

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2000

Commission file number 1-1043

BRUNSWICK CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 36-0848180
(State or other Jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1 N. Field Ct., Lake Forest, Illinois 60045-4811
(Address of principal executive offices) (Zip Code)

(847) 735-4700
(Registrant's telephone number, including area code)

Indicate by a 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 X No

At May 8, 2000, there were 87,877,796 shares of the Company's Common Stock (\$.75 par value) outstanding.
<TABLE>

Part I- Financial Information

Item I-Financial Statements

Brunswick Corporation
Consolidated Statements of Income
for the three months ended March 31
(in millions, except per share data)
(unaudited)

	2000	1999	
<S>	<C>	<C>	
Net sales	1,149.0	1,083.0	
Cost of sales	835.3	792.4	
Selling, general and administrative expense		195.8	181.0
Strategic charge	7.0	0.0	
Operating earnings	110.9	109.6	
Interest expense	(16.4)	(15.5)	
Other income (expense)	0.3	(1.2)	
Earnings before income taxes		94.8	92.9
Income tax provision	(36.1)	(35.3)	
Net earnings	58.7	57.6	
Earnings per common share:			
Basic	0.64	0.63	

Diluted	0.64	0.62
Average shares used for computation of:		
Basic earnings per share	91.4	92.0
Diluted earnings per share	91.5	92.6
Cash dividends declared per common share	0.125	0.125

The notes are an integral part of these consolidated statements.

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Brunswick Corporation
Consolidated Balance Sheets
As of March 31, 2000, December 31, 1999, and March 31, 1999
(in millions, except share data)
(unaudited)

	March 31, 2000	December 31, 1999	March 31, 1999
Assets			
Current assets			
Cash and cash equivalents, at cost,			
<S> which approximates market	<C>	<C>	<C>
Accounts and notes receivable,			
less allowances of \$24.3, \$27.2 and \$21.3		638.8	515.7
Inventories			
Finished goods	399.2	350.3	410.5
Work-in-process	160.9	148.0	138.0
Raw materials	123.5	125.0	121.3
Net inventories	683.6	623.3	669.8
Prepaid income taxes	259.6	257.2	212.1
Prepaid expenses	57.0	56.1	51.9
Income tax refund receivable		0.0	25.1
Current assets	1,762.8	1,578.2	1,604.4
Property			
Land	73.2	73.5	70.7
Buildings	403.8	403.1	405.4
Equipment	1,051.6	1,036.2	960.2
Total land, buildings and equipment		1,528.6	1,512.8
Accumulated depreciation		(782.6)	(762.2)
Net land, buildings and equipment		746.0	750.6
Unamortized product tooling costs		128.7	131.2
Net property	874.7	881.8	840.4
Other assets			
Goodwill	564.5	569.6	713.2
Other intangibles	85.6	88.8	98.1
Investments	80.3	65.9	80.3
Other long-term assets	178.6	170.5	165.0
Other assets	909.0	894.8	1,056.6
Total Assets	3,546.5	3,354.8	3,501.4
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term debt, including			
current maturities of long-term debt		298.2	107.7
Accounts payable	321.2	310.7	273.3
Accrued expenses	630.9	670.0	543.6
Income taxes payable	32.3	0.0	42.4
Current liabilities	1,282.6	1,088.4	1,134.0
Long-term debt			
Notes, mortgages and debentures		620.1	622.5
Deferred items			
Income taxes	135.8	131.9	161.8

Postretirement and postemployment benefits	142.0	141.7	141.4
Compensation and other	72.5	70.1	68.7
Deferred items	350.3	343.7	371.9
Common shareholders' equity			
Common stock; authorized: 200,000,000 shares, \$.75 par value; issued: 102,538,000 shares	76.9	76.9	76.9
Additional paid-in capital	314.5	314.3	312.6
Retained earnings	1,228.8	1,181.5	1,235.6
Treasury stock, at cost:			
13,596,000; 10,727,000 and 10,556,000 shares	(265.9)	(214.0)	(205.7)
Unamortized ESOP expense and other	(47.2)	(49.3)	(54.1)
Accumulated other comprehensive income	(13.6)	(9.2)	(5.4)
Common shareholders' equity	1,293.5	1,300.2	1,359.9
Total liabilities and shareholders' equity	3,546.5	3,354.8	3,501.4

The notes are an integral part of these consolidated statements.

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Brunswick Corporation
Consolidated Statements of Cash Flows
for the three months ended March 31
(dollars in millions)
(unaudited)

	2000	1999
Cash flows from operating activities		
<S>	<C>	<C>
Net earnings	58.7	57.6
Depreciation and amortization	40.4	41.5
Changes in noncash current assets and current liabilities	(189.4)	(234.4)
Litigation settlement payments	(30.5)	-
Income taxes	57.7	29.1
Strategic charge	7.0	-
Other, net	(2.4)	0.3
Net cash used for operating activities	(58.5)	(105.9)
Cash flows from investing activities		
Capital expenditures	(27.3)	(31.1)
Investments	(16.0)	(1.5)
Other, net	0.4	3.4
Net cash used for investing activities	(42.9)	(29.2)
Cash flows from financing activities		
Net issuances of commercial paper and other short-term debt	188.2	104.8
Cash dividends paid	(11.4)	(11.5)
Stock repurchases and other	(52.4)	(3.1)
Net cash provided by financing activities	124.4	90.2
Net increase(decrease)in cash and cash equivalents	23.0	(44.9)
Cash and cash equivalents at January 1	100.8	126.1
Cash and cash equivalents at March 31	123.8	81.2
Supplemental cash flow disclosures:		
Interest paid	17.1	16.3
Income taxes paid (refunds received), net	(21.6)	6.2
Treasury stock issued for compensation plans and other	0.1	4.9

The notes are an integral part of these consolidated statements.

