

BORGWARNER INC
Form 10-Q
July 31, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

QUARTERLY REPORT

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2008

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: 1-12162

BORGWARNER INC.

(Exact name of registrant as specified in its charter)

Delaware	13-3404508
State or other jurisdiction of	(I.R.S. Employer
Incorporation or organization	Identification No.)

3850 Hamlin Road, Auburn Hills, Michigan	48326
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

On June 30, 2008, the registrant had 116,230,266 shares of Common Stock outstanding.

BORGWARNER INC.
FORM 10-Q
THREE AND SIX MONTHS ENDED JUNE 30, 2008

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions of dollars)

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Cash	\$ 225.9	\$ 188.5
Marketable securities	-	14.6
Receivables, net	951.1	802.4
Inventories, net	498.3	447.6
Deferred income taxes	47.5	42.8
Prepayments and other current assets	89.3	84.4
Total current assets	1,812.1	1,580.3
Property, plant & equipment, net	1,701.8	1,609.1
Investments & advances	253.7	255.1
Goodwill	1,270.7	1,168.2
Other non-current assets	403.1	345.8
Total assets	\$ 5,441.4	\$ 4,958.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable	\$ 58.1	\$ 63.7
Current portion of long-term debt	137.7	-
Accounts payable and accrued expenses	1,120.2	993.0
Income taxes payable	32.4	27.2
Total current liabilities	1,348.4	1,083.9
Long-term debt	431.1	572.6
Other non-current liabilities:		
Retirement-related liabilities	502.8	500.4
Domination and Profit Transfer Agreement obligation	181.8	-
Other	388.3	362.6
Total other non-current liabilities	1,072.9	863.0
Minority interest in consolidated subsidiaries	34.1	117.9
Common stock	1.2	1.2
Capital in excess of par value	961.1	943.4
Retained earnings	1,439.8	1,295.9
Accumulated other comprehensive income	216.9	127.1

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Treasury stock	(64.1)	(46.5)
Total stockholders' equity	2,554.9	2,321.1
Total liabilities and stockholders' equity	\$ 5,441.4	\$ 4,958.5

See accompanying Notes to Condensed Consolidated Financial Statements

BORGWARNER INC. AND CONSOLIDATED SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
 (millions of dollars, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net sales	\$ 1,516.6	\$ 1,364.3	\$ 3,015.5	\$ 2,642.1
Cost of sales	1,237.8	1,116.7	2,453.2	2,178.6
Gross profit	278.8	247.6	562.3	463.5
Selling, general and administrative expenses	159.9	135.2	315.6	261.9
Other income	(2.1)	(1.2)	(1.0)	(1.9)
Operating income	121.0	113.6	247.7	203.5
Equity in affiliates' earnings, net of tax	(11.9)	(8.8)	(21.0)	(18.0)
Interest expense and finance charges	10.8			