

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **April 2, 2016**
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-01043

BRUNSWICK
Brunswick Corporation

(Exact name of registrant as specified in its charter)

Delaware

36-0848180

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

1 N. Field Court, Lake Forest, Illinois 60045-4811

(Address of principal executive offices, including zip code)

(847) 735-4700

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock (\$0.75 par value) of the registrant outstanding as of May 3, 2016 was 90,630,895.

BRUNSWICK CORPORATION
INDEX TO QUARTERLY REPORT ON FORM 10-Q
April 2, 2016

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION	Page
<u>Item 1. Condensed Consolidated Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Statements of Comprehensive Income for the three months ended April 2, 2016 and April 4, 2015</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of April 2, 2016, December 31, 2015 and April 4, 2015</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the three months ended April 2, 2016 and April 4, 2015</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>37</u>
<u>Item 4. Controls and Procedures</u>	<u>37</u>
PART II – OTHER INFORMATION	
<u>Item 1A. Risk Factors</u>	<u>38</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>38</u>
<u>Item 5. Other Information</u>	<u>39</u>
<u>Item 6. Exhibits</u>	<u>40</u>

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

BRUNSWICK CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(in millions, except per share data)	Three Months Ended	
	April 2, 2016	April 4, 2015
Net sales	\$ 1,070.3	\$ 985.7
Cost of sales	788.2	726.9
Selling, general and administrative expense	147.7	140.0
Research and development expense	34.6	30.1
Restructuring and integration charges	3.8	—
Operating earnings	96.0	88.7
Equity earnings	0.8	1.0
Other income, net	1.0	1.7
Earnings before interest and income taxes	97.8	91.4
Interest expense	(6.8)	(7.0)
Interest income	0.4	0.5
Earnings before income taxes	91.4	84.9
Income tax provision	28.2	28.3
Net earnings from continuing operations	63.2	56.6
Discontinued operations:		
Earnings from discontinued operations, net of tax	1.6	0.4
Net earnings from discontinued operations, net of tax	1.6	0.4
Net earnings	\$ 64.8	\$ 57.0
Earnings per common share:		
Basic		
Earnings from continuing operations	\$ 0.69	\$ 0.60
Earnings from discontinued operations	0.02	0.01
Net earnings	\$ 0.71	\$ 0.61
Diluted		
Earnings from continuing operations	\$ 0.68	\$ 0.59
Earnings from discontinued operations	0.02	0.01
Net earnings	\$ 0.70	\$ 0.60
Weighted average shares used for computation of:		
Basic earnings per common share	91.8	93.8
Diluted earnings per common share	92.8	95.2
Comprehensive income	\$ 73.0	\$ 45.7
Cash dividends declared per share	\$ 0.15	\$ 0.125

The Notes to Condensed Consolidated Financial Statements are an integral part of these consolidated statements.

BRUNSWICK CORPORATION
Condensed Consolidated Balance Sheets
(unaudited)

(in millions)	April 2, 2016	December 31, 2015	April 4, 2015
Assets			
Current assets			
Cash and cash equivalents, at cost, which approximates fair value	\$ 282.2	\$ 657.3	\$ 368.2
Short-term investments in marketable securities	0.8	11.5	57.8
Total cash, cash equivalents and short-term investments in marketable securities	283.0	668.8	426.0
Restricted cash	12.7	12.7	15.6
Accounts and notes receivable, less allowances of \$14.9, \$13.8 and \$16.2	526.3	398.1	473.7
Inventories			
Finished goods	481.8	444.4	437.4
Work-in-process	98.3	88.4	98.5
Raw materials	157.3	152.2	143.9
Net inventories	737.4	685.0	679.8
Prepaid expenses and other	50.0	39.8	40.9
Current assets held for sale	—	—	31.0
Current assets	1,609.4	1,804.4	1,667.0
Property			
Land	22.8	24.2	23.5
Buildings and improvements	378.4	351.8	333.8
Equipment	910.4	886.8	854.9
Total land, buildings and improvements and equipment	1,311.6	1,262.8	1,212.2
Accumulated depreciation	(870.1)	(861.4)	(847.3)
Net land, buildings and improvements and equipment	441.5	401.4	364.9
Unamortized product tooling costs	108.9	103.8	99.0
Net property	550.4	505.2	463.9
Other assets			
Goodwill	380.3	298.7	296.0
Other intangibles, net	136.8	55.1	44.2
Equity investments	27.3	21.5	25.1
Non-current deferred tax asset	372.1	420.2	479.4
Other long-term assets	46.4	47.4	42.5
Long-term assets held for sale	—	—	11.9
Other assets	962.9	842.9	899.1
Total assets	\$ 3,122.7	\$ 3,152.5	\$ 3,030.0

The Notes to Condensed Consolidated Financial Statements are an integral part of these consolidated statements.

BRUNSWICK CORPORATION
Condensed Consolidated Balance Sheets
(unaudited)

(in millions)	April 2, 2016	December 31, 2015	April 4, 2015
Liabilities and shareholders' equity			
Current liabilities			
Current maturities of long-term debt	\$ 4.8	\$ 6.0	\$ 5.0
Accounts payable	362.0	339.1	347.4
Accrued expenses	529.4	563.0	477.4
Current liabilities held for sale	—	—	15.5
Current liabilities	896.2	908.1	845.3
Long-term liabilities			
Debt	446.1	442.5	448.8
Deferred income taxes	2.3	12.3	4.1
Postretirement benefits	310.7	347.5	333.7
Other	162.1	160.8	193.6
Long-term liabilities held for sale	—	—	7.3
Long-term liabilities	921.2	963.1	987.5
Shareholders' equity			
Common stock; authorized: 200,000,000 shares, \$0.75 par value; issued: 102,538,000 shares; outstanding: 90,712,000, 90,813,000 and 92,716,000 shares	76.9	76.9	76.9
Additional paid-in capital	380.7	408.0	392.9
Retained earnings	1,711.7	1,660.4	1,512.7
Treasury stock, at cost: 11,826,000, 11,725,000 and 9,822,000 shares	(398.1)	(389.9)	(293.5)
Accumulated other comprehensive loss, net of tax	(465.9)	(474.1)	(491.8)
Shareholders' equity	1,305.3	1,281.3	1,197.2
Total liabilities and shareholders' equity	\$ 3,122.7	\$ 3,152.5	\$ 3,030.0

The Notes to Condensed Consolidated Financial Statements are an integral part of these consolidated statements.

BRUNSWICK CORPORATION
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in millions)	Three Months Ended	
	April 2, 2016	April 4, 2015
Cash flows from operating activities		
Net earnings	\$ 64.8	\$ 57.0
Less: net earnings from discontinued operations, net of tax	1.6	0.4
Net earnings from continuing operations	63.2	56.6
Depreciation and amortization	25.4	21.9
Pension funding, net of expense	(32.2)	(58.0)
Deferred income taxes	20.1	19.4
Excess tax benefits from share-based compensation	(7.4)	(6.0)
Equity in earnings of unconsolidated affiliates, net of dividends	(0.8)	(1.0)
Changes in certain current assets and current liabilities, excluding acquisitions	(153.1)	(160.6)
Income taxes	(4.0)	4.6
Other, net	(1.4)	(2.8)
Net cash used for operating activities of continuing operations	(90.2)	(125.9)
Net cash used for operating activities of discontinued operations	(3.0)	(6.4)
Net cash used for operating activities	(93.2)	(132.3)
Cash flows from investing activities		
Capital expenditures	(46.2)	(33.8)
Purchases of marketable securities	—	(15.9)
Sales or maturities of marketable securities	10.7	41.3
Investments	(3.6)	(5.3)
Acquisition of businesses, net of cash acquired	(195.0)	—
Proceeds from the sale of property, plant and equipment	0.1	1.0
Other, net	1.3	—
Net cash used for investing activities of continuing operations	(232.7)	(12.7)
Net cash used for investing activities of discontinued operations	—	(0.2)
Net cash used for investing activities	(232.7)	(12.9)
Cash flows from financing activities		
Payments of long-term debt including current maturities	(0.1)	(0.1)
Common stock repurchases	(40.0)	(20.0)
Cash dividends paid	(13.6)	(11.6)
Excess tax benefits from share-based compensation	7.4	6.0
Proceeds from share-based compensation activity	11.6	3.7
Tax withholding associated with shares issued for share-based compensation	(17.4)	(7.8)
Net cash used for financing activities	(52.1)	(29.8)
Effect of exchange rate changes on cash and cash equivalents	2.9	(9.5)
Net decrease in cash and cash equivalents	(375.1)	(184.5)
Cash and cash equivalents at beginning of period	657.3	552.7
Cash and cash equivalents at end of period	\$ 282.2	\$ 368.2

The Notes to Condensed Consolidated Financial Statements are an integral part of these consolidated statements.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Significant Accounting Policies

Interim Financial Statements. The unaudited interim condensed consolidated financial statements of Brunswick Corporation (Brunswick or the Company) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Therefore, certain information and disclosures normally included in financial statements and related notes prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted. As indicated in **Note 2 – Discontinued Operations**, Brunswick's results as discussed in the financial statements reflect continuing operations only, unless otherwise noted.

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 Brunswick's 2015 Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Form 10-K). These results include, in the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position of Brunswick as of April 2, 2016, December 31, 2015 and April 4, 2015, the results of operations for the three months ended April 2, 2016 and April 4, 2015, and the cash flows for the three months ended April 2, 2016 and April 4, 2015. Due to the seasonality of Brunswick's businesses, the interim results are not necessarily indicative of the results that may be expected for the remainder of the year.

The Company maintains its financial records on the basis of a fiscal year ending on December 31, with the fiscal quarters spanning thirteen weeks, with the first quarter ending on the Saturday closest to the end of the first thirteen-week period. The first quarter of fiscal year 2016 ended on April 2, 2016, and the first quarter of fiscal year 2015 ended on April 4, 2015.

Recent Accounting Pronouncements. The following are recent accounting pronouncements that have been adopted during 2016, or will be adopted in future periods.

Share-Based Compensation: In March 2016, the Financial Accounting Standards Board (FASB) amended the Accounting Standards Codification (ASC) to simplify the accounting for employee share-based payment transactions. Amendments related to the timing of excess tax benefit recognition, minimum statutory withholding requirements and forfeitures will be applied using a modified retrospective approach through a cumulative adjustment to equity as of the beginning of the period of adoption. Amendments to certain classifications on the statement of cash flows may be applied either prospectively or retrospectively, and amendments requiring the recognition of excess tax benefits and tax deficiencies in the income statement are to be applied prospectively. These amendments are to be applied for fiscal years, and interim periods within those years, beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the approach it will use to apply the new standard and the impact that the adoption of the new standard will have on the Company's condensed consolidated financial statements.

Recognition of Leases: In February 2016, the FASB amended the ASC to require lessees to recognize assets and liabilities on the balance sheet for all leases with terms greater than twelve months. Lessees will recognize expenses similar to current lease accounting. The amendment is to be applied using a modified retrospective method with certain practical expedients, and is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the approach it will use to apply the new standard and the impact that the adoption of the new standard will have on the Company's condensed consolidated financial statements.

Classification of Deferred Income Taxes: In November 2015, the FASB amended the ASC to require that deferred tax assets and liabilities be classified as non-current on the Condensed Consolidated Balance Sheets for all periods presented. The amendment may be applied either retrospectively or prospectively and is effective for fiscal years, and the interim periods thereafter, beginning after December 15, 2016, with early adoption permitted.

The Company early adopted this ASC amendment during the first quarter of 2016 which caused the Company to change its method of presentation for current deferred income taxes in the Condensed Consolidated Balance Sheets for all periods presented. Current deferred income tax assets of \$180.5 million and \$207.0 million as of December 31, 2015 and April 4, 2015, respectively, were reclassified to long-term. The reclassification of current deferred income tax liabilities did not have a material impact on the Company's condensed consolidated financial statements.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Measurement of Inventory: In July 2015, the FASB issued final guidance to simplify the subsequent measurement of inventories by replacing the lower of cost or market test with a lower of cost and net realizable value test. The guidance applies to inventories for which cost is determined by methods other than LIFO and the retail inventory method. The amendment is to be applied prospectively and is effective for fiscal years, and the interim periods within those years, beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASC amendment, but does not expect it will have a material impact on the Company's condensed consolidated financial statements.

Fair Value Disclosure: In May 2015, the FASB amended the ASC to update the presentation of certain investments measured at net asset value within the fair value hierarchy. The amendment requires these investments to be removed from the fair value hierarchy categorization and presented as a single reconciling line item between the fair value of investments reported on the Condensed Consolidated Balance Sheets and the amounts reported in the fair value hierarchy table. The amendment is to be applied retrospectively and is effective for fiscal years, and the interim periods within those years, beginning after December 15, 2015, with early adoption permitted. The Company adopted this amendment in 2016 and it did not have a material impact on the Company's condensed consolidated financial statements.

Revenue Recognition: In May 2014, the FASB and International Accounting Standards Board jointly issued a final standard on revenue recognition which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This standard will supersede most current revenue recognition guidance. Under the new standard, entities are required to identify the contract with a customer; identify the separate performance obligations in the contract; determine the transaction price; allocate the transaction price to the separate performance obligations in the contract; and recognize the appropriate amount of revenue when (or as) the entity satisfies each performance obligation. In August 2015, the FASB amended the ASC to delay the effective date to fiscal years, and the interim periods within those years, beginning on or after January 1, 2018, from the original effective date of January 1, 2017, with early adoption permitted no earlier than January 1, 2017. Entities have the option of using either retrospective transition or a modified approach in applying the new standard. The Company is currently evaluating the approach it will use to apply the new standard and the impact that the adoption of the new standard will have on the Company's condensed consolidated financial statements.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 2 – Discontinued Operations

The following table discloses the results of operations of the businesses reported as discontinued operations for the three months ended April 2, 2016 and April 4, 2015:

(in millions)	April 2, 2016	April 4, 2015
Net sales	\$ —	\$ 25.2
Earnings from discontinued operations before income taxes	\$ 2.6	\$ 0.6
Income tax provision	1.0	0.2
Net earnings from discontinued operations, net of tax	<u>\$ 1.6</u>	<u>\$ 0.4</u>

There were no assets and liabilities held for sale as of April 2, 2016 or December 31, 2015. The following table reflects the summary of assets and liabilities held for sale for the businesses reported as discontinued operations as of April 4, 2015:

(in millions)	April 4, 2015
Accounts and notes receivable, net	\$ 13.6
Net inventory	16.8
Prepaid expenses and other	0.6
Current assets held for sale	<u>31.0</u>
Net property	8.6
Other long-term assets	3.3
Long-term assets held for sale	<u>11.9</u>
Assets held for sale	<u>\$ 42.9</u>
Accounts payable	\$ 5.7
Accrued expenses	9.8
Current liabilities held for sale	<u>15.5</u>
Other liabilities	7.3
Long-term liabilities held for sale	7.3
Liabilities held for sale	<u>\$ 22.8</u>

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 3 – Restructuring and Integration Activities

The Company executed certain integration activities within the Fitness segment related to the acquisition of Cybex International, Inc. (Cybex) in the first quarter of 2016 as discussed in **Note 4 –Acquisitions**, resulting in the recognition of integration charges in the Condensed Consolidated Statements of Comprehensive Income during 2016.

The following table is a summary of the net expense associated with the Fitness segment integration activities for the three months ended April 2, 2016, as discussed above.