</TABLE>

(unaudited)

Note 1 - Accounting Policies

This unaudited financial data has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and disclosures normally included in financial statements and footnotes prepared in accordance with generally accepted accounting principles have been condensed or omitted. Brunswick Corporation (the Company) believes that the disclosures in these statements are adequate to make the information presented not misleading. Certain previously reported amounts have been reclassified to conform with the current-period presentation.

These financial statements should be read in conjunction with, and have been prepared in conformity with, the accounting principles reflected in the consolidated financial statements and related notes included in the Company's 1999 Annual Report on Form 10-K. These interim results include, in the opinion of the Company, all normal and recurring adjustments necessary to present fairly the results of operations for the quarters ended March 31, 2000 and 1999. The 2000 interim results are not necessarily indicative of the results that may be expected for the remainder of the year.

Note 2 - Earnings Per Common Share

There is no difference in the net earnings used to compute the Company's basic and diluted earnings per share. The difference in the average shares of common stock outstanding used to compute basic and diluted earnings per share is caused by potential common stock relating to employee compensation plans. The average number of shares of potential common stock was 0.1 million and 0.6 million for the quarters ended March 31, 2000 and 1999, respectively.

Note 3 - Debt

During the first quarter of 2000, commercial paper outstanding increased to \$285.4 million at March 31, 2000, versus \$95.0 million at December 31, 1999, to fund working capital requirements, stock repurchases and capital expenditures.

Note 4 - Legal and Environmental

On March 24, 2000, the United States Court of Appeals for the Eighth Circuit issued an opinion reversing and vacating an adverse verdict entered against the Company in the case Concord Boat Corporation, et al. v. Brunswick Corporation (Concord). In June 1998, a jury had awarded the Concord plaintiffs treble damages totaling \$133.2 million based on alleged antitrust violations involving the sale of sterndrive and inboard marine engines. The Concord plaintiffs were also awarded attorney fees and costs. The Company appealed the verdict and award of fees and costs and the appellate court reversed and vacated the judgment in favor of the Concord plaintiffs, including the award of fees and costs, and remanded the case for entry of judgment in favor of the Company. The Concord plaintiffs are seeking a rehearing to overturn the decision by the appellate court.

The Company previously reached agreements to settle or dismiss six additional suits, including five class-action lawsuits, filed after the 1998 Concord verdict, seeking to rely on the allegations and findings in the Concord suit. Reserves related to these settlements decreased from \$58.4 million at December 31, 1999, to \$27.9 million at March 31, 2000, as a result of payments made under the terms of the settlements. As a part of a settlement with a subset of one of the classes, additional payments could have been required based on the final resolution of the Concord suit. Based on the appellate court's decision, the Company is not required to make any additional payments under this settlement. Refer to Note 6 to the consolidated financial statements in the Company's 1999 Annual Report on Form 10-K for a more detailed

description of the Concord and settled actions.

The Company is involved in certain legal and administrative proceedings under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other federal and state legislation governing the generation and disposition of certain hazardous wastes. These proceedings, which involve both on-and off-site waste disposal, in many instances seek compensation from the Company as a waste generator under Superfund legislation, which authorizes action regardless of fault, legality of original disposition or ownership of a disposal site. In April 2000, the Company was notified by the Wisconsin Department of Natural Resources that it must complete a feasibility study and begin work that addresses polychlorinated biphenyl contamination in a creek and associated bank soils alleged to have come from a manufacturing facility that the Company closed in 1980. In light of existing reserves, the Company's environmental claims, including those discussed, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position.

Note 5 - Segment Data

The following table sets forth net sales and operating earnings of each of the Company's operating segments for the quarters ended March 31, 2000 and 1999 (in millions):

	Quarter Ended March 31			
	2000		1999	
	Net Sales	Operating Earnings	Net Sales	Operating Earnings
Marine Engine Boat	\$ 429.0	\$ 60.9	\$ 386.7	\$ 53.5
Marine eliminations	418.5	37.9	368.4	29.4
Total Marine	(79.4)	--	(69.7)	--
Outdoor Recreation	768.1	98.8	685.4	82.9
Indoor Recreation	193.8	4.9	213.1	13.6
Corporate/Other	187.3	25.0	184.8	23.6
Segment operating results	(0.2)	(10.8)	(0.3)	(10.5)
Strategic charge (1)	\$1,149.0	117.9	\$1,083.0	109.6
Operating earnings		(7.0)	--	
		\$ 110.9		\$ 109.6

(1) As described in Note 6, the Company recorded a \$7.0 million strategic charge in the first quarter of 2000 related to the restructuring of the bicycle business.

Note 6 - Asset Write-Downs and Strategic Charges

During the fourth quarter of 1999, the Company committed to and initiated plans in the bicycle business to exit manufacturing, reduce warehouse capacity and administrative expenses and rationalize product offerings. As a result of these actions, the Company recorded a \$178.0 million charge relating to the bicycle business in the fourth quarter of 1999. These charges included the write-off of goodwill of \$133.6 million, inventory write-downs of \$27.0 million and \$10.5 million of fixed asset write-downs, along with other incremental costs associated with the actions of \$6.9 million. An additional charge of \$7.0 million for severance, related to the termination of approximately 1,250 employees, and other incremental costs was recorded in the first quarter of 2000.

During the third quarter of 1998, the Company recorded a pretax charge of \$60.0 million to cover costs associated with strategic initiatives designed to streamline operations and enhance operating efficiencies in response to the effect of the economic situation in Asia and other emerging markets on its businesses.

