derived from the relief-from-royalty method is measured as the discounted cash flow savings realized from owning such trade names and not being required to pay a royalty for their use.

Refer to Note 12, “Goodwill And Other Intangibles,” to the Combined Financial Statements for more information.

Product warranties The Company provides warranties on some, but not all, of its products. The warranty terms are typically from one to three years. Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claim settlements as well as product manufacturing and industry developments and recoveries from third parties. Management actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. Costs of product recalls, which may include the cost of the product being replaced as well as the customer’s cost of the recall, including labor to remove and replace the recalled part, are accrued as part of the Company’s

warranty accrual at the time an obligation becomes probable and can be reasonably estimated. Management believes that the warranty accrual is appropriate; however, in certain cases,

initial customer claims exceed the amount accrued. Facts may become known related to these claims that may result in additional losses that could be material to the Company's results of operations or cash flows. The product warranty accrual is allocated to current and non-current liabilities in the Combined Balance Sheets.

Refer to Note 13, "Product Warranty," to the Combined Financial Statements for more information.

Other loss accruals and valuation allowances The Company has numerous other loss exposures, such as customer claims, workers' compensation claims, litigation and recoverability of certain assets. Establishing loss accruals or valuation allowances for these matters requires the use of estimates and judgment in regard to the risk exposure and ultimate realization. The Company estimates losses using consistent and appropriate methods; however, changes to its assumptions could materially affect the recorded accrued liabilities for loss or asset valuation allowances.

Environmental contingencies The Company accounts for environmental costs in accordance with ASC Topic 450, "Contingencies." Costs related to environmental assessments and remediation efforts at operating facilities are accrued when it is probable that a liability has been incurred and the amount of that liability can be reasonably estimated. Estimated costs are recorded at undiscounted amounts, based on experience and assessments and are regularly evaluated. The liabilities are recorded in Other current and Other non-current liabilities in the Company's Combined Balance Sheets and are not material.

Government grants The Company periodically receives government grants representing assistance provided by a government. These government grants are generally received in cash and typically provide reimbursement related to acquisition of property and equipment, product development or local governmental economic relief. The government grants are generally amortized using a systematic and rational method over the life of the grant. As of December 31, 2022, the Company recorded government grant-related liabilities of $1 million in Other current liabilities and $6 million in Other non-current liabilities in the Company's Combined Balance Sheet. During the year ended December 31, 2022, the Company recorded $16 million and $2 million of government grant-related credits in Selling, general and administrative expenses and Cost of sales, respectively, in the Company's Combined Statements of Operations.

Derivative financial instruments The Company recognizes that certain normal business transactions and foreign currency operations generate risk. Examples of risks include exposure to exchange rate risk related to transactions denominated in currencies other than the functional currency, changes in commodity costs and interest rates. It is the objective of the Company to assess the impact of these transaction risks and consider mitigating such risks through various methods, including financial derivatives. Virtually all derivative instruments held by the Company are designated as hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements. Accordingly, gains and losses from changes in qualifying hedge fair values are matched with the underlying transactions. Hedge instruments are generally reported gross, with no right to offset, on the Combined Balance Sheets at their fair value based on quoted market prices for contracts with similar maturities. The Company does not engage in any derivative transactions for purposes other than hedging specific operational risks.

Refer to Note 17, "Financial Instruments," to the Combined Financial Statements for more information.

Foreign currency The financial statements of foreign subsidiaries are translated to U.S. Dollars using the period-end exchange rate for assets and liabilities and an average exchange rate for each period for revenues, expenses and capital expenditures. The local currency is the functional currency for substantially all of the Company's foreign subsidiaries. Translation adjustments for foreign subsidiaries are recorded as a component of Accumulated other comprehensive (loss) income in equity. The Company recognizes transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency in earnings as incurred.

Refer to Note 20, “Accumulated Other Comprehensive Income (Loss),” to the Combined Financial Statements for more information.

Pension The Company’s defined benefit pension plans are accounted for in accordance with ASC Topic 715. Disability and early retirement benefits are accounted for in accordance with ASC Topic 712.

Pension costs and related liabilities and assets are dependent upon assumptions used in calculating such amounts. These assumptions include discount rates, expected returns on plan assets, health care cost trends, compensation and other factors. In accordance with U.S. GAAP, actual results that differ from the assumptions used are accumulated and amortized over future periods, and accordingly, generally affect recognized expense in future periods.

Certain of the Company’s employees participate in defined benefit pension plans sponsored in part by BorgWarner. The Company accounts for these plans as multiemployer benefit plans. Accordingly, the Company does not record an asset or liability to recognize the funded status of the plan. The related pension expenses, consisting entirely of the service cost component, are charged to the Company based on actuarially determined amounts. These expenses were funded through intercompany transactions with BorgWarner that are reflected within the Parent company investment.

Refer to Note 18, “Retirement Benefit Plans,” to the Combined Financial Statements for more information.

Restructuring Restructuring costs may occur when the Company takes action to exit or significantly curtail a part of its operations or implements a reorganization that affects the nature and focus of operations. A restructuring charge can consist of severance costs associated with reductions to the workforce, costs to terminate an operating lease or contract, professional fees and other costs incurred related to the implementation of restructuring activities.

The Company generally records costs associated with voluntary separations at the time of employee acceptance. Costs for involuntary separation programs are recorded when management has approved the plan for separation, the employees are identified and aware of the benefits they are entitled to and it is unlikely that the plan will change significantly. When a plan of separation requires approval by or consultation with the relevant labor organization or government, the costs are recorded upon agreement. Costs associated with benefits that are contingent on the employee continuing to provide service are accrued over the required service period.

Refer to Note 4, “Restructuring,” to the Combined Financial Statements for more information.

Income taxes The Company accounts for income taxes in accordance ASC Topic 740 (“ASC 740”). Income taxes as presented in the Company’s Combined Financial Statements have been allocated in a manner that is systematic, rational, and consistent with the broad principles of ASC 740. Historically, the Company’s operations have been included in BorgWarner’s U.S. federal consolidated tax return, certain foreign tax returns, and certain state tax returns. For the purposes of these financial statements, the Company’s income tax provision was computed as if the Company filed separate tax returns (i.e., as if the Company had not been included in the consolidated income tax return group with BorgWarner). The separate-return method applies ASC 740 to the Combined Financial Statements of each member of a consolidated tax group as if the group member were a separate taxpayer. As a result, actual tax transactions included in the consolidated financial statements of BorgWarner may not be included in these Combined Financial Statements. Further, the Company’s tax results as presented in the Combined Financial Statements may not be reflective of the results that the Company expects to generate in the future. Also, the tax treatment of certain items reflected in the Combined Financial Statements may not be reflected in the Consolidated Financial Statements and tax returns of BorgWarner. It is conceivable that items such as net operating losses, other deferred taxes, uncertain tax positions and valuation allowances may exist in the Combined Financial Statements that may or may not exist in BorgWarner’s Consolidated Financial Statements.

Since the Company’s results are included in BorgWarner’s historical tax returns, payments to certain tax authorities are made by BorgWarner, and not by the Company. For tax jurisdictions where the Company is

included with BorgWarner in a consolidated tax filing, the Company does not maintain taxes payable to or from BorgWarner and the payments are deemed to be settled immediately with the legal entities paying the tax in the respective tax jurisdictions through changes in Parent company investment.

In accordance with ASC 740, the Company's income tax expense is calculated based on expected income and statutory tax rates in the various jurisdictions in which the Company operates and requires the use of management's estimates and judgments. Accounting for income taxes is complex, in part because the Company conducts business globally and, therefore, files income tax returns in numerous tax jurisdictions. Management judgment is required in determining the Company's worldwide provision for income taxes and recording the related assets and liabilities, including accruals for unrecognized tax benefits and assessing the need for valuation allowances.

The determination of accruals for unrecognized tax benefits includes the application of complex tax laws in a multitude of jurisdictions across the Company's global operations. Management judgment is required in determining the gross unrecognized tax benefits' related liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is less than certain. Accruals for unrecognized tax benefits are established when, despite the belief that tax positions are supportable, there remain certain positions that do not meet the minimum probability threshold, which is a tax position that is more-likely-than-not to be sustained upon examination by the applicable taxing authority.

The Company records valuation allowances to reduce the carrying value of deferred tax assets to amounts that it expects are more-likely-than-not to be realized. The Company assesses existing deferred tax assets, net operating losses, and tax credits by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current and estimated future taxable income and tax planning strategies.

Refer to Note 7, "Income Taxes," to the Combined Financial Statements for more information.

New Accounting Pronouncements

In November 2021, the FASB issued ASU No. 2021-10, "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance." It is expected to increase transparency in financial reporting by requiring business entities to disclose information about certain types of government assistance they receive. The amendments require the following annual disclosures about transactions with a government: (1) information about the nature of the transactions and the related accounting policy used to account for the transactions; (2) the line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item; and (3) significant terms and conditions of the transactions, including commitments and contingencies. This guidance is effective for annual reporting periods beginning after December 15, 2021. The Company adopted this guidance prospectively as of January 1, 2022, and there was no impact on the Combined Financial Statements; however, the Company has included the required disclosures. Refer to Note 1, "Summary Of Significant Accounting Policies," to the Combined Financial Statements above for more detail.

Accounting Standards Not Yet Adopted

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." It requires entities to apply ASC Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The amendments improve comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business

combination. This guidance is effective for interim and annual reporting periods beginning after December 15, 2022. The Company does not expect this guidance to have a material impact on its Combined Financial Statements.

NOTE 2 ACQUISITION

Delphi Technologies PLC

On October 1, 2020, BorgWarner completed its acquisition of 100% of the outstanding ordinary shares of Delphi Technologies PLC ("Delphi Technologies") from the shareholders of Delphi Technologies. The subset of the Delphi Technologies business consisting of the Aftermarket business, the Fuel Systems business and a portion of the Powertrain Products business ("the Acquired Delphi business") were integrated into the Company. Accordingly, the Company's Combined Financial Statements reflect the results of the Acquired Delphi business following the date of acquisition. Of the purchase consideration transferred by BorgWarner, $303 million was attributable to the Acquired Delphi business, which has been accounted for as a contribution within Parent company investment. The acquisition has enhanced key combustion, commercial vehicle and aftermarket product offerings.

The purchase price was allocated on a preliminary basis as of October 1, 2020. Assets acquired and liabilities assumed were recorded at estimated fair values based on management's estimates, available information, and supportable assumptions that management considered reasonable. The Company finalized its valuation of the acquired assets and liabilities of the Acquired Delphi business during the third quarter of 2021. During the measurement period, the Company recognized adjustments to various fair value amounts, resulting in $58 million of additional goodwill. Additionally, during the three months ended December 31, 2020, the Company incurred $21 million of expense related to the amortization of the inventory fair value adjustment.