(in millions)	April 2, 2016
Integration activities:	
Employee termination and other benefits	\$ 1.9
Professional fees	1.4
Other	0.5
Total integration charges	\$ 3.8

During 2016, the Company made cash payments of \$2.9 million relating to all restructuring and integration activities, including payments related to prior period restructuring activities. As of April 2, 2016, accruals remaining for all restructuring and integration activities totaled \$2.4 million and are expected to be paid substantially during 2016.

Note 4 – Acquisitions

On January 20, 2016, the Company acquired 100 percent of privately held Cybex, a leading manufacturer of commercial fitness equipment, which is based in Medway, Massachusetts. Cybex offers a full line of cardiovascular and strength products and had unaudited sales in 2015 of approximately \$169 million. The addition of Cybex expands the Fitness segment's participation in key markets, including commercial fitness, and adds to the Company's manufacturing footprint to meet current and future demand more effectively. Cybex also increases the breadth and depth of the segment's product portfolio. Cybex is managed within the Company's Fitness segment.

The following table is a summary of the assets acquired, liabilities assumed and net cash consideration paid for the Cybex acquisition during 2016:

(in millions)	Fair Value ^(B)	Useful Life
Accounts and notes receivable	\$ 25.9	
Inventory	13.5	
Goodwill ^(A)	81.9	
Trade names	38.6	Indefinite
Customer relationships	41.8	16 years
Patents and proprietary technology	3.1	5 years
Property and equipment	39.8	
Other assets	6.0	
Total assets acquired	250.6	
Total liabilities assumed	55.6	
Net cash consideration paid	\$ 195.0	

(A) The goodwill recorded for the acquisition of Cybex is not deductible for tax purposes.

(B) Due to the recent timing of this acquisition, these amounts are preliminary and are subject to change within the measurement period as the Company finalizes its fair value estimates.

This acquisition is not material to the Company's net sales, results of operations or total assets during any period presented. Accordingly, the Company's consolidated results from operations do not differ materially from historical performance as a result of this acquisition and, therefore, pro forma results are not presented.

Note 5 – Financial Instruments

The Company operates globally with manufacturing and sales facilities in various locations around the world. Due to the Company's global operations, the Company engages in activities involving both financial and market risks. The Company utilizes normal operating and financing activities, along with derivative financial instruments, to minimize these risks.

Derivative Financial Instruments. The Company uses derivative financial instruments to manage its risks associated with movements in foreign currency exchange rates, interest rates and commodity prices. Derivative instruments are not used for trading or speculative purposes. The Company formally documents its hedge relationships, including identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking each hedge transaction. This process includes linking derivatives that are designated as hedges to specific forecasted transactions. The Company also assesses, both at the hedge's inception and monthly thereafter, whether the derivatives used in hedging transactions are highly effective in offsetting the changes in the anticipated cash flows of the hedged item. If the hedging relationship ceases to be highly effective, or it becomes probable that a forecasted transaction is no longer expected to occur, the Company discontinues hedge accounting prospectively and immediately recognizes the gains and losses associated with those hedges. There were no material adjustments as a result of ineffectiveness to the results of operations for the three months ended April 2, 2016 and April 4, 2015. The fair value of derivative financial instruments is determined through market-based valuations and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to future fluctuations in the markets in which they are traded. The effects of derivative financial instruments are not expected to be material to the Company's financial position or results of operations when considered together with the underlying exposure being hedged. Use of derivative financial instruments exposes the Company to credit risk with its counterparties when the fair value of a derivative contract is an asset. The Company mitigates this risk by entering into derivative contracts with highly rated counterparties. The maximum amount of loss due to counterparty credit risk is limited to the asset value of derivative financial instruments.

Cash Flow Hedges. The Company enters into certain derivative instruments that are designated and qualify as cash flow hedges. The Company executes both forward and option contracts, based on forecasted transactions, to manage foreign currency exchange exposure mainly related to inventory purchase and sales transactions. The Company also enters into commodity swap agreements based on anticipated purchases of copper and natural gas to manage risk related to price changes. From time-to-time, the Company enters into forward-starting interest rate swaps to hedge the interest rate risk associated with the anticipated issuance of debt.

A cash flow hedge requires that as changes in the fair value of derivatives occur, the portion of the change deemed to be effective is recorded temporarily in Accumulated other comprehensive loss, an equity account, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. As of April 2, 2016, the term of derivative instruments hedging forecasted transactions ranged from one to 15 months.

Fair Value Hedges. From time-to-time, the Company enters into fixed-to-floating interest rate swaps to convert a portion of the Company's long-term debt from fixed to floating rate debt. An interest rate swap is entered into with the expectation that the change in the fair value of the interest rate swap will offset the change in the fair value of the debt instrument attributable to changes in the benchmark interest rate. Each period, the change in the fair value of the interest rate swap asset or liability is recorded in debt and the difference between the fixed interest payment and floating interest receipts is recorded as a net adjustment to interest expense.

Other Hedging Activity. The Company has entered into certain foreign currency forward contracts that have not been designated as a hedge for accounting purposes. These contracts are used to manage foreign currency exposure related to changes in the value of assets or liabilities caused by changes in foreign exchange rates. The change in the fair value of the foreign currency derivative contract and the corresponding change in the fair value of the asset or liability of the Company are both recorded through earnings, each period as incurred. In addition, other hedging activity includes commodity swap agreements that are used to hedge purchases of aluminum. These hedges do not qualify for hedge accounting. The commodity swap agreements are based on anticipated purchases of aluminum and are used to manage risk related to price changes. The change in the fair value of the aluminum derivative contract is recorded through earnings, each period as incurred.

Foreign Currency. The Company enters into forward and option contracts to manage foreign exchange exposure related to forecasted transactions and assets and liabilities that are subject to risk from foreign currency rate changes. These exposures include: product costs; revenues and expenses; associated receivables and payables; intercompany obligations and receivables; and other related cash flows.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Forward exchange contracts outstanding at April 2, 2016, December 31, 2015 and April 4, 2015 had notional contract values of \$232.1 million, \$273.5 million and \$148.0 million, respectively. Option contracts outstanding at April 2, 2016, December 31, 2015 and April 4, 2015 had notional contract values of \$48.3 million, \$51.0 million and \$70.1 million, respectively. The forward and options contracts outstanding at April 2, 2016 mature during 2016 and 2017 and mainly relate to the Euro, Australian dollar, Canadian dollar, Japanese yen, Brazilian real, Swedish krona, Norwegian krone, Mexican peso, British pound, Hungarian forint and New Zealand dollar. As of April 2, 2016, the Company estimates that during the next 12 months, it will reclassify approximately \$0.4 million of net losses (based on current rates) from Accumulated other comprehensive loss to Cost of sales.

Interest Rate. The Company enters into fixed-to-floating interest rate swaps to convert a portion of the Company's long-term debt from fixed to floating rate debt. As of April 2, 2016, December 31, 2015 and April 4, 2015, the outstanding swaps had notional contract values of \$200.0 million, of which \$150.0 million corresponds to the Company's 4.625 percent Senior notes due 2021 and \$50.0 million corresponds to the Company's 7.375 percent Debentures due 2023. These instruments have been designated as fair value hedges, with the fair value recorded in long-term debt.

The Company also enters into forward-starting interest rate swaps from time to time to hedge the interest rate risk associated with anticipated debt issuances. There were no forward-starting interest rate swaps outstanding at April 2, 2016, December 31, 2015 or April 4, 2015.

As of April 2, 2016, December 31, 2015 and April 4, 2015, the Company had \$5.1 million, \$5.1 million and \$5.2 million, respectively, of net deferred losses associated with all settled forward-starting interest rate swaps, which were included in Accumulated other comprehensive loss. As of April 2, 2016, the Company estimates that during the next 12 months, it will reclassify approximately \$0.8 million of net losses resulting from settled forward-starting interest rate swaps from Accumulated other comprehensive loss to Interest expense.

Commodity Price. The Company uses commodity swaps to hedge anticipated purchases of aluminum, copper and natural gas. Commodity swap contracts outstanding at April 2, 2016, December 31, 2015 and April 4, 2015 had notional contract values of \$7.6 million, \$10.8 million and \$23.9 million, respectively. The contracts outstanding mature through 2017. The amount of gain or loss associated with the change in fair value of these instruments is either recorded through earnings each period as incurred or, if designated as cash flow hedges, deferred in Accumulated other comprehensive loss and recognized in Cost of sales in the same period or periods during which the hedged transaction affects earnings. As of April 2, 2016, the Company estimates that during the next 12 months it will reclassify approximately \$0.4 million in net losses (based on current prices) from Accumulated other comprehensive loss to Cost of sales.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

As of April 2, 2016, December 31, 2015 and April 4, 2015 the fair values of the Company's derivative instruments were:

(in millions)

Instrument	Derivative Assets			Derivative Liabilities				
	Balance Sheet Location	Fair Value			Balance Sheet Location	Fair Value		
		April 2, 2016	Dec. 31, 2015	April 4, 2015		April 2, 2016	Dec. 31, 2015	April 4, 2015
Derivatives Designated as Cash Flow Hedges								
Foreign exchange contracts	Prepaid expenses and other	\$ 2.8	\$ 5.9	\$ 6.9	Accrued expenses	\$ 3.9	\$ 1.3	\$ 0.9
Commodity contracts	Prepaid expenses and other	—	—	—	Accrued expenses	0.3	0.5	2.5
Total		\$ 2.8	\$ 5.9	\$ 6.9		\$ 4.2	\$ 1.8	\$ 3.4
Derivatives Designated as Fair Value Hedges								
Interest rate contracts	Prepaid expenses and other	\$ 2.9	\$ 2.1	\$ 3.0	Accrued expenses	\$ 2.0	\$ 1.4	\$ 1.7
Interest rate contracts	Other long-term assets	6.5	4.0	4.9	Other long-term liabilities	—	—	—
Total		\$ 9.4	\$ 6.1	\$ 7.9		\$ 2.0	\$ 1.4	\$ 1.7
Other Hedging Activity								
Foreign exchange contracts	Prepaid expenses and other	\$ 0.3	\$ 1.5	\$ 1.0	Accrued expenses	\$ 0.6	\$ 0.2	\$ 0.0
Commodity contracts	Prepaid expenses and other	—	—	—	Accrued expenses	1.6	2.2	—
Total		\$ 0.3	\$ 1.5	\$ 1.0		\$ 2.2	\$ 2.4	\$ 0.0

The effect of derivative instruments on the Condensed Consolidated Statements of Comprehensive Income for the three months ended April 2, 2016 and April 4, 2015 was:

(in millions)

Derivatives Designated as Cash Flow Hedging Instruments	Amount of Gain (Loss) on Derivatives Recognized in Accumulated Other Comprehensive Loss (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)	
	April 2, 2016	April 4, 2015		April 2, 2016	April 4, 2015
Foreign exchange contracts	\$ (4.3)	\$ 6.7	Cost of sales	\$ 2.6	\$ 2.6
Commodity contracts	0.0	(2.7)	Cost of sales	(0.2)	(1.8)
Total	\$ (4.3)	\$ 4.0		\$ 2.4	\$ 0.8

Derivatives Designated as Fair Value Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Earnings	Amount of Gain (Loss) on Derivatives Recognized in Earnings	
		April 2, 2016	April 4, 2015
Interest rate contracts	Interest expense	\$ 0.8	\$ 1.1

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Other Hedging Activity	Location of Gain (Loss) on Derivatives Recognized in Earnings	Amount of Gain (Loss) on Derivatives Recognized in Earnings	
		April 2, 2016	April 4, 2015
Foreign exchange contracts	Cost of sales	\$ (4.8)	\$ 6.2
Foreign exchange contracts	Other income, net	0.4	0.7
Commodity contracts	Cost of sales	(0.1)	—
Total		\$ (4.5)	\$ 6.9

Fair Value of Other Financial Instruments. The carrying values of the Company's short-term financial instruments, including cash and cash equivalents, accounts and notes receivable and short-term debt approximate their fair values because of the short maturity of these instruments. At April 2, 2016, December 31, 2015 and April 4, 2015, the fair value of the Company's long-term debt was approximately \$462.1 million, \$454.7 million and \$470.7 million, respectively, and was determined using Level 1 and Level 2 inputs described in **Note 6 – Fair Value Measurements**, including quoted market prices or discounted cash flows based on quoted market rates for similar types of debt. The carrying value of long-term debt, including current maturities, was \$447.5 million, \$448.5 million and \$457.6 million as of April 2, 2016, December 31, 2015 and April 4, 2015, respectively.

Note 6 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable.

- Level 1 - Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets or liabilities.
- Level 2 - Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from readily available pricing sources for comparable instruments.
- Level 3 - Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of April 2, 2016:

(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 9.4	\$ —	\$ —	\$ 9.4
Short-term investments in marketable securities	0.8	—	—	0.8
Restricted cash	12.7	—	—	12.7
Derivatives	—	12.5	—	12.5
Total assets	\$ 22.9	\$ 12.5	\$ —	\$ 35.4
Liabilities:				
Derivatives	\$ —	\$ 8.4	\$ —	\$ 8.4
Other	3.8	36.2	—	40.0
Total liabilities at fair value	\$ 3.8	\$ 44.6	\$ —	\$ 48.4
Liabilities measured at net asset value				11.6
Total liabilities				\$ 60.0

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 131.3	\$ 138.9	\$ —	\$ 270.2
Short-term investments in marketable securities	0.8	10.7	—	11.5
Restricted cash	12.7	—	—	12.7
Derivatives	—	13.5	—	13.5
Total assets	\$ 144.8	\$ 163.1	\$ —	\$ 307.9
Liabilities:				
Derivatives	\$ —	\$ 5.6	\$ —	\$ 5.6
Other	3.8	34.6	—	38.4
Total liabilities at fair value	\$ 3.8	\$ 40.2	\$ —	\$ 44.0
Liabilities measured at net asset value				11.3
Total liabilities				\$ 55.3

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of April 4, 2015:

(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 111.3	\$ 34.5	\$ —	\$ 145.8
Short-term investments in marketable securities	0.8	57.0	—	57.8
Restricted cash	15.6	—	—	15.6
Derivatives	—	15.8	—	15.8
Total assets	\$ 127.7	\$ 107.3	\$ —	\$ 235.0
Liabilities:				
Derivatives	\$ —	\$ 5.1	\$ —	\$ 5.1
Other	7.0	35.0	—	42.0
Total liabilities at fair value	\$ 7.0	\$ 40.1	\$ —	\$ 47.1
Liabilities measured at net asset value				12.2
Total liabilities				\$ 59.3

Refer to **Note 5 – Financial Instruments** for additional information related to the fair value of derivative assets and liabilities by class. Other liabilities shown in the tables above include certain deferred compensation plans of the Company. In addition to the items shown in the tables above, refer to Note 17 in the Notes to Consolidated Financial Statements in the 2015 Form 10-K for further discussion regarding the fair value measurements associated with the Company's postretirement benefit plans.

Note 7 – Share-Based Compensation

Under the Brunswick Corporation 2014 Stock Incentive Plan (Plan), the Company may grant stock options, stock appreciation rights (SARs), non-vested stock awards and performance awards to executives, other employees and non-employee directors from treasury shares and from authorized, but unissued, shares of common stock, in addition to any shares reacquired by the Company through the forfeiture of past awards, or settlement of such awards in cash. As of April 2, 2016, 5.3 million shares remained available for grant.