The Company's accrued expense balances relating to the above-mentioned strategic charges as of March 31, 2000, and December 31, 1999, were as follows (in millions):

December 31, 1999	2000 Charge	2000 Activity	March 31, 2000
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Severance	\$ --	\$ 4.0	\$ --	\$ 4.0
Lease termination	10.9	--	(1.4)	9.5
Other incremental costs	5.5	3.0	(1.2)	7.3
Total	\$16.4	\$ 7.0	\$ (2.6)	\$20.8

The balance of the severance-related accruals covers future payments to be made for severance actions. Lease termination costs are expected to be paid over the contractual terms of the leases. Fixed assets to be disposed under the 1999 charge totaled \$16.5 million at December 31, 1999, and March 31, 2000. Related reserves were \$10.5 million at December 31, 1999, and \$10.8 million at March 31, 2000.

Note 7 - Comprehensive Income

Accumulated other comprehensive income includes cumulative translation, unrealized gains and losses on investments and minimum pension liability adjustments. Comprehensive income for the quarters ended March 31, 2000 and 1999, was as follows (in millions):

	Quarter Ended	
	March 31	
	2000	1999
Net earnings	\$58.7	\$57.6
Other comprehensive income (loss)	(4.4)	0.4
Comprehensive income	\$54.3	\$58.0

Item 2. - Management's Discussion and Analysis

Overview

The Company's financial results in the first quarter of 2000 continue to reflect the favorable effect of its growth strategy: creating superior products and services by pursuing innovation and aggressively marketing its leading brands. Sales increased 6.1 percent to \$1,149.0 million on strong contributions from the Boat and Marine Engine segments and from the fitness equipment business. Further, the Company focuses on effective cost management and investment in technology to enhance its cost position.

Results of Operations

Consolidated

The following table sets forth certain amounts, ratios and relationships calculated from the consolidated statements of income for the quarters ended March 31, 2000 and 1999 (dollars in millions, except per share data):

	Quarter Ended March 31	
	2000	1999
Net sales	\$1,149.0	\$1,083.0
Percent increase	6.1%	19.8%
Operating earnings	\$ 110.9	\$ 109.6
Net earnings	\$ 58.7	\$ 57.6
Diluted earnings per share	\$ 0.64	\$ 0.62
Expressed as a percentage of net sales:		
Gross margin	27.3%	26.8%
Selling, general and administrative expense	17.0%	16.7%
Operating margin	9.7%	10.1%

The amounts in the above table include a \$7.0 million pretax (\$4.5 million after tax) strategic charge recorded in the first quarter of 2000 related to the restructuring of the bicycle business. On

a pro forma basis, excluding this item, amounts are as follows (dollars in millions, except per share data):

	Quarter Ended March 31	
	2000	1999
Operating earnings	\$117.9	\$109.6
Percent increase	7.6%	1.4%
Operating margin	10.3%	10.1%
Net earnings	\$ 63.2	\$ 57.6
Diluted earnings per share	\$ 0.69	\$ 0.62

Sales increased by \$66.0 million to \$1,149.0 million in the first quarter of 2000 from \$1,083.0 million in 1999. This increase primarily reflects continued improvements in boat sales driven by an improved mix of larger, higher-margin boats; gains in sales of marine engines due to strong demand for sterndrive engines and new low-emission outboard engines; and an increase in sales of fitness equipment due to a continuing strong health club market in the United States and the success of new product launches in the high-end consumer segment.

Gross margin percentages increased to 27.3 percent in 2000 from 26.8 percent in 1999. This increase reflects the benefits from the aforementioned shift in mix of boat sales and improved pricing and production efficiency in the boat business. In addition, prior year results include a \$5.0 million inventory write-down in the camping business that favorably affects comparisons. These factors more than offset lower margins in the fishing tackle business due to pricing pressures on lower price-point products and reduced production volumes. In addition, margins in the bicycle business declined reflecting significant reductions in market pricing that principally occurred in the second half of 1999 and sales of close-out inventory which more than offset product cost reductions.

Selling, general and administrative expenses as a percent of sales increased to 17.0 percent in the first quarter of 2000 from 16.7 percent in the first quarter of 1999. This increase resulted from investment in new products and market development costs primarily in the marine engine and fitness equipment businesses that were partially funded through cost reduction efforts.

Operating earnings totaled \$110.9 million in 2000 and \$109.6 million in 1999. Excluding the \$7.0 million strategic charge recorded in the first quarter of 2000 related to the restructuring of the bicycle business, operating earnings totaled \$117.9 million and operating margins were 10.3 percent in 2000 versus 10.1 percent in 1999.

Other income and expense amounted to income of \$0.3 million in 2000 compared with expense of \$1.2 million in the first quarter of 1999. The Company's effective tax rate was 38.0 percent in the first quarters of 2000 and 1999.

Net earnings were \$58.7 million in 2000 versus \$57.6 million in 1999, and diluted earnings per share increased to \$0.64 in the first quarter of 2000 from \$0.62 in 1999. Excluding the previously mentioned strategic charge, net earnings were \$63.2 million and diluted earnings per share were \$0.69 in the first quarter of 2000, an 11.3 percent increase in diluted earnings per share versus 1999. Average common shares outstanding used to calculate diluted earnings per share decreased to 91.5 million in 2000 from 92.6 million in 1999 primarily reflecting stock repurchased during the first quarter of 2000.

Marine Engine Segment

The following table sets forth Marine Engine segment results for the quarters ended March 31, 2000 and 1999 (dollars in millions):

	Quarter Ended March 31	
	2000	1999

Net sales	\$429.0	\$386.7
Operating earnings	\$ 60.9	\$ 53.5
Operating margin	14.2%	13.8%
Capital expenditures	\$ 8.4	\$ 10.4

Marine Engine segment sales increased 10.9 percent to \$429.0 million in the first quarter of 2000 from \$386.7 million resulting from double-digit growth in outboard and sterndrive engines driven by consumer demand, new products and a favorable shift in product mix to larger sterndrives.

