

2018 REQUIRED NOTICE FOR ACTIVE UNION EMPLOYEES

INFORMATION ONLY—NO ACTION REQUIRED



New Health Insurance Marketplace Coverage Options and Your Health Coverage

PART A: General Information

When key parts of the health care law took effect in 2014, there was an additional way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the Marketplace and health coverage offered by BorgWarner.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health (medical and prescription drug) insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins November 1, 2017 for coverage starting as early as January 1, 2018.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

Some individuals may qualify for a tax credit that lowers their monthly premium for or reduces certain other cost-sharing under an individual health insurance policy purchased through the Marketplace (i.e. when they purchase a qualified health plan from the Marketplace), but only if their employer does not offer coverage, or offers coverage that doesn't meet certain standards.

However, as a BorgWarner full-time eligible union employee, you will not qualify for such premium or other reduction in cost-sharing because:

1. BorgWarner offers group health coverage to all full-time eligible union employees;
2. BorgWarner's group health plan options meet the "minimum value" standard set by the Affordable Care Act because they pay for at least 60% of covered health care expenses; and
3. Your premium cost under the BorgWarner group health plan options that would cover you (and not any other members of your family) is less than 9.5% of your household income. In other words, BorgWarner pays a majority of the premium cost for your coverage under the BorgWarner group health plans. For that reason, you would have to make less than \$6,316 in a year to qualify for a tax credit which lowers your premiums or other cost-sharing for a qualified health plan purchased through the Marketplace.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. As a full-time eligible union employee, BorgWarner offers you coverage under its group health plans which meet the standards set forth above. Consequently, you will not be eligible for tax credits that lower your monthly premium or reduce certain other cost-sharing for a qualified health plan that you choose to purchase through the Marketplace. Accordingly, you may wish to enroll during the annual enrollment or other special enrollment periods in one of BorgWarner's group health plan options.

Note: If you purchase a health plan through the Marketplace instead of accepting BorgWarner health coverage, then you may lose the employer contribution to the employer-offered coverage. Also, this employer contribution, as well as your employee contribution to employer-offered coverage, is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about your coverage offered by your employer, please refer to the BorgWarner Benefits Reference Guide available on the BorgWarner Benefits website: <http://www.borgwarner.com/Benefits/Ithaca/default.aspx>

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

PART B: Information About Health Coverage Offered by BorgWarner

This section contains information about any health coverage offered by BorgWarner. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name BorgWarner Inc.		4. Employer Identification Number (EIN) 13-3404508	
5. Employer address 3850 Hamlin Rd		6. Employer phone number 248-754-9200	
7. City Auburn Hills	8. State Michigan	9. ZIP code 48326	
10. Who can we contact about employee health coverage at this job? Corporate Benefits Department			
11. Phone number (if different from above) 248-754-0866		12. Email address Marketplace@borgwarner.com	

Here is some basic information about health coverage available to you as a BorgWarner employee:

All full-time eligible union employees are offered health coverage under the BorgWarner group health plan after completion of the waiting period set forth under the applicable collective bargaining agreement. Your classification as a full-time eligible union employee also is governed by the terms of the applicable collective bargaining agreement. As a full-time eligible union employee, you also may enroll your Eligible Dependents, who include your Spouse and Children (as those terms are defined under the plan documents).

You can enroll in three different health plans as a full-time eligible union employee:

1. The Cigna/MVP Choice Health Fund is BorgWarner's lowest cost plan. By enrolling in this Plan, you do not have a payroll deduction, but do pay more at the time of care through higher member gaps deductible requirements and 20% coinsurance responsibility.
2. You are also eligible for the BlueShield HRA Plan offered by the Teamsters'.

The coverage for all three plans offered to you as a BorgWarner employee meet the required minimum value standard, which means the company's share of the total allowed benefit costs covered by the plan is no less than 60% of the costs. In fact, the company share for all the available plans is much greater than 60%. The Cigna/MVP Choice Health Fund Plan, our lowest coverage plan, is 83.9%. As you can see in the chart below, this plan's coverage percentage are comparable to the Platinum plan offered under the Health Care Marketplace.

Plan	% of costs covered
Bronze	60%
Silver	70%
Gold	80%
Platinum	90%
Cigna/MVP Choice Health Fund	85.29*

* 2014 Towers Watson Actuarial Valuation

Even if BorgWarner intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace, if you made less than \$6,316 during the year. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week, if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, HealthCare.gov will guide you through the process. The above employer information is the information you'll need to enter when you visit HealthCare.gov to find out if you can get a tax credit to lower your monthly premiums or otherwise reduce cost-sharing for a qualified health plan purchased through the

Marketplace.

NOTE: BorgWarner reserves the right to modify and/or discontinue the benefits it provides, the premium amounts it pays, eligibility rules and other provisions for its group health plans, subject to the terms of the applicable collective bargaining agreement. In the event of a conflict in language or interpretation between this Notice, and the official plan documents, the terms of such official plan documents will control. Since these group health offerings may change or be amended from time to time, you should always check with Human Resources for current information.