The following table summarizes the net sales and loss related to the Acquired Delphi business's operations that have been included in the Company's Combined Statement of Operations for the year ended December 31, 2020, following the October 1, 2020 acquisition date:

(in millions)		
Net sales	$	736
Net loss attributable to PHINIA	$	(45)

Pro forma financial information (unaudited): The following table summarizes, on a pro forma basis, the combined results of operations of the Company and Delphi Technologies business as though the acquisition and the related financing had occurred as of January 1, 2019. The pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition of Delphi Technologies occurred on January 1, 2019 or of future consolidated operating results. Actual operating results for the years ended December 31, 2022 and 2021 have been included in the table below for comparative purposes.

	Actual		Pro forma (unaudited)
	Year Ended December 31,		
(in millions)	2022	2021	2020
Net sales	$ 3,348	$ 3,227	$ 2,760
Net earnings attributable to PHINIA	$ 262	$ 152	$ 14

These pro forma amounts have been calculated after applying the Company's accounting policies, and the results presented above primarily reflect (1) depreciation adjustments related to fair value adjustments to property, plant and equipment; (2) amortization adjustments relating to fair value estimates of intangible assets; (3) incremental interest

expense, net on debt-related transactions; (4) cost of goods sold adjustments relating to fair value adjustments to inventory; and (5) stock-based compensation that was accelerated and settled on the date of acquisition.

In 2020, the Company recognized $10 million of acquisition-related costs, which is included as part of general corporate allocations. These expenses are included in Other operating (income) expense, net in the Company's Combined Statement of Operations for the year ended December 31, 2020.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company manufactures and sells products, primarily to OEMs of commercial vehicle industrial applications and light vehicles, to certain Tier One vehicle systems suppliers and into the aftermarket. The Company's payment terms are based on customary business practices and vary by customer type and products offered. The Company has evaluated the terms of its arrangements and determined that they do not contain significant financing components.

Generally, revenue is recognized upon shipment or delivery; however, a limited number of the Company's customer arrangements for its highly customized products with no alternative use provide the Company with the right to payment during the production process. As a result, for these limited arrangements, revenue is recognized as goods are produced and control transfers to the customer using the input cost-to-cost method. The Company recorded a contract asset of $2 million and $4 million at December 31, 2022 and 2021, respectively, for these arrangements. These amounts are reflected in Prepayments and other current assets in the Company's Combined Balance Sheets.

In limited instances, certain customers have provided payments in advance of receiving related products, typically at the onset of an arrangement prior to the beginning of production. These contract liabilities are reflected as Other current liabilities in the Combined Balance Sheets and were $3 million and $2 million at December 31, 2022 and 2021, respectively. These amounts are reflected as revenue over the term of the arrangement (typically 3 to 7 years) as the underlying products are shipped and represent the Company's remaining performance obligations as of the end of the period.

The following table represents a disaggregation of revenue from contracts with customers by reporting segment and region for the years ended December 31, 2022, 2021 and 2020. Refer to Note 24, Reporting Segments And Related Information to the Combined Financial Statements for more information.

	Year ended December 31, 2022		
(In millions)	Fuel Systems	Aftermarket	Total
Americas	$ 559	$ 811	$ 1,370
Europe	904	401	1,305
Asia	609	64	673
Total	$ 2,072	$ 1,276	$ 3,348

	Year ended December 31, 2021		
(In millions)	Fuel Systems	Aftermarket	Total
Americas	$ 366	$ 727	$ 1,093
Europe	1,006	423	1,429
Asia	644	61	705
Total	$ 2,016	$ 1,211	$ 3,227

(In millions)	Year ended December 31, 2020		
	Fuel Systems	Aftermarket	Total
Americas	$ 82	$ 383	$ 465
Europe	277	92	369
Asia	185	15	200
Total	$ 544	$ 490	$ 1,034

NOTE 4 RESTRUCTURING

The Company's restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and take advantage of available capacity and resources, and

ultimately achieve net cost reductions. Restructuring activities include efforts to integrate and rationalize the Company's business and to relocate operations to best-cost locations.

The Company's restructuring expenses consist primarily of employee termination benefits (principally severance and/or other termination benefits) and other costs, which are primarily professional fees and costs related to equipment moves.

The following table displays a roll forward of the restructuring liability recorded within the Company's Combined Balance Sheets and the related cash flow activity:

(in millions)	Employee termination benefits	Other	Total
Balance at January 1, 2021	$ 36	$ 1	$ 37
Restructuring expense, net	54	1	55
Cash payments	(30)	(2)	(32)
Balance at December 31, 2021	60	—	60
Restructuring expense, net	2	9	11
Cash payments	(41)	(9)	(50)
Foreign currency translation adjustment and other	(1)	—	(1)
Balance at December 31, 2022	20	—	20
Less: Non-current restructuring liability	(4)	—	(4)
Current restructuring liability at December 31, 2022	$ 16	$ —	$ 16

During 2022, the Company approved individual restructuring actions that primarily related to equipment relocation and professional fees and recorded $6 million of restructuring expense related to these actions.

In 2019, Acquired Delphi announced a restructuring plan to reshape and realign its global technical center footprint and reduce salaried and contract staff. The Company continued actions under this program post-acquisition and recorded charges of $5 million and $55 million during the years ended December 31, 2022 and 2021, respectively, primarily for the statutory minimum benefits and incremental one-time termination benefits negotiated with local labor authorities. The majority of the actions under this program have been completed.

The Company recorded $37 million in restructuring charges during the three months ended December 31, 2020, for acquisition-related restructuring charges. In conjunction with the Acquired Delphi business, there were contractually required severance and post-combination stock-based compensation cash payments to Acquired Delphi business executive officers and other employee termination benefits.

Estimates of restructuring expense are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established accruals.

The Company continues to evaluate different options across its operations to reduce existing structural costs over the next few years. The Company will recognize restructuring expense associated with any future actions at the time they are approved and become probable or are incurred. Any future actions could result in significant restructuring expense.

NOTE 5 RESEARCH AND DEVELOPMENT COSTS

The Company's net Research & Development ("R&D") expenditures are primarily included in Selling, general and administrative expenses of the Combined Statements of Operations. Customer reimbursements are netted against gross R&D expenditures as they are considered a recovery of cost. Customer reimbursements for prototypes are recorded net of prototype costs based on customer

contracts, typically either when the prototype is shipped or when it is accepted by the customer. Customer reimbursements for engineering services are recorded when performance obligations are satisfied in accordance with the contract. Financial risks and rewards transfer upon shipment, acceptance of a prototype component by the customer or upon completion of the performance obligation as stated in the respective customer agreement. The Company has various customer arrangements relating to R&D activities that it performs at its various R&D locations.

The following table presents the Company's gross and net expenditures on R&D activities:

	Year Ended December 31,		
(in millions)	2022	2021	2020
Gross R&D expenditures	$ 200	$ 247	$ 46
Customer reimbursements	(96)	(115)	—
Net R&D expenditures	$ 104	$ 132	$ 46

Net R&D expenditures as a percentage of net sales were 3.1%, 4.1% and 4.4% for the years ended December 31, 2022, 2021 and 2020 respectively. The increase from 2020 to 2021 in gross and net R&D expenditures was primarily due to the Delphi Technologies acquisition.

NOTE 6 OTHER OPERATING (INCOME) EXPENSE, NET

Items included in Other operating (income) expense, net consist of:

	Year Ended December 31,		
(in millions)	2022	2021	2020
Related-party royalty income	$ (31)	$ (22)	$ (5)
Related-party R&D income	(11)	(10)	(2)
Asset impairment	5	14	—
Merger, acquisition and divestiture expense	31	7	10
Other income, net	(9)	(2)	(1)
Other operating (income) expense, net	$ (15)	$ (13)	$ 2

Related-party royalty income: The Company participates in royalty arrangements with other BorgWarner businesses, which involve the licensing of the Delphi Technologies trade name and product-related intellectual properties. For the years ended December 31, 2022, 2021 and 2020, the Company recognized royalty income from other BorgWarner businesses in the amount of $31 million, $22 million and $5 million, respectively. Refer to Note 23, "Related-Party Transactions," for further information.

Related-party R&D income: The Company provides application testing and other R&D services for other BorgWarner businesses. For the years ended December 31, 2022, 2021 and 2020, the Company recognized income related to these services of $11 million, $10 million and $2 million, respectively. Refer to Note 23, "Related-Party Transactions," for further information.

Merger and acquisition expense: During the year ended December 31, 2022, the Company recorded merger, acquisition and divestiture expense of $31 million primarily related to professional fees associated with the intended separation of the

Company. During the years ended 2021 and 2020, the Company recorded $7 million and $10 million of merger and acquisition expenses primarily related to professional fees associated with the acquisition, integration and other support of the Company's acquisition of Delphi Technologies.

Asset impairment: In 2022, the Company wound down its Aftermarket operation in Russia and recorded an impairment expense of $5 million for the impairment of an intangible asset related to this business. In 2021, the Company performed a quantitative impairment test over an indefinite-lived trade name in the Aftermarket segment. The impairment test indicated that the fair value was less than the carrying value due to a decrease in expected revenues associated with the trade name. Therefore, the Company recorded an impairment charge of $14 million to reduce the carrying value to the fair value. Refer to Note 12, "Goodwill And Other Intangibles," for further information.

NOTE 7 INCOME TAXES

Earnings before income taxes and the provision for income taxes are presented in the following table.

	Year Ended December 31,		
(in millions)	2022	2021	2020
Earnings (loss) before income taxes			
U.S.	$ 90	$ 43	$ (88)
Non-U.S.	257	143	(17)
Total	$ 347	$ 186	$ (105)
Provision for Income Taxes:			
Current:			
Federal	$ 28	$ 15	$ 10
State	1	2	1
Foreign	31	72	12
Total current expense	60	89	23
Deferred:			
Federal	(12)	(7)	(3)
State	(1)	(1)	—
Foreign	38	(48)	(1)
Total deferred expense (benefit)	25	(56)	(4)
Total provision for income taxes	$ 85	$ 33	$ 19

The provision for income taxes resulted in an effective tax rate of approximately 24%, 18% and (18)% for the years ended December 31, 2022, 2021 and 2020, respectively.

The following table provides a reconciliation of tax expense based on the U.S. statutory tax rate to final tax expense.

	Year Ended December 31,		
(in millions)	2022	2021	2020
Income taxes at U.S. statutory rate of 21%	$ 73	$ 39	$ (22)
Increases (decreases) resulting from:			
Valuation allowance adjustments, net	37	38	20
Net tax on remittance of foreign earnings	12	10	4
Foreign rate differentials	3	(5)	(4)
State taxes, net of federal benefit	(1)	—	1
Reserve adjustments, settlements and claims	(7)	3	1
Impact of tax law and rate change	—	(21)	—
Tax holidays	(8)	(8)	(1)
Goodwill impairment	—	—	17
Enhanced research and development deductions	(9)	(10)	(2)
Non-taxable interest income	(15)	(14)	(4)
Changes in accounting methods and filing positions	2	(1)	6
Other, net	(2)	2	3
Provision for income taxes, as reported	$ 85	$ 33	$ 19

In 2022, the Company recognized discrete tax benefits of $7 million, primarily due to certain unrecognized tax benefits and accrued interest related to a matter for which the statute of limitations had lapsed.