Operating earnings were \$60.9 million in the first quarter of 2000, compared with \$53.5 million in the same period last year, and operating margins were 14.2 percent in 2000 versus 13.8 percent in 1999. The operating margin increase reflects effective cost management efforts that more than offset investments made in new product and market development. In addition, the segment results continued to reflect the unfavorable margin differential between low-emission and traditional outboard offerings due to higher initial production costs.

Boat Segment

The following table sets forth Boat segment results for the quarters ended March 31, 2000 and 1999 (dollars in millions):

	Quarter Ended March 31	
	2000	1999
Net sales	\$418.5	\$368.4
Operating earnings	\$ 37.9	\$ 29.4
Operating margin	9.1%	8.0%
Capital expenditures	\$ 8.5	\$ 6.4

The Boat segment reported a 13.6 percent increase in sales to \$418.5 million in the first quarter of 2000 from \$368.4 million as a result of continued strong demand for larger boats.

Operating earnings for the segment were \$37.9 million in the first quarter of 2000, compared with \$29.4 million in the same period of 1999. Operating margins were 9.1 percent versus 8.0 percent in 1999. The change in operating margins reflects improved pricing, the benefits from continued growth in sales of larger, higher-margin boats and actions taken in 1999 to improve the segment's cost position.

Outdoor Recreation Segment

The following table sets forth Outdoor Recreation segment results for the quarters ended March 31, 2000 and 1999 (dollars in millions):

	Quarter Ended March 31	
	2000	1999
Net sales	\$193.8	\$213.1
Operating earnings	\$ 4.9	\$ 13.6
Operating margin	2.5%	6.4%
Capital expenditures	\$ 5.9	\$ 8.4

In the first quarter of 2000, Outdoor Recreation segment sales decreased 9.1 percent to \$193.8 million from \$213.1 million. Bicycle sales declined as pricing pressures, particularly at lower price points, led to lower average selling prices in the current year. The Company continues to experience strong demand at retail for Mongoose-branded bikes. However, sales volume comparisons with the prior year were unfavorable due to expanded distribution of product into the mass merchant channel in the prior year when retailers were building inventories. Sales of camping equipment also declined reflecting weakness in demand following the year 2000 rollover, along with softness in pricing and a decrease in

product offerings. Sales of coolers and fishing tackle were comparable with the prior-year levels.

Operating earnings decreased 64.0 percent to \$4.9 million in the first quarter of 2000, from \$13.6 million in 1999, and operating margins for the segment were 2.5 percent in 2000 compared with 6.4 percent in 1999. The margin decline reflects decreases in fishing margins due to pricing pressures on lower price-point products, decreased production volumes and increased investment in new products and information systems. In the bicycle business, the previously mentioned decreases in market pricing for bicycles versus the prior period along with the effects of liquidating bicycle inventory were partially offset by product cost reductions. In addition, camping results in the prior year include a \$5.0 million inventory write-down provision.

The results of this segment continue to reflect the effects of pricing pressure in the bicycle, camping and fishing businesses caused by competition from low-cost products imported from Asia. Management is taking actions in each of the businesses to address this issue. In the fourth quarter of 1999, the Company embarked on a plan to address the profitability of its bicycle business that included exiting bicycle manufacturing operations, outsourcing bicycle manufacturing, reducing warehouse capacity and administrative personnel and rationalizing product offerings. This transition is expected to be completed in the second quarter of 2000. In the first quarter of 2000, the Company recorded a \$7.0 million strategic charge related to the actions committed to in the fourth quarter of 1999 for severance and other related exit costs. This charge is not included in the segment's operating results. The first quarter results reflect the disposal of inventory that was written-down to break-even in the fourth quarter of 1999. In the second quarter of 2000, the Company will continue its efforts to liquidate inventory and complete the shutdown of its bicycle manufacturing, which may result in production inefficiencies. The Company expects to see the benefits from these actions in the second half of 2000.

In 1999, the Company streamlined the product offerings in its camping business, focusing on higher-margin, differentiated products and also introduced products under the Igloo brand name late in the year. First quarter 2000 results did not reflect the benefits of these actions as sales of new products did not offset the effects of reduced product offerings and competition from imported products. Additionally, the Company continued to sell discontinued products at break-even, which negatively affected operating margins. In the fishing business, the Company is transitioning to Asian sourcing on certain low-end product offerings. The costs associated with this action are not expected to be significant. It is unlikely that these actions in the camping and fishing businesses will benefit results until 2001. Additional actions could be required to address the profitability of these businesses, which could result in significant charges to income.

Indoor Recreation Segment

The following table sets forth Indoor Recreation segment results for the quarters ended March 31, 2000 and 1999 (dollars in millions):

	Quarter Ended March 31	
	2000	1999
Net sales	\$187.3	\$184.8
Operating earnings	\$ 25.0	\$ 23.6
Operating margin	13.3%	12.8%
Capital expenditures	\$ 3.9	\$ 5.7

The Indoor Recreation segment recorded sales of \$187.3 million in the first quarter of 2000, an increase of 1.4 percent from 1999. This increase was a result of growth in fitness equipment sales due to a continuing strong health club market in the United States

and the success of new product launches in the high-end consumer segment. Partially offsetting these gains was a decline in revenues from the bowling business resulting from decreases in equipment sales due to reductions in distributor inventories and declines in bowling center revenues due to the divestiture of five bowling centers during the prior year. The Company continues to experience strong improvements in sales at upgraded bowling centers.

Operating earnings totaled \$25.0 million in the first quarter of 2000 versus \$23.6 million in 1999, a 5.9 percent increase.

