

BORGWARNER INC
 Form 424B2
 October 31, 2006

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 Registration No. 333-84931

PROSPECTUS SUPPLEMENT
(To Prospectus dated October 30, 2006)

\$150,000,000

5.750% SENIOR NOTES DUE NOVEMBER 1, 2016

We will pay interest on the Senior Notes on May 1 and November 1 of each year beginning May 1, 2007. The Senior Notes will mature on November 1, 2016. We may redeem some or all of the Senior Notes at any time at the redemption prices described in this prospectus supplement. We may also redeem the Senior Notes upon the occurrence of certain events as described herein.

The Senior Notes will be our general senior, unsecured and unsubordinated obligations and rank equally in priority with all of our other existing and future unsecured and unsubordinated senior indebtedness. The Senior Notes will be issued only in registered form in denominations of \$1,000 and integral multiples of \$1,000.

Investing in the Senior Notes involves risks. See the risk factors included in our reports filed with the Securities and Exchange Commission, and "Risk Factors" beginning on page 4 of the accompanying prospectus.

PRICE 99.348% AND ACCRUED INTEREST, IF ANY

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to Company(1)
Per Note	99.348%	0.65%	98.698%
Total	\$149,022,000	\$975,000	\$148,047,000

(1) Plus accrued interest, if any, from the original issue date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

It is expected that the Senior Notes will be ready for delivery in book-entry form only through The Depository Trust Company, on or about November 1, 2006.

MORGAN STANLEY

BANC OF AMERICA SECURITIES LLC CALYON SECURITIES (USA) JPMORGAN

October 30, 2006

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the Senior Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

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RISK FACTORS

Investing in the Senior Notes involves risk. Please see the risk factors in our reports filed with the Securities and Exchange Commission, which reports are incorporated by reference in this prospectus supplement and the accompanying prospectus, and “Risk Factors” beginning on page 4 of the accompanying prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations, our financial results and the value of the Senior Notes.

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THE COMPANY

BorgWarner Inc. is a corporation organized under the laws of the State of Delaware. Our principal office is located at 3850 Hamlin Road, Auburn Hills, Michigan 48326, and our telephone number is (248) 754-9200. Our website address is www.borgwarner.com. The information on our website is not incorporated by reference in, and does not form a part of, this prospectus supplement or the accompanying prospectus.

We are a leading global supplier of highly engineered systems and components primarily for powertrain applications. Our products help improve vehicle performance, fuel efficiency, air quality and vehicle stability. They are manufactured and sold worldwide, primarily to original equipment manufacturers of light vehicles (i.e. passenger cars, sport-utility vehicles, cross-over vehicles, vans and light trucks). Our products are also manufactured and sold to original equipment manufacturers of commercial trucks, buses and agricultural and off-highway vehicles. We also manufacture and sell our products into the aftermarket for light and commercial vehicles. We operate manufacturing facilities serving customers in the Americas, Europe and Asia, and are an original equipment supplier to every major automaker in the world.

Our products fall into two reportable operating segments: Engine and Drivetrain. The Engine segment’s products include turbochargers, timing chain systems, air management, emissions systems, thermal systems, as well as diesel and gas ignition systems. The Drivetrain segment is comprised of all-wheel drive transfer case, torque management systems, and components and systems for automated transmissions.

Unless we have indicated otherwise, or the context otherwise requires, the terms “BorgWarner,” “we,” “us,” and “our” refer in this prospectus supplement and the accompanying prospectus to BorgWarner Inc.

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SUMMARY FINANCIAL DATA

The following table sets forth summary consolidated financial information for our continuing operations for the periods and dates indicated. The information for the years ended and as of December 31, 2005, 2004 and 2003, is derived from our audited consolidated financial statements. The interim unaudited data for the nine-month periods ended and as of September 30, 2006 and 2005 have been derived from our quarterly reports on Form 10-Q and reflect, in the opinion of management, all adjustments, which are normal and recurring in nature, necessary for a fair presentation of such data. Results for the nine-month period ended September 30, 2006 are not necessarily indicative of the results that might be expected for the entire year. You should read the financial information presented below in conjunction with the consolidated financial statements and management's discussion and analysis of financial condition and results of operations of BorgWarner, which are incorporated by reference into this prospectus supplement.