In 2021, the Company recognized a discrete tax benefit of $21 million related to an increase in its deferred tax assets as a result of an increase in the United Kingdom tax rate from 19% to 25%. This rate change was enacted in June 2021 and becomes effective April 2023.

In 2020, the effective tax rate was negatively impacted by the impairment of goodwill that is non-deductible for tax purposes of $17 million.

The Company's effective tax rate was impacted beneficially by certain entities in China with the High and New Technology Enterprise ("HNTE") status. The income tax benefit for HNTE status was approximately $8 million, $8 million and $1 million for the years ended December 31 2022, 2021 and 2020, respectively. HNTE status is granted in three-year periods, and the Company seeks to renew such status on a regular basis.

The Company recognizes taxes due under the Global Intangible Low-Taxed Income ("GILTI") provision as a current period expense.

A roll forward of the Company's total gross unrecognized tax benefits is presented below:

(in millions)	2022	2021	2020
Balance, January 1	$ 64	$ 56	$ 1
Additions based on tax positions related to current year	2	3	—
Acquisition	—	8	52
Reductions for tax positions of prior years	(1)	—	—
Reductions for lapse in statue of limitations	(14)	—	—
Reductions for closure of tax audits and settlements	(12)	—	—
Translation adjustment	(4)	(3)	3
Balance, December 31	$ 35	$ 64	$ 56

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. For each of the years ended December 31, 2022, 2021 and 2020, the Company recognized less than $1 million. The Company has an accrual of approximately $2 million and $3 million for the payment of interest and penalties at December 31, 2022 and 2021, respectively. As of December 31, 2022, approximately $35 million represents the amount that, if recognized, would affect the Company's effective income tax rate in future periods. The Company estimates that it is reasonably possible there could be a decrease of approximately $17 million in unrecognized tax benefits and interest in the next 12 months related to the closure of an audit and the lapse in statute of limitations subsequent to the reporting period from certain taxing jurisdictions.

The Parent and/or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various foreign jurisdictions. In certain tax jurisdictions, the Company may have more than one taxpayer. The Parent is no longer subject to income tax examinations by tax authorities in its major tax jurisdictions as shown below. Income tax expense or benefits resulting from future tax examinations will be allocated to the company on a separate-return basis.

Tax jurisdiction	Years no longer subject to audit	Tax jurisdiction	Years no longer subject to audit
U.S. federal	2015 and prior	Japan	2018 and prior
Barbados	2016 and prior	Luxembourg	2016 and prior
China	2015 and prior	Mexico	2015 and prior
France	2015 and prior	Poland	2016 and prior
Germany	2011 and prior	South Korea	2015 and prior
United Kingdom	2015 and prior		

The components of deferred tax assets and liabilities consist of the following:

(in millions)	December 31, 2022	December 31, 2021
Deferred tax assets:		
Net operating loss and capital loss carryforwards	$ 474	$ 532
Interest limitation carryforwards	158	124
Employee compensation	6	6
Pension	31	27
Unrecognized tax benefits	2	9
Warranty	10	5
Accrued expenses	62	44
Fixed assets	—	4
Other	15	7
Total deferred tax assets	$ 758	$ 758
Valuation allowance	(478)	(466)
Net deferred tax asset	$ 280	$ 292
Deferred tax liabilities:		
Goodwill and intangible assets	$ (72)	$ (80)
Unremitted foreign earnings	(16)	(17)
Fixed assets	(9)	—
Unrealized gain on equity securities	(5)	(8)
Other	(67)	(61)
Total deferred tax liabilities	$ (169)	$ (166)
Net deferred taxes	$ 111	$ 126

On a separate-return basis, at December 31, 2022, certain non-U.S. operations had net operating loss carryforwards totaling $1.8 billion available to offset future taxable income. Of the total $1.8 billion, $1.3 billion expire at various dates from 2023 through 2039, and the remaining $553 million have no expiration date. The Company has a valuation allowance recorded of $1.4 billion against the $1.8 billion of non-U.S. net operating loss carryforwards. While the generation and utilization of net operating losses have been reflected in the tax provision (benefit) of the Company's operations on a separate-return basis, the Company's actual tax attributes will differ from those reported for tax attributes retained by BorgWarner (primarily Spain and France).

The Company reviews the likelihood that the benefit of its deferred tax assets will be realized and, therefore, the need for valuation allowances on a quarterly basis. The Company assesses existing deferred tax assets, net operating loss carryforwards, and tax credit carryforwards by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current, and estimated future taxable income and tax planning strategies. If, based upon the weight of

available evidence, it is more-likely-than-not the deferred tax assets will not be realized, a valuation allowance is recorded. Due to recent restructurings, the Company concluded that the weight of the negative evidence outweighs the positive evidence in certain foreign jurisdictions. As a result, the Company believes it is more-likely-than-not that the net deferred tax assets in certain foreign jurisdictions that include entities in Luxembourg, Spain and the U.K. will not be realized in the future.

As of December 31, 2022, the Company recorded deferred tax liabilities of $16 million with respect to foreign unremitted earnings. The Company did not provide deferred tax liabilities with respect to certain book versus tax basis differences not represented by undistributed earnings, because the Company

continues to assert indefinite reinvestment of these basis differences. These basis differences would become taxable upon the sale or liquidation of the foreign subsidiaries. Based on the Company's structure, it is impracticable to determine the unrecognized deferred tax liability on these earnings. Actual tax liability, if any, would be dependent on circumstances existing when a repatriation, sale, or liquidation occurs.

The Company recorded net income tax payable of $112 million and $81 million for the years ended December 31, 2022 and 2021, respectively. The portion recorded as a component of Parent company investment was $96 million and $68 million, respectively.

NOTE 8 RECEIVABLES, NET

The table below provides details of receivables as of December 31, 2022 and 2021:

	December 31,	
(in millions)	2022	2021
Receivables, net:		
Customers	$ 620	$ 567
Indirect taxes	87	73
Other	49	39
Gross receivables	756	679
Allowance for credit losses	(7)	(4)
Total receivables, net	$ 749	$ 675

The table below summarizes the activity in the allowance for credit losses for the years ended December 31, 2022, 2021 and 2020:

	December 31,		
(in millions)	2022	2021	2020
Beginning balance, January 1	$ (4)	$ —	$ —
Provision	(4)	(4)	1
Write-offs	—	—	(1)
Translation adjustment and other	1	—	—
Ending balance, December 31	$ (7)	$ (4)	$ —

Factoring

The Company assumed arrangements entered into by the Acquired Delphi business with various financial institutions to sell eligible trade receivables from certain customers in North America and Europe. These arrangements can be terminated at any time subject to prior written notice. The receivables under these arrangements are sold without recourse to the Company and are, therefore, accounted for as true sales. During the years ended December 31, 2022, December 31, 2021 and the fourth quarter ended December 31, 2020, $142 million, $156 million and $41 million of receivables were sold under these arrangements, and expenses of $5 million, $3 million and $1 million, respectively, were recognized within interest expense.

NOTE 9 INVENTORIES, NET

A summary of Inventories, net is presented below:

	December 31,	
(in millions)	2022	2021
Raw material and supplies	$ 275	$ 249
Work-in-progress	39	37
Finished goods	145	131
Inventories, net	$ 459	$ 417

NOTE 10 OTHER CURRENT AND NON-CURRENT ASSETS

	December 31,	
(in millions)	2022	2021
Prepayments and other current assets:		
Prepaid taxes	$ 11	$ 8
Derivative instruments	7	7
Customer return assets	6	7
Prepaid tooling	3	9
Prepaid engineering	3	5
Deposits	3	3
Contract assets	2	4
Other	5	7
Total prepayments and other current assets	$ 40	$ 50
Investments and long-term receivables:		
Long-term receivables	$ 71	$ 56
Investment in equity affiliates	44	40
Investment in equity securities	2	2
Total investments and long-term receivables	$ 117	$ 98
Other non-current assets:		
Deferred income taxes (Note 7)	$ 157	$ 180
Operating leases (Note 22)	80	67
Other	25	46
Total other non-current assets	$ 262	$ 293

NOTE 11 PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is stated at cost less accumulated depreciation and amortization, and consisted of:

	December 31,	
(in millions)	2022	2021
Land, land use rights and buildings	$ 228	$ 237
Machinery and equipment	936	882
Finance lease assets	2	—
Construction in progress	81	86
Total property, plant and equipment, gross	1,247	1,205
Less: accumulated depreciation	369	272
Property, plant and equipment, net, excluding tooling	878	933
Tooling, net of amortization	46	57
Property, plant and equipment, net	$ 924	$ 990

NOTE 12 GOODWILL AND OTHER INTANGIBLES

During the fourth quarter of 2022, the Company performed a quantitative analysis on its two reporting units to refresh their respective fair values. Prior to 2022, the estimated fair value was determined based on the income approach. The income approach is based on discounted future cash flows and requires significant assumptions, including estimates regarding future revenue, profitability, capital requirements and discount rates. The basis of the income approach is the Company's annual budget and long-range plan ("LRP"). The annual budget and LRP includes a five-year projection of future cash flows based on actual new products and customer commitments. Because the projections are estimated over a significant future period of time, those estimates and assumptions are subject to uncertainty. For 2022, the estimated fair values were determined using a combined income and market approach. The market approach is based on market multiples (revenue and "EBITDA", defined as earnings before interest, taxes, depreciation and amortization) and requires an estimate of appropriate multiples based on market data for comparable companies. The market valuation models and other financial ratios used by the Company require certain assumptions and estimates regarding the applicability of those models to the Company's facts and circumstances.

The Company believes the assumptions and estimates used to determine the estimated fair value are reasonable. Different assumptions could materially affect the estimated fair value. The primary assumptions affecting the Company's 2022 goodwill quantitative impairment review are as follows:

- Discount rates: the Company used a range of 13.0% to 14.0% weighted average cost of capital ("WACC") as the discount rates for future cash flows. The WACC is intended to represent a rate of return that would be expected by a market participant.
- Operating income margin: the Company used historical and expected operating income margins, which may vary based on the projections of the reporting unit being evaluated.
- Revenue growth rates: the Company used a global automotive market industry growth rate forecast adjusted to estimate its own market participation for product lines.

In addition to the above primary assumptions, the Company notes the following risks to volume and operating income assumptions that could have an impact on the discounted cash flow models:

- The automotive industry is cyclical, and the Company's results of operations could be adversely affected by industry downturns.