Operating margins were 13.3 percent in 2000 compared with 12.8 percent in 1999. These improvements reflect increased sales of fitness equipment and continued cost containment in the bowling business.

Cash Flow, Liquidity and Capital Resources

Cash generated from operating activities, available cash balances and selected borrowings are the Company's major sources of funds for investments and dividend payments. Cash and cash equivalents totaled \$123.8 million at March 31, 2000, up from \$100.8 million at the end of 1999.

Cash used for operating activities for the first quarter of 2000 reflects a seasonal build in working capital and totaled \$58.5 million in 2000 versus \$105.9 million in 1999. The improvement in cash used for operating activities between periods reflects the benefits of improved working capital management and an improvement in income tax-related cash flows that more than offset \$30.5 million of payments made in connection with antitrust litigation settlements.

During the first quarter of 2000, the Company invested \$27.3 million in capital expenditures, compared with \$31.1 million in 1999. Total debt at March 31, 2000, increased to \$918.3 million versus \$730.2 million at the end of 1999 due to increased commercial paper borrowings to fund working capital requirements, stock repurchases and capital expenditures. Debt-to-capitalization ratios at these dates were 41.5 percent and 36.0 percent, respectively.

On February 8, 2000, the Company announced a program to repurchase \$100 million of its common stock from time-to-time in the open market or through privately negotiated transactions. During the first quarter of 2000, the Company repurchased 2.9 million shares of its common stock for \$51.9 million in open market transactions under this program. The Company also repurchased additional shares for \$0.5 million under a systematic repurchase program in the first quarter of 2000.

The Company's financial flexibility and access to capital markets is supported by its balance sheet position, investment-grade credit ratings and ability to generate significant cash from operating activities. The Company had \$285.4 million in outstanding commercial paper at March 31, 2000, with additional borrowing capacity of \$114.6 million under the Company's \$400 million long-term credit agreement with a group of banks. The Company has \$150 million available under a universal shelf registration filed in 1996 with the Securities and Exchange Commission for the issuance of equity and/or debt securities. Management believes that these factors provide adequate sources of liquidity to meet its long-term and short-term needs.

Refer to Note 4 to the consolidated financial statements and Note 6 to the consolidated financial statements in the Company's 1999 Annual Report on Form 10-K for disclosure of the potential cash requirements of environmental proceedings. On October 27, 1999, the United States Tax court issued a ruling that upheld an Internal Revenue Service determination that resulted in an increase in the short-term capital gains and income distributions from two partnership investments for 1990 and 1991. This decision increases the Company's tax liability relating to those years by

approximately \$60.0 million, plus accrued interest, but will not have an unfavorable effect on the Company's results of operations. The Company is evaluating whether to appeal this decision. This matter is more fully described in Note 13 to the consolidated financial statements in the Company's 1999 Annual Report on Form 10-K

Legal Proceedings

On March 24, 2000, the United States Court of Appeals for the Eighth Circuit issued an opinion reversing and vacating an adverse verdict entered against the Company in favor of a buying group of boat-builder customers in the case *Concord Boat Corporation, et al. v. Brunswick Corporation (Concord)*. In June 1998, a jury had awarded the Concord plaintiffs treble damages totaling \$133.2 million based on alleged antitrust violations involving the sale of sterndrive and inboard marine engines. The Concord plaintiffs were also awarded attorney fees and costs. The Company appealed the verdict and award of fees and costs and the appellate court reversed and vacated the judgment in favor of the Concord plaintiffs, including the award of fees and costs and remanded the case for entry of judgment in favor of the Company. The Concord plaintiffs are seeking a rehearing to overturn the decision by the appellate court.

The Company previously reached agreements to settle or dismiss six additional suits, including five class-action lawsuits, filed after the 1998 Concord verdict, seeking to rely on the allegations and findings in the Concord suit. As previously discussed, the Company made payments totaling \$30.5 million relating to these settlements in the first quarter of 2000. The remaining payments, estimated at \$27.9 million, are expected to be paid through 2001. As a part of a settlement with a subset of one of the classes, additional payments could have been required based on the final resolution of the Concord suit. Based on the appellate court's decision, the Company is not required to make any additional payments under this settlement.

Forward Looking Statements

Certain statements in this Form 10-Q are forward looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this filing. These risks include, but are not limited to, the effect of economic conditions on market demand for the Company's products; inventory adjustments by major retailers; competitive pricing pressures; the success of marketing and cost-management programs; the ability to liquidate inventory and cease bicycle manufacturing operations within the time, cost and manner estimated; the ability to outsource the production of bicycles and fishing reels; imports from Asia and competition from Asian competitors; the dependence of the Outdoor Recreation segment on mass merchants; the Company's ability to develop and produce new products; new and competing technologies; and adverse weather conditions retarding sales of outdoor recreation products.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Note 4 to Consolidated Financial Statements in Part I of this Quarterly Report on Form 10-Q on pages 6 and 7 is hereby incorporated by reference.

Item 4. Submission of Matters to a Vote of Security Holders

At the April 26, 2000, Annual Meeting of Shareholders of the Company, Messrs. George W. Buckley, Michael J. Callahan, Manuel A. Fernandez, Peter B. Hamilton and Roger W. Schipke were elected directors of the Company for terms expiring at the 2003 Annual Meeting and Ms. Dorrit J. Bern was elected a director of the

Company for a term expiring at the 2002 Annual Meeting. The numbers of shares voted with respect to these directors were:

Nominees	For	Withheld
Dorrit J. Bern	75,510,550	1,243,210
George W. Buckley	75,376,538	1,377,223
Michael J. Callahan	75,557,983	1,195,778
Manuel A. Fernandez	75,544,973	1,208,778
Peter B. Hamilton	75,491,265	1,262,495
Roger W. Schipke	75,347,321	1,406,440

At the Annual Meeting, the Board of Directors' appointment of Arthur Andersen LLP as auditors for the Company and its subsidiaries for the year 2000 was ratified pursuant to the following vote:

	Number of Shares
For	75,934,076
Against	376,540
Abstain	443,146

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

3. By-Laws of the Company

(b) Reports on Form 8-K.