Non-vested stock awards

The Company grants both stock-settled and cash-settled non-vested stock units and awards to key employees as determined by management and the Human Resources and Compensation Committee of the Board of Directors. The Company granted 0.3 million and 0.2 million of stock awards during the three months ended April 2, 2016 and April 4, 2015, respectively. The Company recognizes the cost of non-vested stock units and awards on a straight-line basis over the requisite service period. Additionally, cash-settled non-vested stock units and awards are recorded as a liability in the balance sheet and adjusted to fair value each reporting period through stock compensation expense. During the three months ended April 2, 2016 and April 4, 2015, the Company charged \$1.6 million and \$3.6 million, respectively, to compensation expense for non-vested stock awards.

As of April 2, 2016, there was \$14.8 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. The Company expects this cost to be recognized over a weighted average period of 1.6 years.

Performance awards

In each of the first quarters of 2016 and 2015, the Company granted 0.1 million performance shares to certain senior executives. The 2016 and 2015 share awards are based on three performance measures: a cash flow return on investment (CFROI) measure, an operating margin (OM) measure and a total shareholder return (TSR) modifier. Performance shares are earned based on a three-year performance period commencing at the beginning of the calendar year of each grant. The performance shares are then subject to a TSR modifier based on stock returns measured against stock returns of a predefined comparator group over a three-year performance period which starts at the beginning of the calendar year of each grant. Additionally, in February 2016 and 2015, the Company granted 38,690 and 22,990 performance shares, respectively, to certain officers and certain senior managers based on the respective measures and performance periods described above but excluding a TSR modifier. Based on projections of probable

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

attainment of the performance measures and the projected TSR modifier used to determine the performance awards, \$1.2 million was charged to compensation expense for both the three months ended April 2, 2016 and April 4, 2015.

The fair values of the senior executives' performance share award grants with a TSR modifier at the grant date in 2016 and 2015 were \$38.54 and \$56.17, respectively, which were estimated using the Monte Carlo valuation model, and incorporated the following assumptions:

	2016	2015
Risk-free interest rate	0.8%	1.0%
Dividend yield	1.0%	0.9%
Volatility factor	40.8%	39.2%
Expected life of award	2.9 years	2.9 years

The fair value of the certain officers and certain senior managers' performance awards granted based solely on the CFROI performance factor was \$37.76 and \$52.39, which was equal to the stock price on the date of grant in 2016 and 2015, respectively, less the present value of dividend payments over the vesting period.

As of April 2, 2016, the Company had \$6.5 million of total unrecognized compensation cost related to performance awards. The Company expects this cost to be recognized over a weighted average period of 1.5 years.

Director Awards

The Company issues stock awards to non-employee directors in accordance with the terms and conditions determined by the Nominating and Corporate Governance Committee of the Board of Directors. A portion of each director's annual fee is paid in Brunswick common stock, the receipt of which may be deferred until a director retires from the Board of Directors. Each director may elect to have the remaining portion paid in cash, in Brunswick common stock distributed at the time of the award or in deferred Brunswick common stock with a 20 percent premium.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 8 – Earnings per Common Share

Basic earnings per common share is calculated by dividing Net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is calculated similarly, except that the calculation includes the dilutive effect of stock-settled SARs, non-vested stock awards and performance awards.

Basic and diluted earnings per common share for the three months ended April 2, 2016 and April 4, 2015 were calculated as follows:

(in millions, except per share data)	April 2, 2016	April 4, 2015
Net earnings from continuing operations	\$ 63.2	\$ 56.6
Net earnings from discontinued operations, net of tax	1.6	0.4
Net earnings	<u>\$ 64.8</u>	<u>\$ 57.0</u>
Weighted average outstanding shares – basic	91.8	93.8
Dilutive effect of common stock equivalents	1.0	1.4
Weighted average outstanding shares – diluted	<u>92.8</u>	<u>95.2</u>
Basic earnings per common share:		
Continuing operations	\$ 0.69	\$ 0.60
Discontinued operations	0.02	0.01
Net earnings	<u>\$ 0.71</u>	<u>\$ 0.61</u>
Diluted earnings per common share:		
Continuing operations	\$ 0.68	\$ 0.59
Discontinued operations	0.02	0.01
Net earnings	<u>\$ 0.70</u>	<u>\$ 0.60</u>

As of April 2, 2016, the Company had 1.2 million SARs outstanding and exercisable. This compares with 2.3 million SARs outstanding, of which 2.2 million were exercisable, as of April 4, 2015. During the three months ended April 2, 2016 and April 4, 2015, there were no SARs outstanding for which the exercise price was greater than the average market price of the Company's shares for the period then ended. Therefore, there were no non-dilutive SARs to exclude from the computation of diluted earnings per common share. Changes in average outstanding basic shares from April 4, 2015 to April 2, 2016 reflect the impact of SARs exercised and the vesting of stock and performance awards since the first quarter of 2015, net of the impact of common stock repurchases throughout 2015 and the first quarter of 2016.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 9 – Commitments and Contingencies

Financial Commitments

The Company has entered into guarantees of indebtedness of third parties, primarily in connection with customer financing programs. Under these arrangements, the Company has guaranteed customer obligations to the financial institutions in the event of customer default, generally subject to a maximum amount that is less than total outstanding obligations. The Company has also extended guarantees to third parties that have purchased customer receivables from Brunswick and, in certain instances, has guaranteed secured term financing of its customers. Potential payments in connection with these customer financing arrangements generally extend over several years. The single year potential cash obligations associated with these customer financing arrangements as of April 2, 2016, December 31, 2015 and April 4, 2015 were \$29.6 million, \$30.7 million and \$29.3 million, respectively. The maximum potential cash obligation associated with these customer financing arrangements as of April 2, 2016, December 31, 2015 and April 4, 2015 were \$36.4 million, \$36.8 million and \$34.3 million, respectively.

In most instances, upon repurchase of the receivable or note, the Company receives rights to the collateral securing the financing. The Company's risk under these arrangements is partially mitigated by the value of the collateral that secures the financing. The Company had \$1.1 million accrued for potential losses related to recourse exposure at April 2, 2016, December 31, 2015 and April 4, 2015, respectively.

The Company has accounts receivable sale arrangements with third parties which are included in the guarantee arrangements discussed above. The Company treats the sale of receivables in which the Company retains an interest as a secured obligation as the transfers of the receivables under these arrangements do not meet the requirements of a "true sale." Accordingly, the current portion of receivables underlying these arrangements of \$25.6 million, \$22.5 million and \$21.6 million was recorded in Accounts and notes receivable and Accrued expenses as of April 2, 2016, December 31, 2015 and April 4, 2015, respectively. Further, the long-term portion of these arrangements of \$25.2 million, \$23.7 million and \$20.1 million as of April 2, 2016, December 31, 2015 and April 4, 2015, respectively, was recorded in Other long-term assets and Other long-term liabilities.

The Company has also entered into arrangements with third-party lenders in which it has agreed, in the event of a customer default, to repurchase from the third-party lender those Brunswick products repossessed from the customer. These arrangements are typically subject to a maximum repurchase amount. The single year and maximum potential cash payments the Company could be required to make to repurchase collateral as of April 2, 2016, December 31, 2015 and April 4, 2015 were \$60.4 million, \$57.9 million and \$58.2 million, respectively.

The Company's risk under these repurchase arrangements is partially mitigated by the value of the products repurchased as part of the transaction. The Company had \$1.2 million, \$1.1 million and \$1.0 million accrued for potential losses related to repurchase exposure at April 2, 2016, December 31, 2015 and April 4, 2015, respectively. The Company's repurchase accrual represents the expected losses that could result from obligations to repurchase products, after giving effect to proceeds anticipated to be received from the resale of those products to alternative dealers.

The Company has recorded its estimated net liability associated with losses from these guarantee and repurchase obligations on its Condensed Consolidated Balance Sheets based on historical experience and current facts and circumstances. Historical cash requirements and losses associated with these obligations have not been significant, but could increase if dealer defaults exceed current expectations.

Financial institutions have issued standby letters of credit and surety bonds conditionally guaranteeing obligations on behalf of the Company totaling \$6.1 million and \$12.0 million, respectively, as of April 2, 2016. A large portion of these standby letters of credit and surety bonds are related to the Company's self-insured workers' compensation program as required by its insurance companies and various state agencies. The Company has recorded reserves to cover the anticipated liabilities associated with these programs. Under certain circumstances, such as an event of default under the Company's revolving credit facility, or, in the case of surety bonds, a ratings downgrade, the Company could be required to post collateral to support the outstanding letters of credit and surety bonds. The Company was not required to post letters of credit as collateral against surety bonds as of April 2, 2016.

The Company has a collateral trust arrangement with insurance carriers and a trustee bank. The trust is owned by the Company, but the assets are pledged as collateral against workers' compensation related obligations in lieu of other forms of collateral including letters of credit. In connection with this arrangement, the Company had \$12.7 million, \$12.7 million and \$15.6 million of cash in the trust as of April 2, 2016, December 31, 2015 and April 4, 2015, respectively, which was classified as Restricted cash in the Company's Condensed Consolidated Balance Sheets. In 2015, insurance carriers reduced the required collateral amount, which resulted in a transfer out of the trust.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Product Warranties

The Company records a liability for product warranties at the time revenue is recognized. The liability is estimated using historical warranty experience, projected claim rates and expected costs per claim. The Company adjusts its liability for specific warranty matters when they become known and the exposure can be estimated. Product failure rates as well as material usage and labor costs incurred in correcting a product failure affect the Company's warranty liabilities. If actual costs differ from estimated costs, the Company must make a revision to the warranty liability. Changes in the Company's warranty liabilities due to improvements in the Company's experience and adjustments related to changes in estimates are included as Aggregate changes for preexisting warranties presented in the table below.

The following activity related to product warranty liabilities was recorded in Accrued expenses during the three months ended April 2, 2016 and April 4, 2015:

(in millions)	April 2, 2016	April 4, 2015
Balance at beginning of period	\$ 106.3	\$ 110.6
Payments made	(13.3)	(12.7)
Provisions/additions for contracts issued/sold	16.1	17.5
Aggregate changes for preexisting warranties	(3.3)	(4.3)
Foreign currency translation	0.6	(2.4)
Acquisitions	6.4	—
Balance at end of period	<u>\$ 112.8</u>	<u>\$ 108.7</u>

Additionally, end users of the Company's products may purchase a contract from the Company that extends product warranty beyond the standard period. For certain extended warranty contracts in which the Company retains the warranty or administration obligation, a deferred liability is recorded based on the aggregate sales price for contracts sold. The deferred liability is reduced and revenue is recognized on a straight-line basis over the contract period during which costs are expected to be incurred. Deferred revenue associated with contracts sold by the Company that extend product protection beyond the standard product warranty period, not included in the table above, was \$79.0 million, \$78.3 million and \$72.6 million at April 2, 2016, December 31, 2015 and April 4, 2015, respectively, and is recorded in Accrued expenses and Other long-term liabilities.

Legal and Environmental

The Company accrues for litigation exposure when it is probable that future costs will be incurred and such costs can be reasonably estimated. Adjustments to estimates are recorded in the period they are identified. Management does not believe that there is a reasonable possibility that a material loss exceeding the amounts already recognized for the Company's litigation claims and matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. In light of existing reserves, the Company's litigation claims, when finally resolved, are not expected, in the opinion of management, to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

There were no material changes during the three months ended April 2, 2016 to the legal and environmental commitments that were discussed in Note 13 in the Notes to Consolidated Financial Statements in the 2015 Form 10-K.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 10 – Financing Receivables

The Company has recorded financing receivables, which are defined as a contractual right to receive money, as assets on its Condensed Consolidated Balance Sheets as of April 2, 2016, December 31, 2015 and April 4, 2015. Substantially all of the Company's financing receivables are from commercial customers. The Company classifies its financing receivables into three categories: receivables repurchased under recourse provisions (Recourse Receivables); receivables sold to third-party finance companies (Third-Party Receivables) and customer notes and other (Other Receivables). Recourse Receivables are the result of the contingent recourse arrangements discussed in **Note 9 – Commitments and Contingencies**. Third-Party Receivables are accounts that have been sold to third-party finance companies, but do not meet the definition of a true sale, and are therefore recorded as an asset with an offsetting balance recorded as a secured obligation in Accrued expenses and Other long-term liabilities as discussed in **Note 9 – Commitments and Contingencies**. Other Receivables are mostly comprised of notes from customers, which are originated by the Company in the normal course of business. Financing receivables are carried at their face amounts less an allowance for doubtful accounts.

Due to the composition of the account portfolio, the Company does not believe that the credit risk posed by the Company's financing receivables is significant to its operations, financial condition or cash flows. There were no significant troubled debt restructurings during the three months ended April 2, 2016 and April 4, 2015, respectively.

The following are the Company's financing receivables, excluding trade accounts receivable, as of April 2, 2016, December 31, 2015 and April 4, 2015:

(in millions)	April 2, 2016	December 31, 2015	April 4, 2015
Recourse Receivables:			
Short-term	\$ 0.5	\$ 0.2	\$ 3.2
Long-term	0.1	0.1	0.9
Allowance for doubtful accounts	(0.1)	(0.2)	(3.2)
Total	0.5	0.1	0.9
Third-Party Receivables:			
Short-term	25.6	22.5	21.6
Long-term	25.2	23.7	20.1
Total	50.8	46.2	41.7
Other Receivables:			
Short-term	6.1	7.8	12.3
Long-term	0.8	1.6	2.1
Allowance for doubtful accounts	—	—	(0.2)
Total	6.9	9.4	14.2
Total Financing Receivables	\$ 58.2	\$ 55.7	\$ 56.8

There was no significant activity in the allowance for doubtful accounts on financing receivables during the three months ended April 2, 2016 and April 4, 2015, respectively.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 11 – Goodwill and Other Intangibles

A summary of changes in the Company's goodwill during the three months ended April 2, 2016, by segment, follows:

(in millions)	December 31, 2015	Acquisitions	Impairments	Adjustments	April 2, 2016
Marine Engine	\$ 26.2	\$ —	\$ —	\$ (0.2)	\$ 26.0
Fitness	272.5	81.9	—	(0.1)	354.3
Total	\$ 298.7	\$ 81.9	\$ —	\$ (0.3)	\$ 380.3

A summary of changes in the Company's goodwill during the three months ended April 4, 2015, by segment, follows:

(in millions)	December 31, 2014	Acquisitions	Impairments	Adjustments	April 4, 2015
Marine Engine	\$ 28.0	\$ —	\$ —	\$ (1.0)	\$ 27.0
Fitness	268.9	—	—	0.1	269.0
Total	\$ 296.9	\$ —	\$ —	\$ (0.9)	\$ 296.0

Adjustments for the three months ended April 2, 2016 and April 4, 2015 relate to the effect of foreign currency translation on goodwill denominated in currencies other than the U.S. dollar. See **Note 4 – Acquisitions** for further details on the Company's acquisitions.

The Company's intangible assets, included within Other intangibles, net on the Condensed Consolidated Balance Sheets as of April 2, 2016 and April 4, 2015, are summarized below:

(in millions)	April 2, 2016		April 4, 2015	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets:				
Customer relationships	\$ 281.9	\$ (227.0)	\$ 234.3	\$ (224.0)
Trade names	76.2	—	31.4	—
Other	19.4	(13.7)	15.5	(13.0)
Total	\$ 377.5	\$ (240.7)	\$ 281.2	\$ (237.0)

Other amortized intangible assets include patents, non-compete agreements and other intangible assets. See **Note 4 – Acquisitions** for further details on intangibles acquired during 2016. Gross amounts and related accumulated amortization amounts include adjustments related to the impact of foreign currency translation. Aggregate amortization expense for intangibles was \$1.4 million and \$0.8 million for the three months ended April 2, 2016 and April 4, 2015, respectively.