- The automotive industry is evolving, and if the Company does not respond appropriately, its results of operations could be adversely affected.
- The Company is dependent on market segments that use its key products and could be affected by decreasing demand in those segments.
- The Company is subject to risks related to international operations.

Based on the assumptions outlined above, the impairment testing conducted in the fourth quarter of 2022 indicated the Company's goodwill assigned to the respective reporting units was not impaired. Future changes in the judgments, assumptions and estimates from those used in acquisition-related valuations and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. Because the Acquired Delphi business was acquired relatively recently (October 1, 2020), there is less headroom (the difference between the carrying value and the fair value) associated with certain of the Company's reporting units. Based on the impairment testing conducted in 2022, the estimated fair values of the Company's goodwill reporting units exceeded their carrying values by 29% for Fuel Systems and 42% for Aftermarket. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect the Company's financial statements in any given year.

For one of the Company's reporting units, the Company concluded that as of December 31, 2020, it was not more-likely-than-not that the fair value of the reporting unit exceeded the carrying value and a quantitative impairment test was performed. The quantitative impairment test was performed using a discounted cash flow analysis, with key inputs being the discount rate, forecasted revenues, forecasted margin and perpetual growth rates. As a result of this analysis, impairment expense of $82 million was recorded during the year ended December 31, 2020. The impairment during the year was primarily the result of an increase in the discount rate and a decrease in the anticipated perpetual growth rate for the reporting unit during the year.

A summary of the changes in the carrying amount of goodwill is as follows:

	2022		2021	
(in millions)	Aftermarket	Fuel Systems	Aftermarket	Fuel Systems
Gross goodwill balance, January 1	$ 551	$ 58	$ 498	$ 58
Accumulated impairment losses, January 1	(113)	—	(113)	—
Net goodwill balance, January 1	$ 438	$ 58	$ 385	$ 58
Goodwill during the year:				
Measurement period adjustments (Note 2)	—	—	58	—
Other, primarily translation adjustment	(6)	—	(5)	—
Net goodwill balance, December 31	$ 432	$ 58	$ 438	$ 58

The Company's other intangible assets, primarily from acquisitions, consist of the following:

(in millions)	Estimated useful lives (years)	December 31, 2022 Gross carrying amount	December 31, 2022 Accumulated amortization	December 31, 2022 Net carrying amount	December 31, 2021 Gross carrying amount	December 31, 2021 Accumulated amortization	December 31, 2021 Net carrying amount
Amortized intangible assets:							
Patented and unpatented technology	14 - 15	$ 144	$ 30	$ 114	$ 144	$ 20	$ 124
Customer relationships	14 - 15	263	85	178	274	68	206
Total amortized intangible assets		407	115	292	418	88	330
Unamortized trade names		140	—	140	140	—	140
Total other intangible assets		$ 547	$ 115	$ 432	$ 558	$ 88	$ 470

Amortization of other intangible assets was $28 million, $29 million and $15 million and for the years ended December 31, 2022, 2021 and 2020, respectively. The Company utilizes the straight-line method of amortization recognized over the estimated useful lives of the assets. The estimated future annual amortization expense, primarily for acquired intangible assets, is $28 million for each of the years 2023 through 2027 and $152 million thereafter.

A roll forward of the gross carrying amounts and related accumulated amortization of the Company's other intangible assets is presented below:

(in millions)	Gross carrying amounts 2022	Gross carrying amounts 2021	Accumulated amortization 2022	Accumulated amortization 2021
Beginning balance, January 1	$ 558	$ 582	$ 88	$ 60
Impairment/Abandonment[(1)]	(6)	(14)	(1)	—
Amortization	—	—	28	29
Translation adjustment	(5)	(10)	—	(1)
Ending balance, December 31	$ 547	$ 558	$ 115	$ 88

(1) In 2022, the Company wound down its business in Russia. In 2021, the Company performed a quantitative impairment test over its indefinite-lived trade names, which indicated that for one trade name, the fair value was less than the carrying value. Therefore, the Company recorded an impairment charge to reduce the carrying value to the fair value.

NOTE 13 PRODUCT WARRANTY

The following table summarizes the activity in the product warranty accrual accounts:

(in millions)	2022	2021
Beginning balance, January 1	$ 68	$ 68
Adjustments of prior estimates	5	2
Provisions for current period sales	36	37
Measurement period adjustments	—	9
Payments	(47)	(47)
Other, primarily translation adjustment	(2)	(1)
Ending balance, December 31	$ 60	$ 68

The product warranty liability is classified in the Combined Balance Sheets as follows:

	December 31,	
(in millions)	2022	2021
Other current liabilities	$ 32	$ 40
Other non-current liabilities	28	28
Total product warranty liability	$ 60	$ 68

NOTE 14 NOTES PAYABLE AND DEBT

The Company had short-term and long-term debt outstanding as follows:

	December 31,	
(in millions)	2022	2021
Long-term debt		
5.000% Senior notes due 10/01/25 ($24 million par value)	$ 26	$ 26
Other long-term debt	2	1
Total long-term debt	$ 28	$ 27
Less: current portion	—	—
Long-term debt, net of current portion	$ 28	$ 27

On October 5, 2020, BorgWarner completed its offer to exchange approximately $800 million in aggregate principal amount of the outstanding 5.000% Senior Notes due 2025 (the “DT Notes”). Approximately $776 million in aggregate principal amount of outstanding DT Notes, representing 97% of the $800 million total outstanding principal amount of the DT Notes, were validly exchanged and cancelled for new BorgWarner notes and are reflected in the Parent’s consolidated financial statements. As part of this transaction, the Company entered into an $891 million term loan with the Parent. Refer to Note 23, “Related-Party Transactions,” for additional information on this facility.

Following such cancellation, approximately $24 million in aggregate principal amount of the DT Notes remained outstanding and are reflected within the Company's Combined Financial Statements. The DT Notes are reflected at their fair value as of the date of the acquisition within the Combined Balance Sheets. The fair value step up of $4 million was calculated based on observable market data and is being amortized as a reduction to interest expense over the remaining life of the instrument using the effective interest method. Refer to Note 2, "Acquisition," for additional information related to the Delphi Technologies acquisition.

In addition to the DT Notes, the Company has also entered into various notes payable to BorgWarner. Refer to Note 23, "Related-Party Transactions," for additional information.

The following table provides details on Interest expense, net included in the Combined Statements of Operations:

	December 31,		
(in millions)	2022	2021	2020
Interest expense - related party	$ 21	$ 36	$ 15
Interest expense	7	3	2
Interest income - related party	(8)	(4)	(1)
Interest income	(6)	(1)	—
Interest expense, net	$ 14	$ 34	$ 16

As of December 31, 2022, the required principal payment of $24 million, net of $2 million of unamortized fair value step-up, is due in 2025. The remaining $2 million of long-term debt relates to finance leases that have negligible payment amounts on an annual basis. Refer to Note 22, “Leases And Commitments,” for additional information.

As of December 31, 2022 and 2021, the estimated fair values of the Company’s senior unsecured notes totaled $23 million and $26 million, respectively. The estimated fair value was $3 million lower than carrying value at December 31, 2022 and approximate to the carrying value at December 31, 2021. Fair market values of the senior unsecured notes are developed using observable values for similar debt instruments, which are considered Level 2 inputs as defined by ASC Topic 820. The carrying values of the Company’s other debt facilities approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

NOTE 15 OTHER CURRENT AND NON-CURRENT LIABILITIES

Additional detail related to liabilities is presented in the table below:

	December 31,	
(in millions)	2022	2021
Other current liabilities:		
Customer related	$ 96	$ 95
Payroll and employee related	81	63
Product warranties (Note 13)	32	40
Income taxes payable	28	20
Operating leases (Note 22)	18	19
Deferred engineering	17	26
Employee termination benefits (Note 4)	16	41
Accrued freight	13	18
Other	84	96
Total other current liabilities	$ 385	$ 418
Other non-current liabilities:		
Operating leases (Note 22)	$ 67	$ 54
Deferred income taxes (Note 7)	46	54
Uncertain tax positions (Note 7)	37	66
Product warranties (Note 13)	28	28
Employee termination benefits (Note 4)	4	19
Other	15	7
Total other non-current liabilities	$ 197	$ 228

NOTE 16 FAIR VALUE MEASUREMENTS

ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in ASC Topic 820:

A. **Market approach:** Prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets or liabilities, such as a business.

B. **Cost approach:** Amount that would be required to replace the service capacity of an asset (replacement cost).

C. **Income approach:** Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables classify assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021:

		Basis of fair value measurements			
(in millions)	Balance at December 31, 2022	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation Technique
Assets:					
Foreign currency contracts	$ 7	$ —	$ 7	$ —	A
Liabilities:					
Foreign currency contracts	$ (1)	$ —	$ (1)	$ —	A

		Basis of fair value measurements			
(in millions)	Balance at December 31, 2021	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation Technique
Assets:					
Foreign currency contracts	$ 7	$ —	$ 7	$ —	A
Liabilities:					
Foreign currency contracts	$ (7)	$ —	$ (7)	$ —	A

The following tables classify the Company's defined benefit plan assets measured at fair value on a recurring basis:

		Basis of fair value measurements				
(in millions)	Balance at December 31, 2022	Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique	Assets measured at NAV[2]
Fixed income securities	$ 365	$ 30	$ —	$ —	A	$ 335
Equity securities	68	55	—	—	A	13
Cash	137	137	—	—	A	—
Real estate and other	218	—	—	46	C	172
	$ 788	$ 222	$ —	$ 46		$ 520

(in millions)	Balance at December 31, 2021	Basis of fair value measurements: Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique	Assets measured at NAV[2]
Fixed income securities	$ 491	$ 77	$ —	$ —	A	$ 414
Equity securities	301	269	—	—	A	32
Cash[1]	334	334	—	—	A	—
Real estate and other	363	124	—	127	A, C	112
	$ 1,489	$ 804	$ —	$ 127		$ 558

(1) As of December 31, 2021, £122 million in the Company's plans was deemed cash in-transit and classified as a Level 1 investment.

(2) Certain assets that are measured at fair value using the Net Asset Value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. These amounts represent investments in commingled and managed funds that have underlying assets in fixed income securities, equity securities, and other assets.

The reconciliation of Level 3 defined benefit plans assets was as follows:

(in millions)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Real estate trust fund
Balance at January 1, 2021	$ 86
Purchases, sales and settlements	36
Unrealized gains on assets still held at the reporting date	7
Translation adjustment	(2)
Balance at December 31, 2021	$ 127
Purchases, sales and settlements	$ (93)
Realized gains	3
Unrealized gains on assets still held at the reporting date	25
Translation adjustment	(16)
Balance at December 31, 2022	$ 46

The fair value of real estate properties is estimated using an appraisal provided by the administrator of the property or infrastructure investment. Management believes this is an appropriate methodology to obtain the fair value of these assets.