	Nine Months Ended		Year Ended December 31,		
	September 30,				
	(Dollars in millions, except per share data)				
	2006	2005	2005	2004	2003
Operating Data:					
Net sales	\$ 3,383.7	\$ 3,245.8	\$ 4,293.8	\$ 3,525.3	\$ 3,069.2
Cost of sales	2,746.0	2,591.5	3,440.0	2,874.2	2,482.5
Gross profit	637.7	654.3	853.8	651.1	586.7
Selling, general and administrative expenses	370.6	385.8	495.9	339.0	316.9
Restructuring expense	11.5	--	--	--	--
Other (income) expense	(6.8)	(35.7)	34.8	3.0	(0.1)
Operating income	262.4	232.8	323.1	309.1	269.9
Equity in affiliate earnings, net of tax	(26.3)	(17.7)	(28.2)	(29.2)	(20.1)
Interest expense, net	28.8	28.8	37.1	29.7	33.3
Earnings before income taxes and minority interest	\$ 259.9	\$ 221.7	\$ 314.2	\$ 308.6	\$ 256.7
Provision for income taxes	70.2	32.1	55.1	81.2	73.2
Minority interest, net of tax	19.0	14.7	19.5	9.1	8.6
Net earnings	\$ 170.7	\$ 174.9	\$ 239.6	\$ 218.3	\$ 174.9
Earnings per share - basic	\$ 2.98	\$ 3.09	\$ 4.23	\$ 3.91	\$ 3.23
Earnings per share - diluted	\$ 2.95	\$ 3.05	\$ 4.17	\$ 3.86	\$ 3.20
Shareholders' equity					
Balance Sheet Data:					
Total assets	\$ 4,377.1	\$ 4,159.8	\$ 4,089.4	\$ 3,529.1	\$ 3,140.5
Total debt	\$ 763.0	\$ 800.6	\$ 740.5	\$ 584.5	\$ 655.5

USE OF PROCEEDS

We estimate the net proceeds to us from the sale of the Senior Notes will be approximately \$147,847,000 after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use substantially all of the proceeds from the sale of the Senior Notes to pay off the approximately \$143,800,000 of principal and accrued interest owed at maturity under our 7.0% Senior Notes due November 1, 2006.

DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of our 5.750% Senior Notes due November 1, 2016 (the "Senior Notes"). This description supplements, and should be read together with, the description of the general terms and provisions of the Senior Notes, some of which may not apply to this offering, set forth in the accompanying prospectus under the caption "Description of the Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Senior Note Indenture (the "Senior Note Indenture") dated as of September 23, 1999, as supplemented, between BorgWarner and The Bank of New York Trust Company, N.A., as trustee. The Senior Note Indenture has been qualified as an indenture under the Trust Indenture Act of 1939, as amended. The terms of the Senior Note Indenture are those provided therein and those made a part of the Senior Note Indenture by the Trust Indenture Act. The Senior Notes will constitute debt securities under the Senior Note Indenture as described in the accompanying prospectus. In addition to the Senior Notes, we may issue, from time to time, other series of debt securities under the Senior Note Indenture. Such other series will be separate from and independent of the Senior Notes.

General

The Senior Notes offered hereby will initially be limited to \$150,000,000 aggregate principal amount. The Senior Notes are to be issued under the Senior Note Indenture, which is more fully described in the accompanying prospectus.

The Senior Notes will bear interest from November 1, 2006, payable on May 1 and November 1 of year, beginning on May 1, 2007, to the persons in whose names the Senior Notes are registered at the close of business on the April 15 and October 15, as the case may be, immediately preceding such May 1 and November 1. Interest on the Senior Notes will be computed on the basis of a 360-day year of twelve 30-day months. The Senior Notes will mature on November 1, 2016 and are not subject to any sinking fund.

If any interest payment date falls on a day that is not a business day, the interest payment shall be postponed to the next succeeding business day, and no interest on such payment shall accrue for the period from and after such interest payment date. If the scheduled maturity date or the redemption date o