Note 12 – Segment Data

Brunswick is a manufacturer and marketer of leading consumer brands and has three operating and reportable segments: Marine Engine, Boat and Fitness. The Company's segments are defined by management's reporting structure and operating activities.

The Company evaluates performance based on business segment operating earnings. Segment operating earnings do not include the expenses of corporate administration, non-service related pension costs, pension settlement charges, impairments of equity method investments, earnings from unconsolidated equity affiliates, other expenses and income of a non-operating nature, interest expense and income, loss on early extinguishment of debt or provisions for income taxes.

As a result of freezing benefit accruals in its defined benefit pension plans, all remaining components of pension expense related to Interest cost, Expected return on plan assets, Amortization of net actuarial losses, Amortization of prior service cost and settlement charges are included in Pension - non-service costs.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Corporate/Other results include items such as corporate staff and administrative costs. Corporate/Other total assets consist of mainly cash, cash equivalents and investments in marketable securities, restricted cash, income tax balances and investments in unconsolidated affiliates. Marine eliminations adjust for sales between the Marine Engine and Boat segments, primarily for the sale of engines and parts and accessories to various boat brands, which are consummated at established arm's length transfer prices as the intersegment pricing for these engines and parts and accessories are based upon and consistent with selling prices to the Company's third party customers.

Operating Segments

The following table sets forth net sales and operating earnings (loss) of each of the Company's operating segments, which are also the Company's reportable segments, for the three months ended April 2, 2016 and April 4, 2015:

(in millions)	Net Sales		Operating Earnings (Loss)	
	April 2, 2016	April 4, 2015	April 2, 2016	April 4, 2015
Marine Engine	\$ 595.5	\$ 562.2	\$ 78.3	\$ 74.2
Boat	336.8	318.0	16.4	7.7
Marine eliminations	(80.3)	(80.1)	—	—
Total Marine	852.0	800.1	94.7	81.9
Fitness	218.3	185.6	20.1	25.8
Pension - non-service costs	—	—	(3.7)	(3.0)
Corporate/Other	—	—	(15.1)	(16.0)
Total	\$ 1,070.3	\$ 985.7	\$ 96.0	\$ 88.7

The following table sets forth total assets of each of the Company's reportable segments:

(in millions)	Total Assets ^(A)		
	April 2, 2016	December 31, 2015	April 4, 2015
Marine Engine	\$ 1,122.3	\$ 981.8	\$ 1,023.5
Boat	398.0	379.7	402.5
Total Marine	1,520.3	1,361.5	1,426.0
Fitness	845.1	625.1	550.3
Corporate/Other	757.3	1,165.9	1,010.8
Total	\$ 3,122.7	\$ 3,152.5	\$ 2,987.1

(A) As of April 4, 2015, total assets reported on the Condensed Consolidated Balance Sheets included \$31.0 million of current assets held for sale and \$11.9 million of long-term assets held for sale.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 13 – Comprehensive Income

Accumulated other comprehensive loss in the Condensed Consolidated Balance Sheets includes prior service costs and credits and net actuarial gains and losses for defined benefit plans; foreign currency cumulative translation adjustments; and unrealized derivative gains and losses, all net of tax. Changes in the components of Accumulated other comprehensive loss, all net of tax, for the three months ended April 2, 2016 and April 4, 2015 were as follows:

(in millions)	April 2, 2016	April 4, 2015
Net earnings	\$ 64.8	\$ 57.0
Other comprehensive income (loss):		
Foreign currency cumulative translation adjustment	10.4	(17.1)
Net change in unamortized prior service credits	(0.1)	(0.2)
Net change in unamortized actuarial losses	2.5	3.7
Net change in unrealized derivative losses	(4.6)	2.3
Total other comprehensive income (loss)	8.2	(11.3)
Comprehensive income	\$ 73.0	\$ 45.7

The following table presents the changes in Accumulated other comprehensive loss by component, all net of tax, for the three months ended April 2, 2016:

(in millions)	Foreign currency translation	Prior service credits	Net actuarial losses	Net derivative losses	Total
Beginning balance	\$ (56.4)	\$ (4.7)	\$ (407.1)	\$ (5.9)	\$ (474.1)
Other comprehensive income (loss) before reclassifications ^(A)	10.4	—	(0.5)	(2.9)	7.0
Amounts reclassified from Accumulated other comprehensive loss ^(B)	—	(0.1)	3.0	(1.7)	1.2
Net current-period other comprehensive income (loss)	10.4	(0.1)	2.5	(4.6)	8.2
Ending balance	\$ (46.0)	\$ (4.8)	\$ (404.6)	\$ (10.5)	\$ (465.9)

(A) The tax effects for the three months ended April 2, 2016 were \$5.0 million for foreign currency translation, \$(0.2) million for net actuarial losses arising during the period and \$1.4 million for derivatives.

(B) See the table below for the tax effects for the three months ended April 2, 2016.

The following table presents the changes in Accumulated other comprehensive loss by component, all net of tax, for the three months ended April 4, 2015:

(in millions)	Foreign currency translation	Prior service credits	Net actuarial losses	Net derivative losses	Total
Beginning balance	\$ (14.5)	\$ (3.9)	\$ (456.6)	\$ (5.5)	\$ (480.5)
Other comprehensive income (loss) before reclassifications ^(A)	(17.1)	—	0.5	3.0	(13.6)
Amounts reclassified from Accumulated other comprehensive loss ^(B)	—	(0.2)	3.2	(0.7)	2.3
Net current-period other comprehensive income (loss)	(17.1)	(0.2)	3.7	2.3	(11.3)
Ending balance	\$ (31.6)	\$ (4.1)	\$ (452.9)	\$ (3.2)	\$ (491.8)

(A) The tax effects for the three months ended April 4, 2015 were \$5.0 million for foreign currency translation, \$(0.4) million for net actuarial losses arising during the period and \$(1.0) million for derivatives.

(B) See the table below for the tax effects for the three months ended April 4, 2015.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table presents reclassification adjustments out of Accumulated other comprehensive loss during the three months ended April 2, 2016 and April 4, 2015:

Details about Accumulated other comprehensive loss components (in millions)	April 2, 2016	April 4, 2015	Affected line item in the statement where net income is presented
Amortization of defined benefit items:			
Prior service credits	\$ 0.2	\$ 0.3	(A)
Net actuarial losses	<u>(4.4)</u>	<u>(5.2)</u>	(A)
	(4.2)	(4.9)	Total before tax
	1.3	1.9	Tax benefit
	<u>\$ (2.9)</u>	<u>\$ (3.0)</u>	Net of tax
Amount of gain (loss) reclassified into earnings on derivative contracts:			
Foreign exchange contracts	\$ 2.6	\$ 2.6	Cost of sales
Commodity contracts	<u>(0.2)</u>	<u>(1.8)</u>	Cost of sales
	2.4	0.8	Total before tax
	(0.7)	(0.1)	Tax provision
	<u>\$ 1.7</u>	<u>\$ 0.7</u>	Net of tax

(A) These Accumulated other comprehensive loss components are included in the computation of net pension and other benefit costs. See **Note 15 – Pension and Other Postretirement Benefits** for additional details.

Note 14 – Income Taxes

The Company recognized an income tax provision from continuing operations for the three months ended April 2, 2016 of \$28.2 million, which included a net charge of \$0.1 million mainly associated with tax rate changes. The Company recognized an income tax provision from continuing operations for the three months ended April 4, 2015 of \$28.3 million, which included a net benefit of \$1.3 million primarily associated with adjustments made to deferred tax balances. The effective tax rate from continuing operations, which is calculated as the income tax benefit or provision as a percentage of pre-tax income, for the three months ended April 2, 2016 and April 4, 2015 was 30.9 percent and 33.3 percent, respectively, with the decrease primarily attributable to the benefit from the permanent extension of the U.S. R&D tax credit as well as the benefits from optimizing its international legal entity and cash management structure.

During the second quarter of 2015, the Company initiated an internal restructuring of its foreign entities, including the establishment of a European holding company. This restructuring is being undertaken to more effectively and efficiently manage the Company's foreign cash. The Company continued to implement this internal restructuring during the first quarter of 2016.

The Company has historically provided deferred taxes for the presumed ultimate repatriation to the U.S. of earnings from most of its non-U.S. subsidiaries and unconsolidated affiliates. As a result of the Company's internal restructuring of its foreign entities that was initiated in the second quarter of 2015, the Company determined during the first quarter of 2016 that the indefinite reinvestment assertion would be expanded to include three additional non-U.S. subsidiaries. No deferred income taxes have been provided as of April 2, 2016, December 31, 2015 or April 4, 2015 on the applicable undistributed earnings of the non-U.S. subsidiaries where the indefinite reinvestment assertion has been applied. If at some future date these earnings cease to be indefinitely reinvested, the Company may be subject to additional U.S. income taxes and foreign withholding and other taxes on such amounts. The Company continues to provide deferred taxes, as required, on the undistributed net earnings of foreign subsidiaries and unconsolidated affiliates that are not deemed to be indefinitely reinvested in operations outside the United States.

As of April 2, 2016, December 31, 2015 and April 4, 2015, the Company had \$5.4 million, \$4.8 million and \$5.0 million of gross unrecognized tax benefits, including interest, respectively. The Company believes it is reasonably possible that the total amount of gross unrecognized tax benefits as of April 2, 2016 could decrease by approximately \$1.9 million in the next 12 months due to settlements with taxing authorities or lapses in the statute of limitations. Due to the various jurisdictions in which the Company files tax returns and the uncertainty regarding the timing of the settlement of tax audits, it is possible that there could be other significant changes in the amount of unrecognized tax benefits in 2016, but the amount cannot be estimated.

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

The Company is regularly audited by federal, state and foreign tax authorities. The Company has been audited by the Internal Revenue Service (IRS) through the 2012 tax year and all open issues have been resolved. Primarily as a result of filing amended returns, which were generated by the closing of federal income tax audits, the Company is still open to state and local tax audits in major tax jurisdictions dating back to the 2008 taxable year. Following the completion in the fourth quarter of 2015 of the 2008 through 2012 Germany tax audit, the Company is no longer subject to income tax examinations by any major foreign tax jurisdiction for years prior to 2013, except for potential 2012 affirmative claims in Germany.

Note 15 – Pension and Other Postretirement Benefits

The Company has defined contribution plans, qualified and nonqualified defined benefit pension plans and other postretirement benefit plans covering substantially all of its employees. The Company's contributions to its defined contribution plans include a match and an annual discretionary contribution and are based on various percentages of compensation, and in some instances are based on the amount of the employees' contributions to the plans. See Note 17 in the Notes to Consolidated Financial Statements in the 2015 Form 10-K for further details regarding these plans.

Pension and other postretirement benefit costs included the following components for the three months ended April 2, 2016 and April 4, 2015:

(in millions)	Pension Benefits		Other Postretirement Benefits	
	April 2, 2016	April 4, 2015	April 2, 2016	April 4, 2015
Interest cost	\$ 8.9	\$ 11.9	\$ 0.3	\$ 0.5
Expected return on plan assets	(9.6)	(13.9)	—	—
Amortization of prior service credits	—	—	(0.2)	(0.2)
Amortization of net actuarial losses	4.4	4.9	—	0.3
Net pension and other benefit costs	\$ 3.7	\$ 2.9	\$ 0.1	\$ 0.6

Portions of Net pension and other benefit costs are recorded in Selling, general and administrative expenses as well as capitalized into inventory. Costs capitalized into inventory are eventually realized through Cost of sales in the Condensed Consolidated Statements of Comprehensive Income.

Pension expense in 2016 includes the impact of a change in methodology used to calculate the interest cost component of pension expense. In 2015 and prior years, the Company used a single-weighted average discount rate to calculate pension and postretirement interest costs. Beginning in 2016, the Company is utilizing a "spot rate approach" in the calculation of pension and postretirement interest costs to provide a more accurate measurement of interest costs. The spot rate approach applies separate discount rates for each projected benefit payment in the calculation of pension and postretirement interest costs. This calculation change is considered to be a change in accounting estimate and is being applied prospectively in 2016. The discount rates used to measure the 2016 interest costs are 3.58% and 3.30% for pensions and other postretirement benefits, respectively. The previous method would have used a discount rate for interest costs of 4.40% for pensions and 4.23% for other postretirement benefits, respectively. The decreased interest costs for the three months ended April 2, 2016, for pension and other postretirement benefits is approximately \$2.0 million and \$0.1 million, respectively, compared with the previous method. Additionally, pension expense in 2016 includes the impact of a decline in the assumed rate of return on plan assets, to 5.25% in 2016 compared with 6.00% in 2015, primarily due to shifts in asset allocations toward fixed income investments. For the three months ended April 2, 2016, pension expense increased by \$1.4 million compared with the previous period as a result of the lower assumed rate of return on plan assets.

Employer Contributions and Benefit Payments. During the three months ended April 2, 2016 and April 4, 2015, the Company contributed \$0.9 million and \$0.9 million, respectively, to fund benefit payments to its nonqualified pension plan. During the three months ended April 2, 2016 and April 4, 2015, the Company contributed \$35.0 million and \$60.0 million to its qualified pension plans, respectively. Company contributions are subject to change based on market conditions, pension funding regulations and Company discretion.

Note 16 –Subsequent Events

On May 4, 2016, the Company's Board of Directors declared a quarterly dividend on its common stock of \$0.15 per share. The dividend will be payable June 15, 2016 to shareholders of record as of May 24, 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in Management's Discussion and Analysis are based on non-GAAP financial measures. Specifically, the discussion of Brunswick Corporation's (Brunswick or the Company) cash flows includes an analysis of free cash flows and total liquidity, the discussion of the Company's net sales includes comparisons of net sales on a constant currency basis and excluding acquisitions, and the discussion of the Company's earnings includes comparisons of diluted earnings per common share, as adjusted. A "non-GAAP financial measure" is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statements of comprehensive income, balance sheets or statements of cash flows of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Non-GAAP financial measures do not include operating and statistical measures.

The Company includes non-GAAP financial measures in Management's Discussion and Analysis, as Brunswick's management believes that these measures and the information they provide are useful to investors because they permit investors to view Brunswick's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance.

Certain statements in Management's Discussion and Analysis are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations that are subject to risks and uncertainties. Actual results may differ materially from expectations as of the date of this filing because of factors discussed in Part I, Item 1A – Risk Factors in Brunswick's 2015 Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Form 10-K).

Overview and Outlook

General

Net sales increased 9 percent during the first quarter of 2016 when compared with the first quarter of 2015 on a GAAP basis, 10 percent on a constant currency basis and 6 percent on a constant currency basis and excluding the impact of acquisitions. Marine Engine segment net sales increased due to strong growth in the marine service, parts and accessories businesses, which benefited from acquisitions, as well as solid increases in outboard engines, partially offset by declines in sterndrive engines. Boat segment net sales increased due to strong growth rates in fiberglass outboard boats and modest increases in fiberglass sterndrive and inboard boats, partially offset by slight declines in aluminum boats. Fitness segment net sales, excluding the impact of recent acquisitions, decreased slightly as increases in international sales were more than offset by slight declines in the U.S., as growth in local and federal governments and slight increases in sales to health clubs were more than offset by weakness in consumer channels. International net sales for the Company increased 3 percent in the first quarter of 2016 on a GAAP basis when compared with the first quarter of 2015. On a constant currency basis and excluding acquisitions, international net sales increased 2 percent in the first quarter of 2016 driven by increases in European and Asia-Pacific markets, partially offset by declines in other international markets.