Refer to Note 18, “Retirement Benefit Plans,” to the Combined Financial Statements for more detail surrounding the defined benefit plan’s asset investment policies and strategies, target allocation percentages and expected return on plan asset assumptions.

NOTE 17 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, marketable securities and accounts receivable. Due to the short-term nature of these instruments, their book value approximates their fair value. The Company's financial instruments may include long-term debt, interest rate and cross-currency swaps, commodity derivative contracts and foreign currency derivative contracts. All derivative contracts are placed with counterparties that have an S&P, or equivalent, investment grade credit rating at the time of the contracts' placement. An adjustment for non-performance risk is considered in the estimate of fair value in derivative assets based on the counterparty credit default swap ("CDS") rate. When the Company is in a net derivative liability position, the non-performance risk adjustment is based on its CDS rate. At December 31, 2022 and 2021, the Company had no derivative contracts that contained credit-risk-related contingent features.

The Company, at times, uses certain commodity derivative contracts to protect against commodity price changes related to forecasted raw material and component purchases. The Company had no outstanding commodity contracts at December 31, 2022 and 2021.

The Company manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to optimize its interest costs. The Company, at times, selectively uses interest rate swaps to reduce market value risk associated with changes in interest rates (fair value hedges and cash flow hedges). At December 31, 2022 and 2021, the Company had no outstanding interest rate swaps or options.

The Company uses foreign currency forward and option contracts to protect against exchange rate movements for forecasted cash flows, including capital expenditures, purchases, operating expenses or sales transactions designated in currencies other than the functional currency of the operating unit. In addition, the Company uses foreign currency forward contracts to hedge exposure associated with its net investment in certain foreign operations (net investment hedges). Foreign currency derivative contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for the operating units' local currency. The following foreign currency derivative contracts were outstanding and mature through the ending duration noted below:

Foreign currency derivatives (in millions)[1]

Functional currency	Traded currency	Notional in traded currency December 31, 2022	Notional in traded currency December 31, 2021	Ending duration
Brazilian Real	U.S. Dollar	5	13	Dec-23
British Pound	Euro	—	42	Dec-22
Chinese Renminbi	British Pound	23	26	Dec-23
Chinese Renminbi	Euro	39	12	Dec-23
Euro	British Pound	54	3	Dec-23
Euro	Polish Zloty	49	141	Dec-23
Euro	U.S. Dollar	19	26	Dec-23
U.S. Dollar	Mexico Peso	992	870	Dec-24
U.S. Dollar	British Pound	17	12	Dec-23
U.S. Dollar	Thailand Baht	1,790	1,720	May-23

(1) Table above excludes non-significant traded currency pairings with total notional amounts less than $10 million U.S. Dollar equivalent as of December 31, 2022 or 2021. The Company revised the notional values for December 31, 2022 and 2021 to exclude notional values for contracts unrelated to the carve-out entities, which were inappropriately included in the disclosure.

At December 31, 2022 and 2021, the following amounts were recorded in the Combined Balance Sheets as being payable to or receivable from counterparties under ASC Topic 815:

(in millions)	Assets			Liabilities		
Derivatives designated as hedging instruments Under Topic 815:	Balance Sheet Location	December 31, 2022	December 31, 2021	Balance Sheet Location	December 31, 2022	December 31, 2021
Foreign currency	Prepayments and other current assets	$ 7	$ 4	Other current liabilities	$ 1	$ 7
Derivatives not designated as hedging instruments						
Foreign currency	Prepayments and other current assets	$ —	$ 3	Other current liabilities	$ —	$ —

Effectiveness for cash flow hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into accumulated other comprehensive income (loss) (“AOCI”) and reclassified into income as the underlying operating transactions are recognized. These realized gains or losses offset the hedged transaction and are recorded on the same line in the statement of operations. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method are recognized in AOCI.

Effectiveness for net investment hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into foreign currency translation adjustments and only released when the subsidiary being hedged is sold or substantially liquidated. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method is recognized in AOCI.

The table below shows deferred gains (losses) reported in AOCI as well as the amount expected to be reclassified to income in one year or less for designated net investment hedges. The amount expected to be reclassified to income in one year or less assumes no change in the current relationship of the hedged item at December 31, 2022 market rates.

(in millions)	Deferred loss in AOCI at		Gain (loss) expected to be reclassified to income in one year or less
Contract Type	December 31, 2022	December 31, 2021	
Foreign currency	$ (4)	$ (10)	$ —

Derivative instruments designated as hedging instruments as defined by ASC Topic 815 held during the period resulted in the following gains and losses recorded in income:

	Year ended December 31, 2022			
(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive loss
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded	$ 3,348	$ 2,627	$ 407	$ (150)
Gain (loss) on cash flow hedging relationships:				
Foreign currency				
Gain recognized in Other comprehensive loss	$ —	$ —	$ —	$ 5

	Year ended December 31, 2021			
(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded	$ 3,227	$ 2,551	$ 460	$ 86
Gain (loss) on cash flow hedging relationships:				
Foreign currency				
Loss recognized in Other comprehensive income	$ —	$ —	$ —	$ (2)

	Year ended December 31, 2020			
(in millions)	Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive loss
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded	$ 1,034	$ 859	$ 147	$ (12)

The gains or losses recorded in income related to components excluded from the assessment of effectiveness for derivative instruments designated as cash flow hedges were immaterial for the periods presented.

Gains and losses on derivative instruments designated as net investment hedges were recognized in other comprehensive income (loss) during the periods presented below.

(in millions)	Year Ended December 31,		
Net investment hedges	2022	2021	2020
Foreign currency	$ 6	$ (9)	$ (2)

Derivatives not designated as hedging instruments are used to hedge remeasurement exposures of monetary assets and liabilities denominated in currencies other than the operating units' functional currency. These derivatives resulted in the following gains recorded in income:

(in millions)		Year Ended December 31,		
Contract Type	Location	2022	2021	2020
Foreign Currency	Cost of sales	$ (1)	$ 1	$ —

NOTE 18 RETIREMENT BENEFIT PLANS

BorgWarner sponsors various defined contribution savings plans, primarily in the U.S., that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. Under specified conditions, the Company will make contributions to the plans and/or match a percentage of the employee contributions up to certain limits. Total expense related to the defined contribution plans was $23 million, $21 million and $6 million in the years ended December 31, 2022, 2021 and 2020, respectively.

Certain of the Company's employees participate in defined benefit pension plans sponsored in part by BorgWarner. The Company has recorded negligible expense for the years ended December 31, 2022, 2021 and 2020, to record its allocation of pension expense related to this plan.

The Company has a number of defined benefit pension plans covering eligible salaried and hourly employees and their dependents. The defined pension benefits provided are primarily based on (1) years of service and (2) average compensation or a monthly retirement benefit amount. The Company provides defined benefit pension plans in France, Germany, India, Japan, Mexico, Turkey, South Korea and the United Kingdom. The Company's U.K. defined benefit plans are frozen, and no additional service cost is being accrued. The measurement date for all plans is December 31.

On October 1, 2020, as a result of the acquisition of Delphi Technologies, BorgWarner assumed all of the retirement-related liabilities of the Acquired Delphi business, the most significant of which was the Delphi Technologies Pension Scheme (the "Scheme") in the United Kingdom. On December 12, 2020, BorgWarner entered into a Heads of Terms Agreement (the "Agreement") with the Trustees of the Scheme related to the future funding of the Scheme. Under the Agreement, BorgWarner eliminated the prior schedule of contributions between Delphi Technologies and the Scheme in exchange for a $137 million (£100 million) one-time contribution into the Scheme Plan by December 31, 2020, which was paid on December 15, 2020. The Agreement also contained other provisions regarding the implementation of a revised asset investment strategy as well as a funding progress test that will be performed every three years to determine if additional contributions need to be made into the Scheme by the Company.

The following table summarizes the expenses (income) for the Company's defined contribution and defined benefit pension plans:

	Year Ended December 31,		
(in millions)	2022	2021	2020
Defined contribution expense	$ 23	$ 21	$ 6
Defined benefit pension income	(30)	(35)	(4)
Multiemployer defined benefit pension expense	—	—	1
Total	$ (7)	$ (14)	$ 3

The following provides a roll forward of the plans' benefit obligations, plan assets, funded status and recognition in the Combined Balance Sheets for the defined benefit plans sponsored by the Company:

(in millions)	Pension Benefits Year Ended December 31, 2022	2021
Change in projected benefit obligation:		
Projected benefit obligation, January 1	$ 1,520	$ 1,719
Service cost	2	4
Interest cost	25	20
Plan amendments	(11)	—
Settlement and curtailment	(2)	(1)
Actuarial (gain) loss	(492)	(148)
Currency translation	(149)	(19)
Other	21	—
Benefits paid	(47)	(55)
Projected benefit obligation, December 31[(1)]	$ 867	$ 1,520
Change in plan assets:		
Fair value of plan assets, January 1	$ 1,489	$ 1,470
Actual return on plan assets	(510)	87
Employer contribution	3	2
Settlements	(2)	—
Currency translation	(145)	(15)
Benefits paid	(47)	(55)
Fair value of plan assets, December 31	$ 788	$ 1,489
Funded status	$ (79)	$ (31)
Amounts in the Combined Balance Sheets consist of:		
Non-current assets	$ 1	$ 25
Current liabilities	(1)	(2)
Non-current liabilities	(79)	(54)
Net amount	$ (79)	$ (31)
Amounts in accumulated other comprehensive income (loss) consist of:		
Net actuarial gain (loss)	$ 1	$ (94)
Net prior service (credit) cost	(10)	—
Net amount	$ (9)	$ (94)
Total accumulated benefit obligation for all plans	$ 854	$ 1,508

(1) The decrease in the projected benefit obligation was primarily due to actuarial gains during the period. The main driver of these gains was the increase of 3.07% in the weighted average discount rate for the plans.

The funded status of pension plans with accumulated benefit obligations in excess of plan assets is as follows:

	December 31,	
(in millions)	2022	2021
Accumulated benefit obligation	$ (852)	$ (46)
Plan assets	784	1
Deficiency	$ (68)	$ (45)
Pension deficiency by country:		
United Kingdom	$ (38)	$ —
France	(15)	(27)
Other	(15)	(18)
Total pension deficiency	$ (68)	$ (45)

The funded status of pension plans with projected benefit obligations in excess of plan assets is as follows:

	December 31,	
(in millions)	2022	2021
Projected benefit obligation	$ (863)	$ (61)
Plan assets	784	5
Deficiency	$ (79)	$ (56)
Pension deficiency by country:		
United Kingdom	$ (38)	$ —
France	(19)	(33)
Other	(22)	(23)
Total pension deficiency	$ (79)	$ (56)

The weighted average asset allocations of the Company's funded pension plans and target allocations by asset category are as follows:

	December 31,		
	2022	2021	Target Allocation
Real estate, cash and other[(1)]	45 %	47 %	22% - 32%
Fixed income securities[(1)]	46 %	33 %	54% - 64%
Equity securities	9 %	20 %	9% - 19%
	100 %	100 %	

(1) As of December 31, 2021, £122 million in the Company's plans was deemed cash in-transit, driving the variances between actual allocation and target allocation.