1. The Company filed a Current Report on Form 8-K dated January 4, 2000, reporting in Item 5 that it had settled a class-action lawsuit.
2. The Company filed a Current Report on Form 8-K dated January 20, 2000, reporting in Item 5 that it had announced plans to restructure its bicycle division.
3. The Company filed a Current Report on Form 8-K dated March 29, 2000, reporting in Item 5 that the United States Court of Appeals for the Eighth Circuit had issued an opinion reversing and vacating a \$133.2 million verdict entered against the Company in an antitrust lawsuit.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRUNSWICK CORPORATION

May 11, 2000

By: /s/ Victoria J. Reich
Victoria J. Reich
Senior Vice President and
Chief Financial Officer

*Ms. Reich is signing this report both as a duly authorized officer and as the principal accounting officer.

Exhibit 3

BRUNSWICK CORPORATION

BY-LAWS

ARTICLE I

OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices in the City of Lake Forest, State of Illinois, and at such other places as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Meetings of stockholders may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. An annual meeting of stockholders shall be held at such time and on such day in the month of April or in such other month as the board of directors may specify by resolution. At the annual meeting the stockholders shall elect by a plurality vote of those stockholders voting at the meeting, by ballot, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 4. At least ten days before every election of directors, a complete list of the stockholders entitled to vote at said election arranged in alphabetical order, shall be prepared or caused to be prepared by the secretary. Such list shall be open at the place where the election is to be held for said ten days, to the examination of any stockholder, and shall be produced and kept at the time and place of election during the whole time thereof, and subject to the inspection of any stockholder who may be present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board and shall be called by the president or secretary at the request in writing of a majority of the board of directors. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting of stockholders stating the place, date and hour of meeting, and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the shares of the capital stock of the corporation, issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation or by these by-laws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such

adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 9. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or of these by-laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 10. At any meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. Each stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the corporation. Except where the transfer books of the corporation shall have been closed or a date shall have been fixed as a record date for the determination of its stockholders entitled to vote, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the corporation within twenty days next proceeding such election of directors.

ARTICLE III

DIRECTORS

Section 1. The number of directors shall be fourteen, but the number of directors may, from time to time, be altered by amendment of these by-laws in accordance with the certificate of incorporation.

Section 2. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the board of directors or a committee appointed by the board of directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the secretary of the corporation not later than (a) with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (b) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the stockholder is the holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (v) the consent of each nominee to serve as a director of the corporation if so elected. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

Section 3. The property and business of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of each newly elected board shall be held immediately after, and at the same place as, the annual meeting of stockholders at which such board shall have been elected, for the purpose of electing officers, and for the consideration of any other business that may properly be brought before the meeting. No notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present.

Section 6. Regular meetings of the board of directors shall be held on such dates, not less often than once each calendar quarter, as may be fixed from time to time by resolution of the board of directors. No notice need be given of such meetings, provided that notice of such resolution has been furnished to each director. Such meetings shall be held at the Lake Forest office of the corporation or at such other place as is stated in the notice of the meeting. Upon the assent, given either verbally or in writing, of a majority of the whole board, any regular meeting may be cancelled, the time changed, or may be held at such other place and time, as a majority of the whole board may designate, either verbally or in writing, upon reasonable notice given to each director, either personally or by mail or by telegram.

Section 7. Special meetings of the board of directors may be called by the chairman of the board, or by the secretary on the written request of two directors, to be held either at the Lake Forest office of the corporation or at such other place as may be convenient and may be designated by the officer calling the meeting. Reasonable notice of such special meeting shall be given to each director, either personally or by mail or telegram; provided, that a majority of the whole board of directors present at a meeting called by any of said officers, in matters requiring prompt attention by the board, may hold a valid meeting and transact business without the giving of notice to each director as above provided.

Section 8. At all meetings of the board the presence of a majority of the whole board shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

EXECUTIVE COMMITTEE

Section 9. (a) The board of directors of the corporation at the annual or any regular or special meeting may, by resolution adopted by a majority of the whole board, designate three or more directors, one of whom shall be either the chairman of the board or the president of the corporation, to constitute an executive committee. Vacancies in the executive committee may be filled at any meeting of the board of directors. Each member of the executive committee shall hold office until his successor shall have been duly elected, or until his death, or until he shall

resign or shall have been removed from office or shall cease to be a director. Any member of the executive committee may be removed by resolution adopted by a majority of the whole board of directors whenever in its judgment the best interests of the corporation would be served thereby. The compensation, if any, of members of the executive committee shall be established by resolution of the board of directors.

(b) The executive committee shall have and may exercise all of the authority of the board of directors in the management of the corporation, provided such committee shall not have the authority of the board of directors in reference to amending the certificate of incorporation, adopting a plan of merger or consolidation with another corporation or corporations, recommending to the stockholders the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the corporation if not made in the usual and regular course of its business, recommending to the stockholders a voluntary dissolution of the corporation or a revocation thereof, amending, altering or repealing the by-laws of the corporation, electing or removing officers of the corporation or members of the executive committee, fixing the compensation of officers, directors, or any member of the executive committee, declaring dividends, amending, altering or repealing any resolution of the board of directors which by its terms provides that it shall not be amended, altered or repealed by the executive committee, the acquisition or sale of companies, businesses or fixed assets where the fair market value thereof or the consideration therefor exceeds \$10,000,000, authorizing the issuance of any shares of the corporation, or authorizing the creation of any indebtedness for borrowed funds, in excess of \$2,000,000.