Operating earnings in the first quarter of 2016 were \$96.0 million, with an operating margin of 9.0 percent, which included integration charges of \$3.8 million. In the first quarter of 2015, the Company reported operating earnings of \$88.7 million, with an operating margin of 9.0 percent. The increase in operating earnings during the first quarter of 2016 when compared with the first quarter of 2015 reflected higher net sales, a favorable product mix related to recently launched products as well as savings related to sourcing initiatives and cost reductions, partially offset by integration costs and purchase accounting adjustments related to the Cybex acquisition, as well as an unfavorable impact from foreign exchange and increased spending on growth initiatives.

The Company continues to expect that 2016 will be another year of outstanding earnings growth with strong free cash flow generation. The Company is targeting 9 percent to 11 percent net sales growth when compared with 2015, which reflects the continuation of solid markets in the U.S. and Europe, the success of new products, market share gains and growth from completed acquisitions. Acquisitions are estimated to account for 5 percentage points of the growth rate in 2016. These factors are expected to be partially offset by weakness in certain international marine markets and a slight unfavorable impact from foreign exchange. The Company is planning for growth in outboard engine products and marine service, parts and accessories businesses. The Company also anticipates growth in the Boat segment, however the growth is expected to be at a lower rate versus 2015 as new product introductions replace existing products and revenue contributions are more balanced across the portfolio. Recently completed acquisitions and positive health and fitness trends have positioned the Company's Fitness segment to achieve revenue growth.

The Company expects to have higher earnings before income taxes in 2016 resulting from increased revenue and slight improvements in both gross margin and operating margin levels, due to benefits from volume leverage, cost reductions and savings related to sourcing initiatives and modestly positive product mix factors, partially offset by incremental investments to support strategic objectives and foreign currency headwinds. The Company anticipates that operating earnings comparisons versus 2015 will be negatively affected by \$5 million to \$10 million, or 2 percent, due to foreign exchange rates, with a significant portion of the impact occurring in the first half of 2016. The Company projects operating expenses, including research and development expenses, to be higher in 2016 when compared with 2015 as the Company continues to increase investment spending to support growth. Operating expenses are projected to be slightly lower on a percentage of sales basis in 2016 versus 2015.

The Company is also planning for its effective tax rate in 2016 to be 31 percent to 31.5 percent based on existing tax law which includes the benefit from the permanent extension of the U.S. R&D tax credit as well as the benefits from optimizing its international legal entity and cash management structure.

Restructuring and Integration Activities

The Company recorded integration charges of \$3.8 million in the Fitness segment in the first quarter of 2016 as a result of the Cybex acquisition. Refer to **Note 3 – Restructuring and Integration Activities** for further information. The Company anticipates it will incur Restructuring and integration charges of \$7 million to \$10 million for the full year.

Matters Affecting Comparability

Certain events have occurred during the three months ended April 2, 2016 and April 4, 2015, which the Company believes affect the comparability of the results of operations. The table below summarizes the impact of changes in currency exchange rates as well as the impact of recent acquisitions on the Company's net sales:

(in millions)	Net Sales		2016 vs. 2015 % Change Increase/(Decrease)			
	April 2, 2016	April 4, 2015	GAAP	Excluding Acquisitions	Constant Currency	Constant Currency & Excluding Acquisitions
Marine Engine	\$ 595.5	\$ 562.2	6%	4 %	9%	6%
Boat	336.8	318.0	6%	6 %	7%	7%
Marine eliminations	(80.3)	(80.1)				
Total Marine	852.0	800.1	6%	5 %	8%	7%
Fitness	218.3	185.6	18%	(0)%	19%	1%
Total	\$ 1,070.3	\$ 985.7	9%	4 %	10%	6%

Changes in Foreign Currency Rates. Percentage changes in net sales expressed in constant currency are presented to reflect the impact that changes in currency exchange rates had on comparisons of net sales. To present this information, 2016 net sales transacted in currencies other than U.S. dollars are translated to U.S. dollars using the average exchange rates from 2015 that were in effect during the comparative period. The percentage change in net sales expressed on a constant currency basis better reflects the changes in the underlying business trends, excluding the impact of translation arising from foreign currency exchange rate fluctuations. Approximately 20 percent of the Company's annual net sales are transacted in a currency other than the U.S. dollar. The Company's most material exposures include sales in Euros, Canadian dollars, Brazilian reais and Australian dollars.

Additionally, operating earnings comparisons were negatively affected by foreign exchange rates by approximately \$5 million, or 6 percent, in the first quarter of 2016 when compared with 2015. These estimates include the impact of translation on all sales and costs transacted in a currency other than the U.S. dollar, the impact of hedging activities, and pricing actions in certain international markets in response to the stronger U.S. dollar.

Acquisitions. The Company completed acquisitions throughout 2015 and during the first quarter of 2016 that affect the comparability of net sales. BLA, SCIFIT Systems, Inc. and Garelick Mfg. Co. were acquired in the second, third and fourth quarters of 2015, respectively, and Cybex was acquired in the first quarter of 2016. Refer to **Note 4 –Acquisitions** in the Notes to Condensed Consolidated Financial Statements for further details on acquisitions completed in 2016; refer to Note 4 in the Notes to Consolidated Financial Statements in the 2015 Form 10-K for further details on 2015 acquisitions.

Integration charges. During the three months ended April 2, 2016, the Company recorded charges of \$3.8 million related to integration activities. There were no comparable charges during the three months ended April 4, 2015.

Results of Operations

Consolidated

The following table sets forth certain amounts, ratios and relationships calculated from the Condensed Consolidated Statements of Comprehensive Income for the three months ended:

(in millions, except per share data)	Three Months Ended		2016 vs. 2015 Increase/(Decrease)	
	April 2, 2016	April 4, 2015	\$ Change	% Change
	Net sales	\$ 1,070.3	\$ 985.7	\$ 84.6
Gross margin ^(A)	282.1	258.8	23.3	9.0%
Restructuring and integration charges	3.8	—	3.8	NM
Operating earnings	96.0	88.7	7.3	8.2%
Net earnings from continuing operations	63.2	56.6	6.6	11.7%
Diluted earnings per common share from continuing operations	\$ 0.68	\$ 0.59	\$ 0.09	15.3%

Expressed as a percentage of Net sales:

Gross margin	26.4%	26.3%	10 bpts
Selling, general and administrative expense	13.8%	14.2%	(40) bpts
Research and development expense	3.2%	3.1%	10 bpts
Restructuring and integration charges	0.4%	—%	NM
Operating margin	9.0%	9.0%	0 bpts

NM = not meaningful

bpts = basis points

(A) Gross margin is defined as Net sales less Cost of sales as presented in the Condensed Consolidated Statements of Comprehensive Income.

Net sales increased during the first quarter of 2016 when compared with the first quarter of 2015. Marine Engine segment net sales increased due to strong growth in the marine service, parts and accessories businesses, which benefited from acquisitions, as well as solid increases in outboard engines. Both of these categories benefited from favorable market trends and market share gains. Net sales of sterndrive engines declined reflecting unfavorable market trends. Boat segment net sales increased due to strong growth rates in fiberglass outboard boats and modest increases in fiberglass sterndrive and inboard boats, partially offset by slight declines in sales of aluminum boats. The Boat segment's net sales reflected a favorable shift in mix toward larger boats, partially offset by lower global wholesale unit shipments. Fitness segment net sales, excluding the impact of recent acquisitions, decreased slightly as increases in international sales were more than offset by slight declines in the U.S. International net sales for the Company increased 3 percent in the first quarter of 2016 on a GAAP basis when compared with the first quarter of 2015. On a constant currency basis and excluding acquisitions, international net sales increased 2 percent in the first quarter of 2016 driven by increases in European and Asia-Pacific markets, partially offset by declines in other international markets.

Gross margin percentage increased slightly in the first quarter of 2016 when compared with the same prior year period due to benefits from volume increases and favorable impacts of recently introduced products, along with lower commodity costs and cost reductions and savings related to sourcing initiatives. These factors were mostly offset by the unfavorable impact from foreign exchange and the effect of acquisitions, primarily as a result of purchase accounting adjustments.

Selling, general and administrative expense decreased as a percentage of net sales during the first quarter of 2016 when compared with the first quarter of 2015. Operating expenses increased due to acquisitions and investments to support growth which were partially offset by lower equity compensation expense and favorable year-over-year mark-to-market adjustments to compensation accruals.

Research and development expense increased slightly in the first quarter of 2016, as the Company continued to increase its funding of investments in new products, and increased as a percentage of net sales when compared with the first quarter of 2015.

During the first quarter of 2016, the Company recorded integration charges of \$3.8 million. There were no integration charges recorded in the first quarter of 2015.

The Company recorded equity earnings of \$0.8 million and \$1.0 million in the first quarter of 2016 and 2015, respectively, which were mainly related to the Company's marine joint ventures. The Company recognized \$1.0 million and \$1.7 million in Other income, net in the first quarter of 2016 and 2015, respectively. Other income, net includes the amortization of deferred income related to a trademark licensing agreement with AMF Bowling Centers, Inc.

Net interest expense was relatively flat in the first quarter of 2016 when compared with the same period in 2015.

The Company recognized an income tax provision from continuing operations for the three months ended April 2, 2016 of \$28.2 million, which included a net charge of \$0.1 million mainly associated with tax rate changes. The Company recognized an income tax provision from continuing operations for the three months ended April 4, 2015 of \$28.3 million, which included a net benefit of \$1.3 million primarily associated with adjustments made to deferred tax balances. The effective tax rates from continuing operations for the three months ended April 2, 2016 and April 4, 2015 were 30.9 percent and 33.3 percent, respectively. See **Note 14 – Income Taxes** in the Notes to Condensed Consolidated Financial Statements for further discussion.

Operating earnings, Net earnings from continuing operations and Diluted earnings per common share from continuing operations increased during the first quarter of 2016 when compared with the first quarter of 2015 due to the factors discussed in the preceding paragraphs. Diluted earnings per common share from continuing operations also increased in the first quarter of 2016 when compared with the first quarter of 2015, which included the impact of common stock repurchases.

Diluted earnings from continuing operations per common share, as adjusted - defined as Diluted earnings from continuing operations per common share, excluding the earnings or loss per share impact for Restructuring and integration charges from continuing operations - increased by \$0.12 per share, or 20 percent, to \$0.71 per share in the first quarter of 2016 when compared with \$0.59 per share for the same period in 2015. The increase in diluted earnings per share from continuing operations, as adjusted, is due to the factors discussed in the preceding paragraphs. In 2016, Restructuring and integration charges from continuing operations were \$0.03 per share.

Marine Engine Segment

The following table sets forth Marine Engine segment results for the three months ended:

(in millions)	Three Months Ended		2016 vs. 2015	
	April 2, 2016	April 4, 2015	Increase/(Decrease)	
			\$ Change	% Change
Net sales	\$ 595.5	\$ 562.2	\$ 33.3	5.9%
Operating earnings	78.3	74.2	4.1	5.5%
Operating margin	13.1%	13.2%		(10) bpts

bpts = basis points

Net sales for the Marine Engine segment increased in the first quarter of 2016 when compared with the first quarter of 2015. The increase was mainly due to strong growth in net sales in the marine service, parts and accessories businesses, which benefited from acquisitions completed in the second and fourth quarters of 2015, favorable market trends, new product launches and market share gains. The segment also experienced a solid increase in outboard engine net sales, driven by continued favorable retail demand trends and market share gains in targeted saltwater, repower and commercial markets reflecting recently launched new products. Partially offsetting these factors was a decrease in sterndrive engine net sales due to the shift to outboards and continuing unfavorable global retail demand trends. The acquisitions of BLA and Garelick accounted for 3 percentage points of the Marine Engine segment's overall revenue growth rate in the first quarter of 2016. International net sales were 33 percent of the segment's net sales in the first quarter of 2016, and increased 8 percent from the prior year on a GAAP basis. On a constant currency basis, international net sales increased 14 percent in the first quarter of 2016, which included gains in Europe, Asia-Pacific and Canada, partially offset by weakness in Latin America.

Marine Engine segment operating earnings increased in the first quarter of 2016 as a result of higher net sales, a favorable product mix from recently launched outboard products and cost reductions, including benefits from lower commodity costs and sourcing initiatives. Partially offsetting these factors were growth related investments including new product development and an unfavorable impact from foreign exchange.

Boat Segment

The following table sets forth Boat segment results for the three months ended:

(in millions)	Three Months Ended		2016 vs. 2015	
	April 2, 2016	April 4, 2015	Increase/(Decrease)	
			\$ Change	% Change
Net sales	\$ 336.8	\$ 318.0	\$ 18.8	5.9%
Operating earnings	16.4	7.7	8.7	NM
Operating margin	4.9%	2.4%		250 bpts

NM = not meaningful
bpts = basis points

Boat segment net sales increased in the first quarter of 2016 when compared with the first quarter of 2015 as net sales benefited from a favorable shift in mix to larger boats despite a decline in global wholesale unit shipments. Sales growth rates were strong in fiberglass outboard boats and larger fiberglass sterndrive and inboard boats, partially offset by modest declines in aluminum outboard boats and smaller sterndrive and inboard boats. Segment net sales benefited from a favorable shift in mix to larger boats which more than offset a decrease in global wholesale unit shipments. Wholesale unit shipments trailed retail performance due to several factors, including dealer stocking of new runabout products in 2015, which was not repeated in 2016, and weakness in the Canadian market as dealers are managing inventory conservatively and are looking for indicators that currency volatility and economic conditions will becoming less challenging before restocking. International net sales were 25 percent of the segment's net sales in the first quarter of 2016, and decreased 12 percent from the prior year on a GAAP basis. On a constant currency basis, international net sales decreased 9 percent when compared with the same prior year period primarily due to declines in Canada, Africa and the Middle East region.

The Boat segment operating earnings increased in the first quarter of 2016 when compared with the first quarter of 2015 due to higher net sales and a more favorable product mix, including benefits from newer models, as well as benefits from lower commodity costs and savings related to sourcing initiatives.

Fitness Segment

The following table sets forth Fitness segment results for the three months ended:

(in millions)	Three Months Ended		2016 vs. 2015	
	April 2, 2016	April 4, 2015	Increase/(Decrease)	
			\$ Change	% Change
Net sales	\$ 218.3	\$ 185.6	\$ 32.7	17.6 %
Restructuring and integration charges	3.8	—	3.8	NM
Operating earnings	20.1	25.8	(5.7)	(22.1)%
Operating margin	9.2%	13.9%		(470) bpts

NM = not meaningful
bpts = basis points

Fitness segment net sales increased in the first quarter of 2016 when compared with the first quarter of 2015 due mostly to the acquisitions of Cybex in the first quarter of 2016 and SCIFIT in the third quarter of 2015. On a constant currency basis and excluding the impact of acquisitions, net sales increased slightly as higher international sales were partially offset by slight declines in the U.S. Results in the U.S. reflected improvements in sales to local and federal governments and a slight increase in sales to health clubs, which were more than offset by weakness in consumer channels. International net sales were 44 percent of the segment's net sales in the first quarter of 2016 and increased 12 percent compared with the same prior year period on a GAAP basis. On a constant currency basis and excluding acquisitions, the segment's international net sales increased 4 percent when compared with the same prior year period due to increases in Europe and Asia-Pacific, partially offset by lower sales in Africa and the Middle East.