At December 31, 2022, the Company's investment strategy is not finalized; therefore, the target allocation presented is that of BorgWarner. BorgWarner's investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Company believes these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payments. In each asset category, separate portfolios are maintained for additional diversification. Investment managers are retained in each asset category to manage each portfolio against its benchmark. Each investment manager has appropriate investment guidelines. In addition, the entire portfolio is evaluated against a relevant peer group. The defined benefit pension plans did not hold any

BorgWarner securities as investments as of December 31, 2022 and 2021. A portion of pension assets is invested in common and commingled trusts.

The Company expects to contribute a total of $1 million to $2 million into its defined benefit pension plans during 2023. Of the $1 million to $2 million in projected 2023 contributions, $1 million are contractually obligated, while any remaining payments would be discretionary.

Refer to Note 16, “Fair Value Measurements,” to the Combined Financial Statements for more detail surrounding the fair value of each major category of plan assets, as well as the inputs and valuation techniques used to develop the fair value measurements of the plans’ assets at December 31, 2022 and 2021.

See the table below for a breakout of net periodic benefit income:

	Year ended December 31,		
(in millions)	2022	2021	2020
Service cost	$ 2	$ 4	$ 1
Interest cost	25	20	6
Expected return on plan assets	(57)	(58)	(11)
Settlements, curtailments and other	—	(1)	—
Net periodic income	$ (30)	$ (35)	$ (4)

The components of net periodic benefit cost other than the service cost component are included in Other postretirement income in the Combined Statements of Operations.

The Company’s weighted-average assumptions used to determine the benefit obligations for its defined benefit pension plans were as follows:

	December 31,	
(percent)	2022	2021
Discount rate[(1)]	5.00 %	1.93 %
Rate of compensation increase	5.08 %	3.39 %

(1) Includes 4.93% and 1.91% for the U.K. pension plans for December 31, 2022 and 2021, respectively.

The Company’s weighted-average assumptions used to determine the net periodic benefit income for its defined benefit pension plans were as follows:

	Year Ended December 31,		
(percent)	2022	2021	2020
Discount rate[1]	2.07 %	1.41 %	1.76 %
Effective interest rate on benefit obligation	1.94 %	1.20 %	1.52 %
Expected long-term rate of return on assets[2]	4.22 %	3.97 %	3.73 %
Average rate of increase in compensation	5.05 %	3.08 %	3.44 %

(1) Includes 1.81%, 1.34% and 1.66% for the U.K. pension plan for December 31, 2022, 2021 and 2020, respectively.

(2) Includes 4.18%, 3.95% and 3.70% for the U.K. pension plan for December 31, 2022, 2021 and 2020, respectively.

The Company's approach to establishing the discount rate is based upon the market yields of high-quality corporate bonds, with appropriate consideration of each plan's defined benefit payment terms and duration of the liabilities. In determining the discount rate, the Company utilizes a full-yield approach in the estimation of service and interest components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

The Company determines its expected return on plan asset assumptions by evaluating estimates of future market returns and the plans' asset allocation. The Company also considers the impact of active management of the plans' invested assets.

The estimated future benefit payments for the pension benefits are as follows:

(in millions)

Year	Pension benefits
2023	$ 45
2024	44
2025	44
2026	46
2027	50
2028-2032	269

NOTE 19 STOCK-BASED COMPENSATION

The Company currently does not have any stock or stock-based compensations plans. Instead, the Company's eligible employees participate in BorgWarner's stock-based compensation plans. BorgWarner granted restricted common stock and restricted stock units (collectively, "restricted stock") and performance share units as long-term incentive awards to employees and non-employee directors under the BorgWarner Inc. 2018 Stock Incentive Plan ("2018 Plan"). The BorgWarner Board of Directors adopted the 2018 Plan in February 2018, and the BorgWarner stockholders approved the 2018 Plan at the BorgWarner annual meeting of stockholders on April 25, 2018. Certain of the Company's employees participate in the 2018 Plan.

Restricted Stock: The value of restricted stock is determined by the market value of BorgWarner common stock at the date of grant. The value of the awards is recognized as compensation expense ratably over the restriction periods, generally two to three years. As of December 31, 2022, there was $6 million of unrecognized compensation expense that will be recognized over a weighted average period of approximately 1.4 years.

Restricted stock compensation expense recognized in the Combined Statements of Operations within selling, general and administrative expense is as follows:

	Year Ended December 31,		
(in millions)	2022	2021	2020
Restricted stock compensation expense	$ 9	$ 10	$ 3
Restricted stock compensation expense, net of tax	$ 7	$ 8	$ 2

All of the restricted stock compensation expense recognized by the Company in the years ended December 31, 2022, 2021 and 2020 is included as part of general corporate allocations, in which $4 million, $4 million, and $2 million, respectively, is identified directly to Company employees, and $5 million, $6 million, and $1 million, respectively, is related to allocations of BorgWarner’s corporate and shared employee stock-based compensation expenses.

Restricted stock activity for Company employees who received restricted stock awards is as follows:

(Share count in thousands)	Shares	Weighted average grant date fair value
Nonvested at January 1, 2020	74	$ 36.40
Granted	40	$ 34.69
Vested	(42)	$ 33.50
Converted[(1)]	145	$ 40.23
Nonvested at December 31, 2020	217	$ 39.20
Granted	177	$ 43.65
Vested	(67)	$ 36.64
Forfeited	(37)	$ 46.74
Nonvested at December 31, 2021	290	$ 41.53
Granted	143	$ 44.42
Forfeited	(63)	$ 38.75
Vested	(40)	$ 44.89
Nonvested at December 31, 2022	330	$ 42.91

(1) Represents outstanding Delphi Technologies restricted stock converted to BorgWarner restricted stock. The Delphi Technologies awards were converted using an exchange ratio of 0.4307 at the close of the acquisition.

Performance Share Units: BorgWarner granted performance share units to members of senior management that vest at the end of three-year periods based the following metrics:

- ***Total Stockholder Return Units:*** This performance metric is based on BorgWarner's market performance in terms of total shareholder return relative to a peer group of automotive companies. Based on BorgWarner's relative ranking within the performance peer group, it is possible for none of the awards to vest or for a range of up to 200% of the target shares to vest.

The Company recognizes compensation expense relating to this performance share plan ratably over the performance period regardless of whether the market conditions are expected to be achieved. Compensation expense associated with the performance share plans is calculated using a lattice model (Monte Carlo simulation).

As of December 31, 2022, there was $1 million of unrecognized compensation expense related to total stockholder return units that will be recognized over a weighted average period of approximately 1.6 years.

- ***Relative Revenue Growth Units:*** This performance metric is based on BorgWarner's performance in terms of revenue growth relative to the vehicle market over three-year performance periods. Based on BorgWarner's relative revenue growth in excess of the industry vehicle production, it is possible for none of the awards to vest or for a range of up to 200% of the target shares to vest.

The value of this performance share award is determined by the market value of BorgWarner's common stock at the date of grant. The Company recognizes compensation expense relating to this performance share plan over the performance period based on the number of shares expected to vest at the end of each reporting period. The actual performance of BorgWarner is evaluated quarterly and the expense is adjusted according to the new projections.

As of December 31, 2022, these awards were fully expensed.

- ***Adjusted Earnings Per Share Units:*** Introduced in the first quarter of 2020, this performance metric is based on BorgWarner's earnings per share adjusted for certain one-time items and non-operating gains and losses against a pre-defined target measured in the third year of the performance period.

The value of this performance share award is determined by BorgWarner's adjusted earnings per share performance. The Company recognizes compensation expense relating to this performance share plan over the performance period based on the number of shares expected to vest at the end of each reporting period. The actual performance of BorgWarner is evaluated quarterly and the expense is adjusted according to the new projections.

As of December 31, 2022, these awards were fully expensed.

- ***eProducts Revenue Mix***: Introduced in the first quarter of 2021, this performance metric is based on BorgWarner's total revenue derived from eProducts in relation to its total proforma revenue in the third year of the performance period. Based on BorgWarner's eProducts revenue mix, it is possible for none of the awards to vest or for a range of up to 200% of the target shares to vest.

The value of this performance share award is determined by the market value of BorgWarner's common stock at the date of grant. The Company recognizes compensation expense relating to this performance share plan over the performance period based on the number of shares expected to vest at the end of each reporting period. The actual performance of BorgWarner is evaluated quarterly and the expense is adjusted according to the new projections.

As of December 31, 2022, there was $1 million of unrecognized compensation expense related to the eProducts revenue mix units that will be recognized over a weighted average period of approximately 1.5 years. The unrecognized amount of compensation expense is based on projected performance as of December 31, 2022.

- ***Cumulative Free Cash Flow***: Introduced in the first quarter of 2021, this performance metric is based on BorgWarner's performance in terms of its operating cash flow, less capital expenditures, over the three-year performance periods. Based on BorgWarner's cumulative free cash flow, it is possible for none of the awards to vest or for a range of up to 200% of the target shares to vest.

The value of this performance share award is determined by the market value of BorgWarner's common stock at the date of grant. The Company recognizes compensation expense relating to this performance share plan over the performance period based on the number of shares expected to vest at the end of each reporting period. The actual performance of BorgWarner is evaluated quarterly and the expense is adjusted according to the new projections.

As of December 31, 2022, there was negligible unrecognized compensation expense related to the cumulative free cash flow units that will be recognized over a weighted average period of approximately 1.6 years. The unrecognized amount of compensation expense is based on projected performance as of December 31, 2022.

- ***eProducts Revenue***: Introduced in the first quarter of 2022, this performance metric is based on the amount of BorgWarner's total revenue derived from eProducts in the third year of the performance period. Based on the BorgWarner's eProducts revenue, it is possible for none of the awards to vest or for a range of up to 200% of the target shares to vest.

The value of this performance share award is determined by the market value of BorgWarner's common stock at the date of grant. The Company recognizes compensation expense relating to this performance share plan over the performance period based on the number of shares expected to vest at the end of each reporting period. The actual performance of BorgWarner is evaluated quarterly and the expense is adjusted according to the new projections.

As of December 31, 2022, there was negligible unrecognized compensation expense related to the eProducts revenue units that will be recognized over a weighted average period of approximately 2.0

years. The unrecognized amount of compensation expense is based on projected performance as of December 31, 2022.