(c) The executive committee shall have power to authorize the seal of the corporation to be affixed to all papers which may require it. Minutes of all meetings of the executive committee shall be submitted to the board of directors of the corporation at each meeting following a meeting of the executive committee. The minute books of the executive committee shall at all times be open to the inspection of any director.

(d) The executive committee shall meet at the call of the chairman of the executive committee, chairman of the board, the president, or any two members of the executive committee. Three members of the executive committee shall constitute a quorum for the transaction of business and the act of a majority of those present shall constitute the act of the committee.

AUDIT AND FINANCE COMMITTEE

Section 10. (a) The board of directors of the corporation at the annual or any regular or special meeting shall, by resolution adopted by a majority of the whole board, designate three or more independent directors to constitute an audit and finance committee and appoint one of the directors so designated as the chairman of the audit and finance committee. Membership on the audit and finance committee shall be restricted to those directors who are independent of the management of the corporation and are free from any relationship that, in the opinion of the corporation's board of directors, would interfere with the exercise of independent judgment as a member of the committee. Vacancies in the committee may be filled at any meeting of the board of directors. Each member of the committee shall hold office until his successor shall have been duly elected, or until his death, or until he shall resign or shall have been removed from the audit and finance committee by the board or shall cease to be a director. Any member of the audit and finance committee may be removed from the committee by resolution adopted by a majority of the whole board of directors whenever in its judgment (1) such person is no longer an independent director or free from any relationship with the corporation or any of its officers prohibited by this section, or (2) the best interests of the corporation would be served thereby. The compensation, if any, of members of the committee shall be established by resolution of the board of directors.

(b) The audit and finance committee shall be responsible for recommending to the board of directors the appointment or discharge of independent auditors, reviewing with management and the independent auditors the terms of engagement of independent auditors, including the fees, scope and timing of the audit and any other services rendered by such independent auditors; reviewing with independent auditors and management the corporation's policies and procedures with respect to internal auditing, accounting and financial controls, and dissemination of financial information; reviewing with management, the independent auditors and the internal auditors, the corporation's financial statements, audit results and reports and the recommendations made by the auditors with respect to changes in accounting procedures and internal controls; reviewing the results of studies of the corporation's system of internal accounting controls; and performing any other duties or functions deemed appropriate by the board of directors. The committee shall have such powers and rights as may be necessary or desirable to fulfill these responsibilities including, the power and right to consult with legal counsel and to rely upon the opinion of such legal counsel. The audit and finance committee is authorized to communicate directly with the corporation's financial officers and employees, internal auditors and independent auditors on such matters as it deems desirable and to have the internal auditors and independent auditors perform such additional procedures as it deems appropriate. The audit and finance committee shall periodically report to the board of directors on its activities.

(c) Minutes of all meetings of the audit and finance committee shall be submitted to the board of directors of the corporation. The minute books of the committee shall at all times be open to the inspection of any director.

(d) The audit and finance committee shall meet at the call of its chairman or any two members of the committee. Two members of the audit and finance committee shall constitute a quorum for the transaction of business and the act of a majority of those present, but no less than two members, shall constitute the act of the committee.

HUMAN RESOURCE AND COMPENSATION COMMITTEE

Section 11. (a) The board of directors of the corporation at the annual or any regular or special meeting shall, by resolution adopted by a majority of the whole board, designate three or more directors to constitute a human resource and compensation committee and appoint one of the directors so designated as the chairman of the human resource and compensation committee. Membership on the human resource and compensation committee shall be restricted to disinterested persons which for this purpose shall mean any director, who, during the time he is a member of the human resource and compensation committee is not eligible, and has not at any time within one year prior thereto been eligible, for selection to participate in any of the compensation plans administered by the human resource and compensation committee. Vacancies in the committee may be filled at any meeting of the board of directors. Each member of the committee shall hold office until his successor shall have been duly elected, or until his death or resignation, or until he shall have been removed from the committee by the board of directors, or until he shall cease to be a director or a disinterested person. Any member of the human resource and compensation committee may be removed by resolution adopted by a majority of the whole board of directors whenever in its judgment the best interests of the corporation would be served thereby. A majority of the human resource and compensation committee shall constitute a quorum and an act of the majority of the members present at any meeting at which a quorum is present, or an act approved in writing by each of the members of the committee without a meeting, shall be the act of the human resource and compensation committee.

(b) The human resource and compensation committee shall administer the Brunswick Performance Plan, Strategic Incentive

Plan, 1991 Stock Plan, and Supplemental Pension Plan. The human resource and compensation committee shall have the power and authority vested in it by any plan of the corporation, which the committee administers. The human resource and compensation committee shall from time to time recommend to the board of directors the compensation of the officers of the corporation except for assistant officers whose compensation shall be fixed by the officers of the corporation.

CORPORATE GOVERNANCE COMMITTEE

Section 12. (a) The board of directors of the corporation at the annual or any regular or special meeting shall, by resolution adopted by a majority of the whole board, designate three or more directors to constitute a corporate governance committee of the board of directors and appoint one of the directors so designated as its chairman. Members on the corporate governance committee of the board of directors shall be restricted to disinterested persons which for this purpose shall mean any director who, during the time the director is a member of the corporate governance committee of the board of directors, is neither an officer or employee of the corporation. Vacancies in the committee may be filled at any meeting of the board of directors. Each member of the committee shall hold office until his successor shall have been duly elected, or until his death or resignation, or until he shall have been removed from the committee by the board of directors, or until he shall cease to be a director. Any member of the corporate governance committee of the board of directors may be removed by resolution of the whole board of directors whenever in its judgment the best interests of the corporation would be served thereby. A majority of the corporate governance committee of the board of directors shall constitute a quorum and an act of the majority of the members present at any meeting at which a quorum is present, or an act approved in writing by each of the members of the committee without a meeting, shall be the act of the corporate governance committee. The compensation, if any, of members of the committee shall be established by resolution of the board of directors.