Fitness segment operating earnings declined in the first quarter of 2016 compared with the first quarter of 2015, including the impact of integration charges and purchase accounting adjustments related to the Cybex acquisition. Excluding these factors, operating earnings were down slightly as the benefits from cost reductions and savings related to sourcing initiatives as well as favorable warranty adjustments were more than offset by unfavorable impacts of customer and channel mix and increased investment in growth initiatives.

Corporate/Other

The following table sets forth Corporate/Other results for the three months ended:

(in millions)	Three Months Ended		2016 vs. 2015 Increase/(Decrease)	
	April 2, 2016	April 4, 2015	\$ Change	% Change
Operating loss	(15.1)	(16.0)	0.9	5.6%

Corporate operating expenses decreased in the first quarter of 2016 when compared with the same prior year period primarily due to lower equity compensation expense and favorable year-over-year mark-to-market adjustments on compensation accruals, partially offset by increased project spending.

Cash Flow, Liquidity and Capital Resources

The following table sets forth an analysis of free cash flow for the three months ended:

(in millions)	April 2, 2016	April 4, 2015
Net cash used for operating activities of continuing operations	\$ (90.2)	\$ (125.9)
Net cash provided by (used for):		
Capital expenditures	(46.2)	(33.8)
Proceeds from the sale of property, plant and equipment	0.1	1.0
Effect of exchange rate changes on cash and cash equivalents	2.9	(9.5)
Total free cash flow from continuing operations ^(A)	\$ (133.4)	\$ (168.2)

(A) The Company defines "Free cash flow from continuing operations" as cash flow from operating and investing activities of continuing operations (excluding cash provided by or used for acquisitions and investments, transfers to/reductions in restricted cash, purchases or sales/maturities of marketable securities) and the effect of exchange rate changes on cash and cash equivalents. Free cash flow from continuing operations is not intended as an alternative measure of cash flow from operations, as determined in accordance with generally accepted accounting principles (GAAP) in the United States. The Company uses this financial measure, both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Management believes that this financial measure and the information it provides are useful to investors because it permits investors to view Brunswick's performance using the same tool that management uses to gauge progress in achieving its goals. Management believes that the non-GAAP financial measure "Free cash flow from continuing operations" is also useful to investors because it is an indication of cash flow that may be available to fund investments in future growth initiatives.

Brunswick's major sources of funds for investments, acquisitions, dividend payments and share repurchase programs are cash generated from operating activities, available cash and marketable securities balances, proceeds from the sale of businesses and selected borrowings. The Company evaluates potential acquisitions, divestitures and joint ventures in the ordinary course of business.

2016 Cash Flow

In the first quarter of 2016, net cash used for operating activities of continuing operations totaled \$90.2 million. The primary drivers of the cash used for operating activities were a seasonal increase in working capital, excluding the impact of acquisitions, and planned pension contributions, which more than offset benefits from net earnings from continuing operations and non-cash expense items. Working capital is defined as Accounts and notes receivable, Inventories and Prepaid expenses and other, net of Accounts payable and Accrued expenses as presented in the Condensed Consolidated Balance Sheets. Accounts and notes receivable increased \$98.0 million during the first quarter of 2016, due primarily to seasonally higher first quarter net sales in the Company's Marine Engine segment. Accrued expenses decreased \$44.9 million during the quarter, primarily driven by the payment of the prior year's variable compensation, which had been accrued as of December 31, 2015. Net inventories increased by \$38.9 million during the first quarter of 2016 due to increases in production to support higher sales volumes. Partially offsetting these items was an increase in Accounts payable of \$24.6 million, which was the result of increased domestic production in the Company's marine businesses.

Net cash used for investing activities of continuing operations during the first quarter of 2016 totaled \$232.7 million, which included capital expenditures of \$46.2 million. The Company's capital spending is focused on new product introductions, capacity expansion projects in all segments and other high priority, profit-enhancing projects. Cash paid for the acquisition of Cybex, net of cash acquired, totaled \$195.0 million in the first quarter of 2016. See **Note 4 – Acquisitions** in the Notes to Condensed Consolidated Financial Statements for further details on the Company's acquisitions. Partially offsetting these items were net proceeds from marketable securities of \$10.7 million that were used to satisfy working capital requirements during the first quarter of 2016.

Net cash used for financing activities of continuing operations was \$52.1 million during the first quarter of 2016. The cash outflow included common stock repurchase activity and cash dividends paid to common shareholders.

2015 Cash Flow

In the first quarter of 2015, net cash provided by operating activities of continuing operations totaled \$125.9 million. The primary drivers of the cash used for operating activities were a seasonal increase in working capital and planned pension contributions, which more than offset benefits from net earnings from continuing operations and non-cash expense items. Accounts and notes receivable increased \$88.3 million during the first quarter of 2015, due primarily to seasonally higher first quarter net sales in the Marine Engine segment. The decrease in Accrued expenses of \$78.2 million during the first quarter of 2015 was driven primarily by the payment of the prior year's variable compensation, which had been accrued as of December 31, 2014. Net inventories increased by \$27.5 million during the first quarter of 2015 due to increases in production to support new product introductions and to meet seasonal requirements in advance of the 2015 marine selling season. Partially offsetting these items was an increase in Accounts payable of \$33.4 million, which was the result of increased production in the Company's Marine Engine and Boat segments.

Net cash used for investing activities of continuing operations during the first quarter of 2015 totaled \$12.7 million, which included capital expenditures of \$33.8 million. The Company's capital spending is focused on new product introductions and growth initiatives, capacity expansion projects in all segments, and high priority, profit-enhancing projects. Partially offsetting these items were net proceeds from marketable securities of \$25.4 million that were used to satisfy working capital requirements during the first quarter of 2015.

Cash flows used for financing activities of continuing operations were \$29.8 million during the first quarter of 2015. The cash outflow included common stock repurchase activity and cash dividends paid to common shareholders. Partially offsetting these items were excess tax benefits from share-based compensation activity.

Liquidity and Capital Resources

The Company views its highly liquid assets as of April 2, 2016, December 31, 2015, and April 4, 2015 as:

(in millions)	April 2, 2016	December 31, 2015	April 4, 2015
Cash and cash equivalents	\$ 282.2	\$ 657.3	\$ 368.2
Short-term investments in marketable securities	0.8	11.5	57.8
Total cash, cash equivalents and marketable securities	\$ 283.0	\$ 668.8	\$ 426.0

The following table sets forth an analysis of total liquidity as of April 2, 2016, December 31, 2015, and April 4, 2015:

(in millions)	April 2, 2016	December 31, 2015	April 4, 2015
Cash, cash equivalents and marketable securities	\$ 283.0	\$ 668.8	\$ 426.0
Amounts available under lending facility	296.2	296.2	294.1
Total liquidity ^(A)	\$ 579.2	\$ 965.0	\$ 720.1

(A) The Company defines Total liquidity as Cash and cash equivalents and Short-term investments in marketable securities as presented in the Condensed Consolidated Balance Sheets, plus amounts available for borrowing under its lending facilities. Total liquidity is not intended as an alternative measure to Cash and cash equivalents and Short-term investments in marketable securities as determined in accordance with GAAP in the United States. The Company uses this financial measure, both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Management believes that this financial measure and the information it provides are useful to investors because it permits investors to view the Company's performance using the same metric that management uses to gauge progress in achieving its goals. Management believes that the non-GAAP financial measure "Total liquidity" is also useful to investors because it is an indication of the Company's available highly liquid assets and immediate sources of financing.

Cash, cash equivalents and marketable securities totaled \$283.0 million as of April 2, 2016, a decrease of \$385.8 million from \$668.8 million as of December 31, 2015, and a decrease of \$143.0 million from \$426.0 million as of April 4, 2015. Total debt as of April 2, 2016, December 31, 2015 and April 4, 2015 was \$450.9 million, \$448.5 million and \$453.8 million, respectively. The Company's debt-to-capitalization ratio was 25.7 percent as of April 2, 2016, down from 25.9 percent as of December 31, 2015 and from 27.5 percent as of April 4, 2015.

As discussed in the 2015 Form 10-K, the Company is required to maintain compliance with two financial covenants included in the five-year \$300 million facility (Facility) which is in effect through June 2019 - a minimum interest coverage ratio and a maximum leverage ratio. The minimum interest coverage ratio, as defined in the agreement, is not permitted to be less than 3.50 to 1.00. The maximum leverage ratio, as defined in the agreement, is not permitted to be more than 3.00 to 1.00, unless the Company completes an acquisition of more than \$100.0 million, which increases the maximum leverage ratio to 3.25 to 1.00 for the twelve months following the acquisition. As of April 2, 2016, the Company was in compliance with these two financial covenants in the Facility.

Management believes that the Company has adequate sources of liquidity to meet the Company's short-term and long-term needs. The next significant long-term debt maturity is not until 2021. The Company's debt reduction activities are largely completed, however, the Company may continue to opportunistically retire debt.

On October 22, 2014, the Company's Board of Directors authorized a program to repurchase up to \$200 million of the Company's outstanding common stock, and due to completed repurchases, had approximately \$60 million of remaining authorization at December 31, 2015. On February 11, 2016, the Board of Directors authorized \$300 million of additional share repurchases. Share repurchases will be completed in the open market or through privately negotiated transactions. The Company's share repurchase program does not obligate it to acquire any specific number of shares, and the Company may discontinue purchases at any time that management determines additional purchases are not warranted. As of April 2, 2016, the Company has repurchased approximately \$180 million of common stock under this program, with approximately \$40 million repurchased during the first quarter of 2016.

The Company expects to increase net earnings in 2016 when compared with 2015. Net activity in working capital is expected to reflect a usage of cash in 2016 in the range of \$60 million to \$80 million, including payments under deferred compensation arrangements in connection with recent management transitions. Additionally, the Company plans to make cash contributions to its defined benefit pension plans of approximately \$35 million to \$40 million in 2016, a reduction from 2015 levels. The Company is planning for capital expenditures of approximately 4 percent to 4.5 percent of 2016 net sales, reflecting substantial new product investments in the outboard engine business and continued capacity investments to support new products and growth. Including higher investment spending levels and a usage of cash for working capital, the Company plans to generate free cash flow in 2016 in excess of \$200 million.

The Company contributed \$35.0 million and \$60.0 million to its qualified pension plans in the first quarter of 2016 and 2015, respectively. The Company also contributed \$0.9 million and \$0.9 million to fund benefit payments in its nonqualified pension plan during the first quarters of 2016 and 2015, respectively, and expects to contribute approximately \$3 million of additional funding to the plan through the remainder of 2016. Company contributions are subject to change based on market conditions, pension funding regulations and Company discretion.

Pension Expense

Pension expense in 2016 is projected to be \$15 million, an increase from \$11.7 million in 2015. Comparisons between 2016 and 2015 include the impacts of a change in methodology used to calculate the interest cost component of pension expense and a decline in the assumed rate of return on plan assets, primarily due to shifts in asset allocation toward fixed income investments. In 2015 and prior years, the Company used a single-weighted average discount rate to calculate pension and postretirement interest costs. Beginning in 2016, the Company is utilizing a "spot rate approach" in the calculation of pension and postretirement interest costs to provide a more accurate measurement of interest costs. The spot rate approach applies separate discount rates for each projected benefit payment in the calculation of pension and postretirement interest costs. This calculation change is considered to be a change in accounting estimate and was applied prospectively beginning in 2016.

Financial Services

The Company's financial services joint venture, Brunswick Acceptance Company, LLC (BAC), is detailed in the 2015 Form 10-K. On March 1, 2016, CDF Ventures, LLC (CDFV), a subsidiary of GE Capital Corporation, completed the sale of its Commercial Distribution Finance business, including CDFV and its interest in the BAC joint venture, to Wells Fargo & Company. The transaction did not have a material effect on BAC. There have been no additional material effects on BAC outside the ordinary course of business since December 31, 2015.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company's off-balance sheet arrangements and contractual obligations, as of December 31, 2015, are detailed in the 2015 Form 10-K. There have been no material changes in these arrangements and obligations outside the ordinary course of business since December 31, 2015.

Environmental Regulation

In its Marine Engine segment, Brunswick continues to develop engine technologies to reduce engine emissions to comply with current and future emissions requirements. The Boat segment continues to pursue fiberglass boat manufacturing technologies and techniques to reduce air emissions at its boat manufacturing facilities. The costs associated with these activities may have an adverse effect on segment operating margins and may affect short-term operating results. Environmental regulatory bodies in the United States and other countries may impose higher emissions standards and/or other environmental regulatory requirements than are currently in effect. The Company complies with current regulations and expects to comply fully with any new regulations; compliance will increase the cost of these products for the Company and the industry, but is not expected to have a material adverse effect on Brunswick's competitive position.

Critical Accounting Policies

As discussed in the 2015 Form 10-K, the preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amount of reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results may differ from those estimates.

There were no material changes in the Company's critical accounting policies since the filing of its 2015 Form 10-K.

Recent Accounting Pronouncements

See **Note 1 – Significant Accounting Policies** in the Notes to Condensed Consolidated Financial Statements for the recent accounting pronouncements that have been adopted during the three months ended April 2, 2016, or will be adopted in future periods.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on current expectations, estimates and projections about Brunswick's business. Forward-looking statements by their nature address matters that are, to different degrees, uncertain and often contain words such as "may," "could," "expect," "intend," "target," "plan," "seek," "estimate," "believe," "predict," "potential" or "continue." These statements are not guarantees of future performance and 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 adverse

general economic conditions, including the amount of disposable income available to consumers for discretionary purchases, tight consumer credit markets and the level of consumer confidence on the demand for the Company's products and services; negative currency trends, including shifts in exchange rates; the ability to make targeted acquisitions and successfully integrate newly acquired businesses; the ability of the Company to successfully implement its strategic plan and growth initiatives; the ability of dealers and customers to secure adequate access to financing and the Company's ability to access capital and credit markets; the ability to maintain strong relationships with dealers, distributors and independent boat builders; the ability to maintain effective distribution and develop alternative distribution channels without disrupting incumbent distribution partners; the ability to successfully manage pipeline inventories; credit and collections risks, including the potential obligation to repurchase dealer inventory; the risk of losing a key customer or a critical supplier; the strength and protection of the Company's brands and other intellectual property; the ability to absorb fixed costs in managing production facilities; the ability to successfully manage the expansion of the Company's manufacturing footprint; the ability to obtain components, parts and raw materials from suppliers in a timely manner and for a reasonable price; the need to meet pension funding obligations; uncertainties in the timing and amount of the Company's share repurchases; the effect of higher energy and fuel costs; competitive pricing pressures, including the impact of changing foreign currency exchange rates, inflation and increased competition from international competitors; the ability to develop new and innovative products at a competitive price and in compliance with applicable laws and to maintain product quality and service standards; the continued use of legacy information technology systems and the risk of a failure of or attacks on the Company's information technology systems, which could result in data breaches, lost or stolen assets or information and associated remediation costs; competition from other leisure pursuits that may affect the level of participation in boating and fitness activities; the risk of product liability, warranty and other claims in connection with the manufacture and sale of products; the ability to protect the Company's intellectual property; the ability to respond to and minimize the negative financial impact of legislative and regulatory developments, including those related to environmental restrictions and remediation efforts, climate change, healthcare costs, taxes and employment obligations; the risk of having to record an impairment to the value of goodwill and other assets; doing business in international locations, including risks of international political instability, civil unrest and operations in emerging markets; the ability to attract and retain key contributors and to successfully implement succession plans; the effect of weather conditions on demand for marine products; and the effect that catastrophic events, including hurricanes, floods, earthquakes and environmental spills, may have on consumer demand and the ability to manufacture products.