The amounts expensed and common stock issued for performance share units for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Year Ended December 31,					
	2022		2021		2020	
	Expense (in millions)	Number of shares issued (in thousands)	Expense (in millions)	Number of shares issued (in thousands)	Expense (in millions)	Number of shares issued (in thousands)
Total Stockholder Return	$ 1	—	$ —	—	$ —	10
Other Performance-Based	1	21	1	10	—	16
Total	$ 2	21	$ 1	10	$ —	26

A summary of the status of the Company's nonvested performance share units for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Total Stockholder Return		Other Performance-Based	
	Number of shares (in thousands)	Weighted average grant date fair value	Number of shares (in thousands)	Weighted average grant date fair value
Nonvested at January 1, 2020	27	$ 53.38	48	$ 43.63
Granted	8	$ 28.55	23	$ 34.69
Vested	(9)	$ 45.78	(17)	$ 40.10
Nonvested at December 31, 2020	26	$ 48.28	54	$ 40.95
Granted	12	$ 70.39	37	$ 45.30
Vested	—	$ —	(10)	$ 52.64
Forfeited	(7)	$ 73.11	—	$ —
Nonvested at December 31, 2021	31	$ 51.65	81	$ 41.43
Granted	7	$ 66.89	21	$ 44.62
Vested	—	$ —	(21)	$ 41.92
Forfeited	(15)	$ 54.59	(13)	$ 45.30
Nonvested at December 31, 2022	23	$ 54.42	68	$ 41.53

NOTE 20 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the activity within accumulated other comprehensive loss:

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, January 1, 2020	$ (10)	$ (2)	$ —	$ (12)
Comprehensive income (loss) before reclassifications	55	(79)	—	(24)
Income taxes associated with comprehensive income before reclassifications	—	12	—	12
Ending Balance December 31, 2020	$ 45	$ (69)	$ —	$ (24)
Comprehensive (loss) income before reclassifications[(1)]	(40)	176	(2)	134
Income taxes associated with comprehensive loss before reclassifications	—	(48)	—	(48)
Ending Balance December 31, 2021	$ 5	$ 59	$ (2)	$ 62
Comprehensive (loss) income before reclassifications	(90)	(85)	5	(170)
Income taxes associated with comprehensive (loss) income before reclassifications	—	20	—	20
Ending Balance December 31, 2022	$ (85)	$ (6)	$ 3	$ (88)

(1) The increase in the defined benefit pension plans comprehensive income before reclassifications is primarily due to actuarial gains during the period. Refer to Note 18 “Retirement Benefit Plans,” for more information.

The change in other comprehensive income for the Company’s noncontrolling interest entities is related to foreign currency translation.

NOTE 21 CONTINGENCIES

In the normal course of business, the Company is party to various commercial and legal claims, actions and complaints, including matters involving warranty claims, intellectual property claims, general liability and various other risks. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these commercial and legal matters or, if not, what the impact might be. The Company’s management does not believe that adverse outcomes in any of these commercial and legal claims, actions and complaints are reasonably likely to have a material adverse effect on the Company’s results of operations, financial position or cash flows. An adverse outcome could, nonetheless, be material to the results of operations or cash flows.

NOTE 22 LEASES AND COMMITMENTS

The Company’s lease agreements primarily consist of real estate property, such as manufacturing facilities, warehouses and office buildings, in addition to personal property, such as vehicles, manufacturing and information technology equipment. The Company determines whether a contract is or contains a lease at contract inception. The majority of the Company's lease arrangements are comprised of fixed payments, and a limited number of these arrangements include a

variable payment component based on certain index fluctuations. As of December 31, 2022, a significant portion of the Company's leases were classified as operating leases.

Generally, the Company's operating leases have renewal options that extend the lease terms, and some include options to terminate the agreement or purchase the leased asset. The amortizable life of these assets is the lesser of its useful life or the lease term, including renewal periods reasonably assured of being exercised at lease inception.

All leases with an initial term of 12 months or less without an option to extend or purchase the underlying asset that the Company is reasonably certain to exercise ("short-term leases") are not recorded on the Combined Balance Sheet, and lease expense is recognized on a straight-line basis over the lease term.

The following table presents the lease assets and lease liabilities as of December 31, 2022 and 2021:

		December 31,	
(in millions)		2022	2021
Assets	Balance Sheet Location		
Operating leases	Other non-current assets	$ 80	$ 67
Finance leases	Property, plant and equipment, net	2	—
Total lease assets		$ 82	$ 67
Liabilities			
Current			
Operating leases	Other current liabilities	$ 18	$ 19
Non-current			
Operating leases	Other non-current liabilities	67	54
Finance leases	Long-term debt	2	—
Total lease liabilities		$ 87	$ 73

The following table presents lease obligations arising from obtaining leased assets for the years ended December 31, 2022 and 2021.

	December 31,	
(in millions)	2022	2021
Operating leases	$ 13	$ 2
Finance leases	2	—
Total lease obligations	$ 15	$ 2

The following table presents the maturity of lease liabilities as of December 31, 2022:

(in millions)	Operating leases	Finance leases
2023	$ 19	$ —
2024	18	1
2025	17	—
2026	16	—
2027	14	—
After 2027	5	1
Total (undiscounted) lease payments	$ 89	$ 2
Less: Imputed interest	(4)	—
Present value of lease liabilities	$ 85	$ 2

In the years ended December 31, 2022, 2021 and 2020, the Company recorded operating lease expense of $18 million, $27 million and $8 million, respectively.

In the years ended December 31, 2022, 2021 and 2020, the operating cash flows for operating leases were $21 million, $24 million and $8 million, respectively.

In the years ended December 31, 2022, 2021 and 2020, the Company recorded short-term lease costs of $4 million, $5 million and $2 million, respectively.

Finance lease costs and related cash flows were immaterial for the periods presented.

ASC Topic 842 requires that the rate implicit in the lease be used if readily determinable. Generally, implicit rates are not readily determinable in the Company's agreements, so the incremental borrowing rate is used instead for such lease arrangements. The incremental borrowing rates are determined using rates specific to the term of the lease, economic environments where lease activity is concentrated, value of lease portfolio, and assuming full collateralization of the loans. The following table presents the terms and discount rates:

	December 31,	
	2022	2021
Weighted-average remaining lease term (years)		
Operating leases	5	5
Finance leases	8	0
Weighted-average discount rate		
Operating leases	1.9 %	2.0 %
Finance leases	3.8 %	0.0 %

NOTE 23 RELATED-PARTY TRANSACTIONS

The Combined Financial Statements have been prepared on a carve-out basis and are derived from the consolidated financial statements and accounting records of BorgWarner. The following discussion summarizes activity between the Company and BorgWarner (and its affiliates that are not included within the Combined Financial Statements).

Allocation of General Corporate and Other Expenses

The Combined Statements of Operations include expenses for certain centralized functions and other programs provided and administered by BorgWarner that are charged directly to the Company. In addition, for purposes of preparing these Combined Financial Statements on a carve-out basis, a portion of BorgWarner's total corporate expenses has been allocated to the Company. Similarly, certain centralized expenses incurred by the Company on behalf of subsidiaries of BorgWarner have been allocated to the Parent. See Note 1, "Summary Of Significant Accounting Policies," for a discussion of the methodology used to allocate corporate expenses for purposes of preparing these financial statements on a carve-out basis.

For the years ended December 31, 2022, 2021 and 2020, net corporate allocation expenses totaled $118 million, $84 million and $45 million, respectively, which were primarily included in Selling, general and administrative expenses and Restructuring expense in the Combined Statements of Operations.

Related-Party Sales and Purchases

For the years ended December 31, 2022, 2021 and 2020, the Company sold components to other BorgWarner businesses in the amount of $27 million, $27 million and $12 million, respectively, which is included in Net sales in the Combined Statements of Operations.

The Company purchases certain component inventory and services from businesses that will remain with BorgWarner. For the years ended December 31, 2022, 2021 and 2020, the Company made $150 million, $175 million and $78 million, respectively, of such purchases and recognized cost of sales of $154 million, $171 million and $75 million, respectively.

Related-Party Royalty Income

The Company participates in royalty arrangements with other BorgWarner businesses which involves the licensing of the Delphi Technologies trade name and product-related intellectual properties. For the years ended December 31, 2022, 2021 and 2020, the Company recognized royalty income from other BorgWarner businesses in the amount of $31 million, $22 million and $5 million, respectively, which is included in Other operating income, net in the Combined Statements of Operations.

Related-Party R&D

The Company provides application testing and other R&D services for other BorgWarner businesses. For the years ended December 31, 2022, 2021 and 2020, the Company recognized income related to these services of $11 million, $10 million and $2 million, respectively, which is included in Other operating income, net in the Combined Statements of Operations.

Due from Parent

The current and non-current portions of amounts due from the Parent as reflected in the Combined Balance Sheets consist of the following:

	December 31,	
(in millions)	2022	2021
Accounts receivable	$ 106	$ 100
Short-term portion of loans receivable and other facilities	36	123
Due from Parent, current	$ 142	$ 223
Cash pooling	$ 168	$ 211
Loans receivable	40	—
Due from Parent, non-current	$ 208	$ 211

In 2018, the Company and BorgWarner entered into a credit facility providing BorgWarner with access to borrow up to €40 million ($43 million). Interest on the credit facility is fixed at 0.65%, paid quarterly. On October 1, 2022, the credit facility was refinanced and the interest rate was amended to 3.69%. As of December 31, 2022 and 2021, BorgWarner had drawn $40 million and $42 million on the credit facility, respectively. The facility is set to mature on September 30, 2024.

In 2020, the Company and BorgWarner entered into a credit facility providing BorgWarner with access to borrow up to €100 million ($107 million). Interest on the credit facility was fixed at 0.64%, paid quarterly. As of December 31, 2021, BorgWarner had drawn $28 million on the credit facility. The facility matured on September 30, 2022.

In 2021, the Company issued a Thai Bhat-denominated term loan to BorgWarner for ฿1,720 million ($92 million). Interest on the term loan was fixed at 1.70%, paid annually. As of December 31, 2022 and 2021, the outstanding balance of the term loan was $36 million and $52 million, respectively. During 2022, the term loan was amended to extend the maturity date. The term loan is set to mature on May 14, 2023.

Certain BorgWarner entities participate in cash pooling arrangements headed by the Company, primarily involving Acquired Delphi business entities. Additionally, the Company participates in certain cash pools headed by BorgWarner. Any balances owed to the Company from BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash

are reflected as Due from Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment.

