



December 14, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K. Street, N.W.
Washington D.C., 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 37

We appreciate the opportunity to provide feedback on your Concept Release on Auditor Independence and Audit Firm Rotation.

BorgWarner (NYSE: BWA) is a product leader in highly engineered components and systems for vehicle powertrain applications worldwide. The Company operates 59 manufacturing and technical facilities in 19 countries.

BorgWarner understands the PCAOB's concerns regarding enhancing auditor independence, objectivity and professional skepticism; however, we agree with the concerns raised by our Audit Committee in their letter dated December 10, 2011 regarding the impact on the external auditor's effectiveness and efficiency when performing the audit, the impact on our foreign operations and on non-audit services currently provided by other Big Four public accounting firms.

In addition to the concerns raised by our Audit Committee in a separate letter to you, we also have concerns regarding the application of this standard on our operations. Specifically, we are concerned with the potential risk associated with the timing of a required rotation, the additional time and costs associated with having financial statements reviewed by both the current auditor and predecessor auditor for three years subsequent to an auditor change and the impact of potential audit fee increases, which may result from removing competition from the market and removing the auditor's ability to offset increased costs in the first years of an audit engagement with efficiencies in subsequent years.

Potential risk associated with the timing of a required rotation

Currently, companies have the flexibility to rotate their external audit firm at the discretion of their Audit Committee. During 2009, we voluntarily chose to rotate our external audit firm. Allowing companies flexibility in rotating auditors, gives companies an opportunity to complete an auditor rotation when it is least disruptive to their business. Mandatory rotations could force companies to rotate auditors during a significant transaction, such as an acquisition or disposal, which could cause a significant disruption to their business.

Predecessor auditor requirements

Under the SEC's current rules, when a company rotates audit firms, the predecessor auditor is required to provide an opinion and consent on the company's filings each time the audited information appears within an SEC filing, which includes quarterly and annual filings and public offerings. As such, the company would be required to coordinate each filing with two audit firms for the three years subsequent to the auditor's rotation, increasing the costs and time spent on



each filing. In situations where the company has discontinued operations or is required to retrospectively adopt a new accounting standard, such as the FASB's proposed revenue or lease standard, companies would be required to work with both its current audit firm and predecessor audit firm on these retrospective adjustments, further increasing the costs and time spent on each filing.

Potential increase in audit costs by removing competition from the market

When BorgWarner rotated audit firms in 2009, the Company was able to solicit competitive bids from different audit firms, which resulted in more competitive audit fees during 2009. Mandating audit firm rotation would reduce the audit firm's incentive to provide competitive pricing when bidding on audit engagements, which may increase costs and reduce company's earnings and inherently shareholder value.

The current regulatory environment includes rules requiring audit partner rotation, PCAOB inspections of registered audit firms and independent audit committees who select, hire and oversee independent auditors. BorgWarner also asks stockholders to ratify appointment of the independent auditor, as many companies do. The existing regulatory environment and good corporate governance practices sufficiently promote auditor independence, objectivity and professional skepticism in a reasonably balanced way.

Given the concerns highlighted above, the concerns elevated by our Audit Committee in their letter dated December 10, 2011 and the current regulatory environment which ensures the independence, objectivity and professional skepticism of the external auditor, the costs associated with mandatory auditor rotation far outweigh any potential benefits.

Thank you for considering our views. Please feel free to contact us if you would like to discuss our concerns regarding the proposal.

Sincerely,

A handwritten signature in cursive script that reads 'Jan A. Bertsch'.

Jan A. Bertsch
Vice President and Controller (Principal Accounting Officer)