Additional risk factors are included in the 2015 Form 10-K. All forward-looking statements herein speak only as of the date the statement is made and we undertake no obligation to update or revise any forward-looking statement, except as required by the Federal Securities laws.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates and commodity prices. The Company enters into various hedging transactions to mitigate these risks in accordance with guidelines established by the Company's management. The Company does not use financial instruments for trading or speculative purposes. The Company's risk management objectives are described in **Note 5 – Financial Instruments** in the Notes to Condensed Consolidated Financial Statements and Notes 1 and 14 in the Notes to Consolidated Financial Statements in the 2015 Form 10-K.

There have been no significant changes to the Company's market risk since December 31, 2015. For a discussion of exposure to market risk, refer to Part II, Item 7A – Quantitative and Qualitative Disclosures about Market Risk, set forth in the 2015 Form 10-K.

Item 4. Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively), the Company has evaluated its disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective. There were no changes in the Company's internal control over financial reporting during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

Brunswick's operations and financial results are subject to various risks and uncertainties that could adversely affect the Company's business, financial condition, results of operations, cash flows and the trading price of Brunswick's common stock. There have been no material changes to the risk factors previously disclosed in the 2015 Form 10-K, which was filed with the SEC on February 17, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On October 22, 2014, the Company's Board of Directors authorized a program to repurchase up to \$200 million of the Company's outstanding common stock, and due to completed repurchases, had approximately \$60 million of remaining authorization at December 31, 2015. On February 11, 2016, the Board of Directors authorized \$300 million of additional share repurchases. Share repurchases will be completed in the open market or through privately negotiated transactions. The Company's share repurchase program does not obligate it to acquire any specific number of shares, and the Company may discontinue purchases at any time that management determines additional purchases are not warranted. As of April 2, 2016, the Company has repurchased an additional 973,114 shares in 2016 at a cost of approximately \$40 million, bringing the total number of shares purchased under these programs to 3,723,920, at a total cost of approximately \$180 million.

During the three months ended April 2, 2016, the Company repurchased the following shares of its common stock:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Amount of Dollars that May Yet Be Used to Purchase Shares Under the Program
January 1 to January 30	232,406	\$ 42.84	232,406	
January 31 to February 27	619,559	39.56	619,559	
February 28 to April 2	121,149	45.22	121,149	
Total	973,114	\$ 41.05	973,114	\$ 320,113,052

Item 5. Other Information

At the May 4, 2016 Annual Meeting of Shareholders of the Company, Nolan D. Archibald, David C. Everitt and Roger J. Wood were elected as directors of the Company for terms expiring at the 2019 Annual Meeting. The number of shares voted with respect to these directors were:

<u>Nominee</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-votes</u>
Nolan D. Archibald	79,125,640	575,334	191,055	4,228,628
David C. Everitt	78,672,974	1,023,084	195,971	4,228,628
Roger J. Wood	79,243,148	458,763	190,118	4,228,628

At the Annual Meeting, shareholders voted for a non-binding resolution approving the compensation of the Company's named executive officers pursuant to the following vote:

	<u>Number of Shares</u>
For	76,339,171
Against	3,323,192
Abstain	229,666
Broker Non-votes	4,228,628

At the Annual Meeting, shareholders ratified the Audit Committee's selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company and its subsidiaries for the year 2016 pursuant to the following vote:

	<u>Number of Shares</u>
For	82,302,416
Against	1,722,239
Abstain	96,002
Broker Non-votes	—

On May 4, 2016, the Board of Directors (the "Board") of the Company approved amendments to the Company's by-laws (as amended, the "Amended By-laws"). The amendments are described as follows.

Article III, Section 3 has been added to implement proxy access. Article III, Section 3 permits a stockholder or group of up to 20 stockholders owning 3% or more of the Company's common stock continuously for at least three years to nominate and include in the Company's proxy materials for an annual meeting of stockholders director candidates constituting up to the greater of two or 20% of the Board, provided that for so long as the Company has a classified board, in no case shall the number of nominees appearing in the Company's proxy materials pursuant to proxy access exceed one-half of the number of directors to be elected at such annual meeting. The stockholder (or group) and each nominee must also satisfy the requirements for proxy access as specified in the Amended By-laws.

In addition, the amendments removed certain sections of the Company's by-laws which were redundant with the Delaware General Corporation Law. These removals are located within Article II, Sections 12 and 14. The Board also approved the addition of a general enforceability clause, which became Article VIII, Section 6.

The Board approved a number of other amendments to the Company's by-laws that had as their purpose general consistency and the clarification of administrative provisions.

A copy of the Amended By-laws, which became effective immediately upon their adoption by the Board, is attached as Exhibit 3.1 to this Quarterly Report on Form 10-Q and is incorporated by reference herein. The foregoing description of the changes effected by the Amended By-laws is qualified by reference to this exhibit.

Item 6. Exhibits

3.1	Amended By-Laws
10.1*	2016 Brunswick Performance Plan
10.2*	2016 Brunswick Performance Plan - Senior Management Incentive Plan Participants
10.3*	2016 Brunswick Performance Plan - Performance Share Plan
10.4*	2016 Stock-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan
10.5*	2016 Cash-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock
10.6*	2016 Stock-Settled Stock Appreciation Right Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan
10.7*	2016 Performance Share Grant Terms and Conditions Pursuant to the Brunswick Corporation 2003 Stock Incentive Plan
10.8*	2016 Performance Share Grant Terms and Conditions Pursuant to the Brunswick Corporation 2003 Stock Incentive Plan - TSR Participants
31.1	Certification of CEO Pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
31.2	Certification of CFO Pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
32.1	Certification of CEO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
32.2	Certification of CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

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 5, 2016

By: /s/ DANIEL J. TANNER
Daniel J. Tanner
Vice President and Controller*

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

BRUNSWICK CORPORATION

BY-LAWS

AS AMENDED MAY 4, 2016

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, if any, 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. The board of directors may, in its sole discretion, determine that the meeting shall not be held at any place, but shall be held solely by means of remote communication, subject to such guidelines and procedures as the board of directors may adopt, as permitted by applicable law.

Section 2. (a) 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 ballot, a board of directors and transact such other business as may properly be brought before the meeting.

(b) For business to be properly brought before the meeting, it must be: (i) authorized by the board of directors and specified in the notice, or a supplemental notice, of the meeting, (ii) otherwise brought before the meeting by or at the direction of the board of directors or the chairman of the meeting, or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder (other than the nomination of a person for election as a director, which is governed by Article III, Section 2 or Article III, Section 3 of these by-laws, as applicable), the stockholder must have given written notice thereof to the Secretary of the corporation (the "Secretary"), delivered or mailed to and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the anniversary date of the preceding year's annual meeting date, written notice by a stockholder in order to be timely must be received not later than the close of business on the tenth day following the day on which the first public disclosure of the date of the annual meeting was made. Delivery shall be by hand or by certified or registered mail, return receipt requested. In no event shall the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of stockholder's notice as described above. A stockholder's notice to the Secretary shall set forth as to each item of business the stockholder proposes to bring before the meeting: (1) a description of such item and the reasons for conducting such business at the meeting, (2) the name and address, as they appear on the corporation's records, of the stockholder

proposing such business, (3) a representation that the stockholder is a holder of record of shares of stock of the corporation entitled to vote with respect to such business and intends to appear in person or by proxy at the meeting to move the consideration of such business, (4) the class and number of shares of stock of the corporation which are owned beneficially or of record by the stockholder (which information shall be updated by such stockholder as of the record date of the meeting not later than ten days after the record date for the meeting), (5) a description of any agreement, arrangement or understanding with respect to such business between or among the stockholder and any of its affiliates or associates, and any others (including their names) acting in concert with any of the foregoing (which information shall be updated by such stockholder as of the record date of the meeting not later than ten days after the record date for the meeting), (6) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder with respect to any share of stock of the corporation (which information shall be updated by such stockholder as of the record date of the meeting not later than ten days after the record date for the meeting) and (7) any material interest of the stockholder in such business. No business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b) or, with respect to the election of directors, the provisions of Article III, Section 2. The chairman of the meeting at which any business is proposed by a stockholder shall, if the facts warrant, determine and declare to the meeting that such business was not properly brought before the meeting in accordance with the provisions of this paragraph (b), and, in such event, the business not properly before the meeting shall not be transacted.

Section 3. Written notice of the annual meeting stating the place, if any, date, hour of meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting shall be given not less than ten nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation.

Section 4. 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 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 5. Written notice of a special meeting of stockholders stating the place, if any, date, hour of meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation.

Section 6. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. If authorized by the board of directors in accordance with these by-laws and applicable law, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, (1) participate in a meeting of stockholders and (2) be deemed present in person

and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

Section 8. The Secretary shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, the list shall be open to the examination of any stockholder during the whole time thereof on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this section or to vote in person or by proxy at any meeting of stockholders.

Section 9. The Chairman of the Board or, in the Chairman's absence, such other person as the board of directors shall designate shall preside at any annual or special meeting of stockholders. Such presiding person may adjourn any annual or special meeting of stockholders from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the date, time and place, if any, thereof and the means of remote communication, if any, by which stockholders and proxyholders may be deemed present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with Section 3 or Section 5 of this Article II as the case may be.

Section 10. 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 a quorum is present when a meeting is convened, the subsequent withdrawal of stockholders, even though less than a quorum remains, shall not affect the ability of the remaining stockholders lawfully to transact business. 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 11. In matters other than the election of directors, 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. A nominee for director shall be elected to the board of directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, that if the number of nominees for director as of the meeting's record date exceeds the number of directors to be elected at such meeting, then each director to be elected shall be elected by a plurality of the votes cast.

Notwithstanding the foregoing, if the question to be voted upon 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, such express provisions shall govern and control the decision of such question.

Section 12. (a) At any meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in person. 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 by the board of directors 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 20 days next preceding such election of directors.

(b) Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors of election unless so required by Section 14 of Article II of these by-laws or so determined by the holders of stock having a majority of the votes which could be cast by the holders of all outstanding stock entitled to vote which are present in person or by proxy at such meeting.

(c) Stock of the corporation belonging to the corporation, or to another corporation if a majority of the shares entitled to vote in the election of directors of such other corporation are held by the corporation, shall neither be entitled to vote nor be counted for quorum purposes. Nothing in this Section 12(c) shall limit the right of the corporation to vote shares of stock of the corporation held by it in a fiduciary capacity.

Section 13. (a) Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy filed with the Secretary before or at the time of the meeting. No such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing with the Secretary an instrument in writing revoking the proxy or another duly executed proxy bearing a later date.

(b) A stockholder may authorize another person or persons to act for such stockholder as proxy (i) by executing a writing authorizing such person or persons to act as such, which execution may be accomplished by such stockholder or such stockholder's authorized officer, director, partner, employee or agent (or, if the stock is held in a trust or estate, by a trustee, executor or administrator thereof) signing such writing or causing his or her signature to be affixed to such writing by any reasonable means, including, but not limited to, facsimile signature, or (ii) by transmitting or authorizing the transmission of

a telegram, cablegram or other means of electronic transmission (a "Transmission") to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such Transmission; provided that any such Transmission must either set forth or be submitted with information from which it can be determined that such Transmission was authorized by such stockholder.

(c) Any inspector or inspectors appointed pursuant to Section 14 of Article II of these by-laws shall examine Transmissions to determine if they are valid. If no inspector or inspectors are so appointed, the Secretary or such other person or persons as shall be appointed from time to time by the board of directors shall examine Transmissions to determine if they are valid. If it is determined that a Transmission is valid, the person or persons making that determination shall specify the information upon which such person or persons relied. Any copy, facsimile telecommunication or other reliable reproduction of such a writing or Transmission may be substituted or used in lieu of the original writing or Transmission for any and all purposes for which the original writing or Transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or Transmission.

Section 14. The corporation shall appoint one or more inspectors (individually an "Inspector," and collectively the "Inspectors") to act at any meeting of stockholders and make a written report thereof. The board of directors may designate one or more persons as alternate Inspectors to replace any Inspector who shall fail to act. If no Inspector or alternate is able to act at such meeting, the chairman of the meeting shall appoint one or more other persons to act as Inspectors. Each Inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of Inspector with strict impartiality and according to the best of his or her ability.

Section 15. (a) In order that the corporation may determine the stockholders entitled (i) to notice of or to vote at any meeting of stockholders or any adjournment thereof, (ii) to receive payment of any dividend or other distribution or allotment of any rights, (iii) to exercise any rights in respect of any change, conversion or exchange of stock or (iv) to take, receive or participate in any other action, the board of directors may fix a record date, which shall not be earlier than the date upon which the resolution fixing the record date is adopted by the board of directors and which (1) in the case of a determination of stockholders entitled to notice of or to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, be not more than 60 nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall be not more than 60 days before such action.

(b) If no record date is fixed, (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

(c) 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, but the board of directors may fix a new record date for the adjourned meeting.

ARTICLE III

DIRECTORS

Section 1. The number of directors shall be ten, or such other number as may, from time to time, be determined by the board of directors in a manner consistent 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. Any stockholder who wishes to include nominations for the election of directors in the corporation's proxy statement for an annual meeting of stockholders must comply with Section 3 of this Article III. This Section 2 of Article III sets forth certain procedures required for stockholders to nominate persons for election to the board of directors to be considered by the stockholders at an annual or special meeting of stockholders if the stockholder does not wish the nomination to be included in the corporation's proxy statement. 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 not later than (a) with respect to an election to be held at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the anniversary date of the preceding year's annual meeting date, written notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which public disclosure of the date of the annual meeting was made, 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 public disclosure of such meeting is first given to stockholders. Delivery shall be by hand, or by certified or registered mail, return receipt requested. In no event shall the public announcement of an adjournment of any annual or special meeting commence a new time period for giving of a stockholder notice as described above. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination; (ii) the name, principal occupation, age, business address and residence address of the person or persons to be nominated; (iii) the class and number of shares of stock of the corporation which are owned beneficially or of record by the stockholder and each nominee (which information shall be updated by such stockholder as of the record date of the meeting not later than ten days after the record date for the meeting); (iv) 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; (v) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder with respect to any share of stock of the corporation (which information shall be updated by such stockholder as of the record date of the meeting not later than ten days after the record date for the meeting); (vi) a description of all arrangements or understandings between the stockholder and any of its affiliates or associates 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 (which information shall be updated by such stockholder as of the record date of the meeting not later than ten days after the record date for the meeting); (vii) 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 had the nominee been nominated by the board of directors; and (viii) 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. (a) Subject to the terms and conditions set forth in this Section 3, the corporation shall include in its proxy statement for an annual meeting of stockholders the name, together with the Required Information (as defined below), of any person nominated for election to the board of directors by one or more stockholders that satisfy the requirements of this Section 3 (such person or group, the “Eligible Stockholder”), and that expressly elects at the time of providing the written notice required by this Section 3 (a “Proxy Access Notice”) to have its nominee included in the corporation’s proxy materials pursuant to this Section 3. For the avoidance of doubt, the provisions of this Section 3 shall not apply to a special meeting of the stockholders, and the corporation shall not be required to include a director nominee of a stockholder or group of stockholders in the corporation’s proxy statement or form of proxy or ballot for any special meeting of the stockholders. For the purposes of this Section 3:

(i) “Voting Shares” shall mean outstanding shares of capital stock of the corporation entitled to vote generally for the election of directors; and

(ii) a stockholder shall be deemed to “own” only those outstanding shares of Voting Shares of the corporation as to which the stockholder (or any stockholder, fund comprising a Qualifying Fund (as defined below) or beneficial owner whose share ownership is counted for the purposes of qualifying as being an Eligible Stockholder (as specified in paragraph (e) below) and possesses both: (A) the full voting and investment rights pertaining to the shares; and (B) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided, that the number of shares calculated in accordance with clauses (A) and (B) shall not include any shares (1) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, including any short sale, (2) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell, or (3) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the corporation, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of reducing in any manner, to any extent or at any time in the future, such stockholder’s or affiliates’ full right to vote or direct the voting of any such shares, and/or hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such stockholder or affiliate, other than any such arrangements solely involving a national or multi-national multi-industry market index. A stockholder shall “own” shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder’s ownership of shares shall be deemed to continue during any period in which the stockholder has delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the stockholder. A stockholder’s ownership of shares shall be deemed to continue during any period in which the stockholder has loaned such shares, provided that the stockholder has the power to recall such loaned shares within five business days’ notice. The terms “owned,” “owning” and other variations of the word “own” shall have correlative meanings.