(b) The corporate governance committee of the board of directors shall be responsible for all matters of corporate governance and director affairs including, but not limited to:

- (i) considering and making recommendations to the board with regard to changes in the size of the board;
- (ii) developing and maintaining appropriate criteria for the composition of the board of directors and its nominees;
- (iii) overseeing the selection of and making recommendations to the board regarding nominees for election as directors to be submitted to the stockholders and nominees to fill vacancies on the board of directors as they occur;
- (iv) coordinating an annual evaluation by the board, with input from senior management, of the structure of the board and its committees and the processes employed in their deliberations; and
- (v) periodically evaluating the performance of members of the board.

(c) Nothing in this by-law is intended to prevent any individual director from making a recommendation of a person to be a director of the corporation either to the corporate governance committee or to the board.

OTHER COMMITTEES

Section 13. The board of directors may from time to time create and appoint such committees in addition to the executive, audit and finance, human resource and compensation and corporate

governance committees as it deems desirable. Each additional committee shall bear such designation, shall have such powers and shall perform such duties, not inconsistent with these by-laws or with law, as may be assigned to it by the board of directors; provided that no such additional committee may exercise the powers of the board of directors in the management of the business and affairs of the corporation except such as shall be expressly delegated to it. The board of directors shall have the power to change the members of any such additional committee at any time, to fill vacancies, and to discharge any such additional committee at any time. The compensation, if any, of members of any such committee shall be established by resolution of the board of directors.

COMPENSATION OF DIRECTORS

Section 14. Directors shall receive such fees and reimbursement of reasonable expenses as may be fixed from time to time by resolution of the board. Members of special or standing committees shall also be allowed such fees and reimbursements for reasonable expenses in connection with service on such committees as may from time to time be fixed by resolution of the board. Such fees may be fixed on the basis of meetings attended or on an annual basis or both and may be payable currently or deferred.

ACTION BY WRITTEN CONSENT

Section 15. 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 all members of the board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

ACTION BY TELEPHONE OR OTHER COMMUNICATIONS EQUIPMENT

Section 16. Directors may participate in a meeting of the board or any committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ALTERNATE COMMITTEE MEMBERS

Section 17. The board of directors may designate one or more directors as alternate members of any committee, any of whom may be selected by the chairman of a committee to replace any absent or disqualified member at any meeting of a committee. In the absence or disqualification of a member of a committee and of the alternate members of such committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitutes a quorum, may unanimously appoint another member of the board of directors to act at the meeting in place of any such absent or disqualified member.

ARTICLE IV

NOTICES

Section 1. Except as may be otherwise provided for in these by-laws, whenever under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder at such address as appears on the books of the corporation, and such notice shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram or telex.

Section 2. Whenever any notice is required to be given under

the provisions of the statutes or of the certificate of incorporation, or of 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.

ARTICLE V

OFFICERS

Section 1. The Board of Directors shall elect a Chairman of the Board from among its members. The Board of Directors shall also elect a Chief Executive Officer and such other officers as the Board of Directors determines, none of whom need to be members of the Board of Directors.

Section 2. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer of the corporation may be removed at any time by the affirmative vote of a majority of the whole board of directors.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. The corporation may indemnify to the fullest extent that is lawful, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, taxes, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

Section 2. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not he would be entitled to indemnity against the same liability under the provisions of this article.

Section 3. The corporation may enter into an indemnity agreement with any director, officer, employee or agent of the corporation, upon terms and conditions that the board of directors deems appropriate, as long as the provisions of the agreement are not inconsistent with this article.

ARTICLE VII

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the chairman of the board, the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, designations, preferences and relative, participating, optional and other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions or such preferences and

rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock; provided, however, that, to the full extent allowed by law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights.

Section 2. If such certificate is countersigned (1) by a transfer agent, or (2) by a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may authorize the transfer agents and registrars of the corporation to issue and register, respectively, new certificates in place of any certificates alleged to have been lost, stolen or destroyed, and in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems necessary to protect the corporation and said transfer agents and registrars.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. 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 to express consent to corporate action in writing without a meeting, 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 sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 3. The board of directors shall present at each annual meeting and when called for by vote of the stockholders at any special meeting of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate. The board of directors, in its discretion, may delegate its responsibilities contained in this section to any officer or officers of the corporation.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall begin on the first day of January, and terminate on the thirty-first day of December, in each year.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Incorporated Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX

TENNESSEE AUTHORIZED CORPORATION PROTECTION ACT

Section 1. This corporation shall be subject to Section 404(a) of the Tennessee Authorized Corporation Protection Act.

ARTICLE X

AMENDMENTS

Section 1. The holders of shares of capital stock of the corporation entitled at the time to vote for the election of directors shall have the power to adopt, alter, amend, or repeal the by-laws of the corporation by vote of such percentage of such shares as is required by the Certificate of Incorporation, or if no percentage is specified by the Certificate of Incorporation, by vote of not less than 66-2/3% of such shares. The board of directors shall also have the power to adopt, alter, amend or repeal the by-laws of the corporation by vote of such percentage of the entire board as is required by the Certificate of Incorporation, or if no percentage is specified by the Certificate

of Incorporation, by vote of not less than a majority of the entire board.

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<NET-INCOME>	58,700
<EPS-BASIC>	0.64
<EPS-DILUTED>	0.64

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