Due to Parent

The current and non-current portions of amounts due to the Parent as reflected in the Combined Balance Sheets consist of the following:

	December 31,	
(in millions)	2022	2021
Accounts payable	$ 186	$ 177
Short-term portion of notes payable and other facilities	94	120
Accrued interest payable	5	4
Due to Parent, current	$ 285	$ 301
Notes payable	$ 921	$ 921
Cash pooling	36	66
Due to Parent, non-current	$ 957	$ 987

On October 1, 2020, concurrently with the Delphi Acquisition, the Company entered into junior and senior notes payable to BorgWarner in the amount of $330 million and $566 million, respectively. This debt arrangement was in connection to the $896 million repayment of Delphi Technologies' debt by BorgWarner as part of the Acquired Delphi purchase price consideration. Paid-in-kind interest on the junior and senior notes accrues, compounding quarterly, at a fixed annual rate of 3.10% and 3.00%, respectively. The maturity date for both the junior and senior notes was October 1, 2030. For the year ended December 31, 2020, the total outstanding balance of these notes was $792 million. During 2021, BorgWarner exchanged the ownership of the junior and senior notes to the Company for all shares of a Singapore subsidiary. As a result, the notes were no longer reflected as being Due to Parent at December 31, 2021.

In 2020, the Company, as borrower, entered into a term loan with BorgWarner, as lender, in the amount of $891 million in exchange for the transfer of the majority of the DT Notes assumed by the Company as part of the Acquired Delphi business. Interest on the term loan was fixed at 3.25%, paid annually. In 2021, this loan was refinanced with two new loan tranches, including $30 million of accrued unpaid interest on the original term loan. The first tranche of $368 million has a fixed annual interest rate of 1.40% and matures on October 3, 2024. The second tranche of $553 million has a fixed annual interest rate of 2.20% and matures on October 3, 2029. As of both December 31, 2022 and 2021, the outstanding balance of the term loan was $921 million.

In 2021, the Company and BorgWarner entered into a credit facility providing the Company with access up to $120 million. Interest on the facility was 1.32%, paid annually. As of December 31, 2021, the outstanding balance of the facility was $119 million. The facility matured October 12, 2022.

Throughout 2022 and 2021, the Company, as borrower, and BorgWarner, as lender, entered into various interest-bearing notes, primarily arising from operating relationships between international entities. As of December 31, 2022 and 2021, the outstanding balance from these facilities totaled $94 million and $1 million, respectively, which is reflected as Due to Parent, current.

As of December 31, 2022 and 2021, the estimated fair value of the Company's non-current notes payable due to Parent, as described above, was $738 million and $839 million, respectively. The estimated fair values were $183 million and $82

million lower than carrying values at December 31, 2022 and 2021, respectively. Fair market values of the non-current notes payable due to Parent are developed using unobservable inputs, which are considered Level 3 inputs as defined by ASC Topic 820. The carrying values of the Company's current notes payable due to Parent approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

Additionally, the Company participates in certain cash pools headed by BorgWarner. Any balances owed by the Company to BorgWarner as a result of these cash arrangements that are anticipated to be settled in cash are reflected as Due to Parent. Certain other cash pooling balances that are not anticipated to be settled in cash are presented within Parent company investment.

The Company and BorgWarner have entered into certain intra-group arrangements. Activity associated with these arrangements is included within general financing activities in Net transfers (to) from Parent in the Combined Statements of Changes in Equity. Amounts owed to BorgWarner as a result of such arrangements are reflected as payables within Due to Parent, current. Amounts owed to the Company from the Parent under these arrangements are reflected as receivables within Due from Parent, current.

Net Transfers (to) from Parent

Net transfers (to) from Parent are included within Parent company investment in the Combined Statements of Changes in Equity. The components of the transfers (to) from Parent are as follows:

	Year Ended December 31,		
(in millions)	2022	2021	2020
General financing activities	$ (175)	$ (117)	$ 6
Cash pooling and other equity settled balances with Parent	(110)	70	(5)
Related-party notes exchanged with Parent	—	798	—
Corporate allocations	118	84	45
Research and development income from Parent	(11)	(10)	(2)
Total net transfers (to) from Parent	$ (178)	$ 825	$ 44
Exclude non-cash items:			
Stock-based compensation	(11)	(11)	(3)
Related-party notes exchanged with Parent	—	(798)	—
Other non-cash activities with Parent, net	(33)	(15)	(3)
Cash pooling and intercompany financing activities with Parent, net	18	7	(19)
Total net transfers (to) from Parent per Combined Statements of Cash Flow	$ (204)	$ 8	$ 19

NOTE 24 REPORTING SEGMENTS AND RELATED INFORMATION

The Company's business is comprised of two reporting segments, which are further described below. These segments are strategic business groups, which are managed separately as each represents a specific grouping of related automotive components and systems.

- ***Fuel Systems.*** This segment provides advanced fuel injection systems, fuel delivery modules, canisters, sensors, electronic control modules and associated software. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies, engine control modules, and complete systems, including software and calibration services, that reduce emissions and improve fuel economy for traditional and hybrid applications.

• ***Aftermarket.*** Through this segment, the Company sells products to independent aftermarket customers and OES customers. Its product portfolio includes a wide range of products as well as maintenance, test equipment and vehicle diagnostics solutions. The Aftermarket segment also includes sales of starters and alternators to OEMs.

Segment Adjusted Operating Income is the measure of segment income or loss used by the Company. Segment Adjusted Operating Income is comprised of operating income adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other

items not reflective of ongoing operating income or loss. The Company believes Segment Adjusted Operating Income is most reflective of the operational profitability or loss of its reporting segments.

The following tables show segment information and Segment Adjusted Operating Income for the Company's reporting segments:

2022 Segment information

	Net sales YTD			Year-end assets [3]	Depreciation/ amortization	Long-lived asset expenditures[1]
(in millions)	Customers	Inter-segment	Net			
Fuel Systems	$ 2,072	$ 221	$ 2,293	$ 2,314	$ 142	$ 91
Aftermarket	1,276	8	1,284	1,348	27	16
Inter-segment eliminations	—	(229)	(229)	—	—	—
Total	3,348	—	3,348	3,662	169	107
Corporate[2]	—	—	—	412	1	—
Combined	$ 3,348	$ —	$ 3,348	$ 4,074	$ 170	$ 107

2021 Segment information

	Net sales YTD			Year-end assets [3]	Depreciation/ amortization	Long-lived asset expenditures[1]
(in millions)	Customers	Inter-segment	Net			
Fuel Systems	$ 2,016	$ 217	$ 2,233	$ 2,422	$ 172	$ 140
Aftermarket	1,211	7	1,218	1,282	29	6
Inter-segment eliminations	—	(224)	(224)	—	—	—
Total	3,227	—	3,227	3,704	201	146
Corporate[2]	—	—	—	478	3	—
Combined	$ 3,227	$ —	$ 3,227	$ 4,182	$ 204	$ 146

2020 Segment information

	Net sales			Year-end assets [3]	Depreciation/ amortization	Long-lived asset expenditures[1]
(in millions)	Customers	Inter-segment	Net			
Fuel Systems	$ 544	$ 41	$ 585	$ 2,599	$ 39	$ 45
Aftermarket	490	2	492	1,262	23	9
Inter-segment eliminations	—	(43)	(43)	—	—	—
Total	1,034	—	1,034	3,861	62	54
Corporate[2]	—	—	—	458	—	—
Combined	$ 1,034	$ —	$ 1,034	$ 4,319	$ 62	$ 54

(1) Long-lived asset expenditures include capital expenditures and tooling outlays.

(2) Corporate assets include cash and cash equivalents, investments and long-term receivables, and deferred income taxes.

(3) The Company revised the Year-end asset values for December 31, 2022, 2021 and 2020 to properly reflect Deferred tax asset balances within Corporate and Fuel Systems.

Segment Adjusted Operating Income

	Year Ended December 31,		
(in millions)	2022	2021	2020
Fuel Systems	$ 252	$ 227	$ 47
Aftermarket	191	149	48
Segment Adjusted Operating Income	443	376	95
Corporate, including royalty income and stock-based compensation	48	94	23
Intangible asset amortization expense	28	29	15
Restructuring expense (Note 4)	11	55	37
Merger, acquisition and divestiture expense, net	31	7	10
Asset impairments, write offs and lease modifications	5	17	82
Other non-comparable items	2	—	—
Amortization of inventory fair value adjustment	—	—	21
Equity in affiliates' earnings, net of tax	(11)	(7)	(1)
Interest expense, net	14	34	16
Other postretirement income	(32)	(39)	(3)
Earnings (loss) before income taxes and noncontrolling interest	347	186	(105)
Provision for income taxes	85	33	19
Net earnings (loss)	262	153	(124)
Net earnings attributable to the noncontrolling interest, net of tax	—	1	—
Net earnings (loss) attributable to PHINIA Inc.	$ 262	$ 152	$ (124)

Geographic Information

During the year ended December 31, 2022, approximately 73% of the Company's combined net sales were outside the United States, attributing sales to the location of production rather than the location of the customer. Outside the United States, the United Kingdom, China, Mexico and Romania exceeded 5% of combined net sales during the year ended December 31, 2022. The Company's investments in equity securities are excluded from the definition of long-lived assets, as are goodwill and certain other non-current assets.

	Net sales			Long-lived assets		
(in millions)	2022	2021	2020	2022	2021	2020
United States	$ 916	$ 707	$ 354	$ 154	$ 144	$ 123
Europe:						
United Kingdom	650	653	146	169	181	184
Romania	219	256	76	136	143	180
France	156	207	59	60	74	95
Poland	156	171	49	51	49	50
Turkey	116	122	35	40	44	66
Other Europe	8	20	4	3	7	7
Total Europe	1,305	1,429	369	459	498	582
China	606	642	179	224	267	298
Mexico	287	244	68	38	37	37
Other foreign	234	205	64	49	44	60
Total	$ 3,348	$ 3,227	$ 1,034	$ 924	$ 990	$ 1,100

Sales to Major Customers

Combined net sales to General Motors (including its subsidiaries) was approximately 12% for the year ended December 31, 2022. Such sales consisted of a variety of products to a variety of customer locations and regions. No other single customer accounted for more than 10% of combined net sales in any of the years presented.

Sales by Product Line

Sales of products for commercial vehicle and industrial applications represented approximately 27%, 23%, and 25% of combined net sales for the years ended December 31, 2022, 2021 and 2020, respectively. Sales of fuel systems products for light vehicles represented approximately 46%, 46% and 43% of combined net sales for the years ended December 31, 2022, 2021 and 2020, respectively. Sales of aftermarket products represented approximately 27%, 31%, and 32% of combined net sales for the years ended December 31, 2022, 2021 and 2020, respectively.

Exhibit 99.2

Important Notice Regarding the Availability of Materials

BORGWARNER INC.

You are receiving this communication because you hold common stock in BorgWarner Inc. ("BorgWarner"). BorgWarner has released informational materials regarding the spin-off of PHINIA Inc. ("PHINIA") from BorgWarner that are now available for your review. **This notice provides instructions on how to access BorgWarner materials for informational purposes only.**

The materials consist of the Information Statement, plus any supplements, that PHINIA has prepared in connection with the spin-off. You may view the materials online at *www.materialnotice.com* and easily request a paper or e-mail copy (see reverse side).

See the reverse side for instructions on how to access materials.

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