(b) For purposes of this Section 3, the “Required Information” that the corporation will include in its proxy statement is (i) the information concerning the nominee and the Eligible Stockholder that the corporation determines is required to be disclosed in the corporation’s proxy statement by the regulations promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (ii) if the Eligible Stockholder so elects, a Stockholder Statement (defined below). Nothing in these by-laws shall limit the corporation’s ability to solicit against and include in the proxy statement its own statement relating to any nominee.

(c) To be valid, a Stockholder’s Proxy Access Notice must be given, either by personal delivery or by United States mail, postage prepaid, to the Secretary not less than 120 days nor more than 150 days prior to the anniversary date that the corporation first mailed its proxy materials for the annual meeting of the previous year; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the anniversary date of the preceding year’s annual meeting date, written notice by the stockholder in order to be timely must be so received not later than the close of business on the later of 120 days in advance of such annual meeting or ten days following the day on which public disclosure of the date of the annual meeting was made. Delivery shall be by hand, or by certified or registered mail, return receipt requested. In no event shall the public announcement of an adjournment of any annual meeting commence a new time period for giving of a Stockholder’s Proxy Access Notice as described above.

(d) The maximum number of nominees appearing in the corporation’s proxy materials pursuant to this Section 3 with respect to an annual meeting of stockholders shall be the greater of (x) two and (y) a number that does not exceed 20% of the number of directors in office as of the last day on which a Proxy Access Notice may be delivered in accordance with the procedures set forth in this Section 3, or if such amount is not a whole number, the closest whole number below 20% (such number that is the greater of that set forth in clause (x) or (y), the “Permitted Number”); provided, however, that for so long as the corporation has a classified board, in no case shall the number of nominees appearing in the corporation’s proxy materials pursuant to this Section 3 for any annual meeting exceed one-half (1/2) of the number of directors to be elected at such annual meeting (rounded down to the nearest whole number); and provided, further, that the Permitted Number shall be reduced, but not below zero, by:

(i) nominees submitted by an Eligible Stockholder whose nominations for election at such annual meeting are subsequently withdrawn;

(ii) nominees submitted by an Eligible Stockholder who the board of directors decides to nominate for election at such annual meeting;

(iii) the number of directors in office or director candidates that in either case will be included in the corporation’s proxy materials with respect to such annual meeting as an unopposed (by the corporation) nominee pursuant to any agreement, arrangement or other understanding with any stockholder or group of stockholders; and

(iv) the number of incumbent directors who had been nominees submitted by an Eligible Stockholder at any of the preceding two annual meetings of stockholders;

provided, further, that in the event that one or more vacancies for any reason occurs on the board of directors at any time before the date of the annual meeting and the board of directors resolves to reduce the size of the board of directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced.

In the event that the number of nominees submitted by Eligible Stockholders pursuant to this Section 3 exceeds the Permitted Number, each Eligible Stockholder will select one nominee for inclusion in the corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of common shares of the corporation each Eligible Stockholder disclosed as owned in its Proxy Access Notice submitted to the corporation. If the Permitted Number is not reached after each Eligible Stockholder has selected one nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(e) An "Eligible Stockholder" is one or more stockholders who owns and has owned, or is acting on behalf of one or more beneficial owners who own and have owned, continuously for at least three years as of both the date that the Proxy Access Notice is received by the corporation pursuant to this Section 3, and the record date for determining stockholders eligible to vote at the annual meeting, capital stock of the corporation representing at least 3% of the Voting Shares (the "Proxy Access Request Required Shares"), and who continue to own the Proxy Access Request Required Shares at all times between the date such Proxy Access Notice is received by the corporation and the date of the applicable annual meeting of stockholders, provided that the aggregate number of Stockholders, and, if and to the extent that a stockholder is acting on behalf of one or more beneficial owners, of such beneficial owners, whose share ownership is counted for the purpose of satisfying the foregoing ownership requirement shall not exceed 20. Two or more funds that are part of the same family of funds or sponsored by the same employer (a "Qualifying Fund") shall be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this Section 3, provided that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Section 3. No stockholder may be a member of more than one group constituting an Eligible Stockholder under this Section 3 for purposes of any applicable annual meeting of stockholders. A stockholder of record acting on behalf of a beneficial owner will be counted as a stockholder only with respect to the shares owned by beneficial owners on whose behalf such stockholder has been directed in writing to act, and, with respect to the shares covered by such directions, will be deemed to be the same stockholder as the beneficial owner for purposes of determining the number of stockholders whose holdings may be considered as part of an Eligible Stockholder's holdings.

(f) No later than the final date when a nomination pursuant to this Section 3 may be delivered to the corporation, an Eligible Stockholder (including each stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder) must provide the following information in writing to the Secretary:

(i) the name and address of, and number of shares of capital stock of the corporation owned by such person;

(ii) one or more written statements from the stockholder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven calendar days prior to the date the Proxy Access Notice is delivered to or mailed to and received by the corporation, such person owns, and has owned continuously for the preceding three years, the Proxy Access Request Required Shares, and such person's agreement to provide, (A) within ten days after the record date for the annual meeting, written statements from the stockholder and intermediaries verifying such person's continuous ownership of the Proxy Access Request Required Shares through the record date, together with any additional information reasonably requested to verify such person's ownership of the Proxy Access Request Required Shares, (B) within ten days after the anniversary date of the annual meeting, written statements from the stockholder and intermediaries verifying such person's continuous ownership of the Proxy Access Request Required Shares through such

anniversary date, together with any additional information reasonably requested to verify such person's ownership of the Proxy Access Request Required Shares, and (C) immediate notice if the Eligible Stockholder ceases to own any of the Proxy Access Request Required Shares prior to the date of the applicable annual meeting of stockholders;

(iii) any information relating to such Eligible Stockholder (including any Stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder) and their respective affiliates or associates or others acting in concert therewith, and any information relating to such Eligible Stockholder's nominee(s), in each case that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for the election of such nominee(s) in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(iv) a description of (A) all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, (B) any agreement, arrangement or understanding with any person or entity as to how the nominee would vote or act on any issue or question as a director, and (C) any other material relationships, between or among the Eligible Stockholder (including any stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder) and its or their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each of such Eligible Stockholder's nominees, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K (or successor rule) if the Eligible Stockholder (including any stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder), or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant;

(v) the details of any position of the nominee as an officer or director of any competitor of the corporation (that is, any entity that provides products or services that compete with or are alternatives to the principal products produced or services provided by the corporation or its affiliates), within the three years preceding the submission of the Proxy Access Notice;

(vi) the written consent of the nominee to being named in the corporation's proxy statement and form of proxy card as a nominee and to serving as a director if elected;

(vii) the written agreement of the nominee that (A) the nominee agrees, if elected, to adhere to the corporation's Principles and Practices and Code of Conduct and any other publicly available corporation policies and guidelines applicable to directors, and (B) that the nominee is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a director of the corporation, or any agreement, arrangement or understanding with any person or entity as to how the nominee would vote or act on any issue or question as a director, in each case that has not been disclosed to the corporation on the Proxy Access Notice;

(viii) a representation that such stockholder (A) acquired the Proxy Access Request Required Shares in the ordinary course of business and not with the intent to change or influence control of the corporation, and does not presently have such intent, (B) has not nominated and will

not nominate for election to the board of directors at the annual meeting any person other than the nominee(s) being nominated pursuant to this Section 3, (C) has not engaged and will not engage in, and has not and will not be a “participant” in another person’s, “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting of stockholders, other than its nominee(s) or a nominee of the board of directors, (D) will not distribute to any stockholder of the corporation any form of proxy for the annual meeting other than the form distributed by the corporation and (E) will provide facts, statements and other information in all communications with the corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and otherwise comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 3;

(ix) in the case of a nomination by a group of stockholders that together is such an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating stockholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

(x) an undertaking that such person agrees to (A) assume all liability stemming from, and indemnify and hold harmless (jointly with all other members of group of stockholders that together is an Eligible Stockholder, if applicable) the corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the corporation or any of its directors, officers or employees arising out of any legal or regulatory violation arising out of the Eligible Stockholder’s communications with the stockholders of the corporation or out of the information that the Eligible Stockholder provided to the corporation, and (B) file with the Securities and Exchange Commission any solicitation of the corporation’s stockholders by the Eligible Stockholder relating to the annual meeting at which the nominee will be nominated.

In addition, no later than the final date on which a Proxy Access Notice may be submitted under this Section 3, a Qualifying Fund whose share ownership is counted for purposes of qualifying as an Eligible Stockholder must provide to the Secretary documentation reasonably satisfactory to the board of directors that demonstrates that the funds comprising the Qualifying Fund are either part of the same family of funds or sponsored by the same employer. In order to be considered timely, any information required by this Section 3 to be provided to the corporation must be supplemented (by delivery to the Secretary) (x) no later than five days following the record date for the applicable annual meeting, to disclose the foregoing information as of such record date, and (y) no later than five days before the annual meeting to disclose the foregoing information as of the date that is ten days prior to such annual meeting. For the avoidance of doubt, the requirement to update and supplement such information shall not permit any Eligible Stockholder or other person to change or add any proposed nominee or to change the identity of any member of a group that together is an Eligible Stockholder.

(g) The Eligible Stockholder may provide to the Secretary, at the time the information required by this Section 3 is originally provided, a written statement for inclusion in the corporation’s proxy statement for the annual meeting, not to exceed 500 words, in support of the Eligible Stockholder’s nominee’s candidacy (the “Stockholder Statement”). Notwithstanding anything to the contrary contained in this Section 3, the corporation may omit from its proxy materials any information or Stockholder Statement or any portion thereof that it, in good faith, believes is materially false or misleading, omits to state any material fact, or would violate any applicable law or regulation.

(h) At the request of the corporation, each nominee must:

(i) tender to the corporation an irrevocable resignation, in a form to be provided by the corporation, which resignation shall become effective upon a determination by the board of directors or any committee thereof that (A) the Proxy Access Notice pursuant to which the nominee's information was included in the corporation's proxy statement was not filed by stockholders constituting an Eligible Stockholder (or was filed by stockholders that prior to the applicable meeting ceased to be an Eligible Stockholder), or (B) that the nominee breached or failed to comply with the provisions of this Section 3;

(ii) submit to any background check (including fingerprint analysis) that may be required by any federal or state statute or regulations applicable to, or by any regulatory authority having jurisdiction over, the operations of the corporation or its subsidiaries or affiliates;

(iii) complete, sign and submit all questionnaires required of the corporation's directors (which form of questionnaire shall be provided by the Secretary upon written request); and

(iv) provide such additional information as necessary or appropriate to permit the board of directors to determine (A) if such nominee is independent under the listing standards of each principal U.S. exchange upon which the common shares of the corporation are listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the board of directors in determining and disclosing the independence of the corporation's directors, (B) if such nominee has any direct or indirect relationship with the corporation, and (C) if such nominee is not and has not been subject to any event specified in Rule 506(d)(1) of Regulation D (or successor rule) under the Securities Act of 1933 or Item 401(f) of Regulation S-K (or successor rule) under the Exchange Act.

In the event that any information or communications provided by the Eligible Stockholder (or any stockholder group, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder) or the nominee to the corporation or its stockholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or nominee, as the case may be, shall promptly (and in any event within 48 hours of discovering such misstatement or omission) notify the Secretary of any defect in such previously provided information and of the information that is required to correct any such defect.

(i) Any nominee who is included in the corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at that annual meeting, or (ii) does not receive at least 25% of the votes cast in favor of the nominee's election, will be ineligible to be a nominee pursuant to this Section 3 for the next two annual meetings. Any nominee who is included in the corporation's proxy statement for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 3 or any other provision of the corporation's certificate of incorporation, by-laws or other applicable regulation any time before the annual meeting of stockholders, will not be eligible for election at the relevant annual meeting of stockholders and may not be substituted by the Eligible Stockholder that nominated such nominee.

(j) The corporation shall not be required to include, pursuant to this Section 3, a nominee in its proxy materials for any meeting of stockholders, or, if the proxy statement already has been filed, to allow

the nomination of a nominee, notwithstanding that proxies in respect of such vote may have been received by the corporation, if:

(i) the corporation receives a notice that a stockholder intends to nominate a candidate for director at the annual meeting pursuant to the advance notice requirements set forth in Section 2 of this Article III;

(ii) the nominee or the Eligible Stockholder (or any Stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder) who has nominated such nominee has engaged in or is currently engaged in, or has been or is a “participant” in another person’s, “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its nominee(s) or a nominee of the board of directors;

(iii) the Eligible Stockholder or the designated lead group member, as applicable, or any qualified representative thereof, does not appear at the annual meeting of stockholders to present the nomination in accordance with this Section 3;

(iv) the nominee is not independent under the listing standards of each principle U.S. exchange upon which the common shares of the corporation are listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the board of directors in determining and disclosing independence of the corporation’s directors, in each case as determined by the board of directors;

(v) the nominee’s service as a member of the board of directors would violate or cause the corporation to be in violation of these by-laws, the certificate of incorporation, the rules and listing standards of the principle U.S. exchanges upon which the common shares of the corporation are traded, or any applicable law, rule or regulation;

(vi) the nominee is, or has been within the past three years prior to the annual meeting of stockholders, an officer or director of a Competitor (as defined in Section 8 of the Clayton Antitrust Act of 1914) of the corporation or one of its subsidiaries;

(vii) the Eligible Stockholder (or any Stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Stockholder) or applicable nominee otherwise breaches or fails to comply with its obligations pursuant to this Section 3; or

(viii) the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to not owning the Proxy Access Request Required Shares through the date of the applicable annual meeting.

(k) The board of directors (and any other person or body authorized by the board of directors, including, without limitation, the chairman of the relevant annual meeting) shall have the power and authority to interpret this Section 3 and to make any and all determinations necessary or advisable to apply this Section 3 to any persons, facts or circumstances, including the power to determine (i) whether one or more stockholders or beneficial owners qualifies as an Eligible Stockholder, (ii) whether a Proxy Access Notice complies with this Section 3, (iii) whether a stockholder nominee satisfies the qualifications and requirements in this Section 3, and (iv) whether any and all requirements of this Section 3 have been satisfied. Any such interpretation or determination adopted in good faith by the board of

directors (or any other person or body authorized by the board of directors, including, without limitation, the chairman of the relevant annual meeting) shall be binding on all persons, including the corporation and its stockholders (including any beneficial owners). The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedures, and the defective nomination shall be disregarded.

Section 4. 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 5. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. The first meeting of each newly elected board shall be held immediately after, and at the same place, if any, as, the annual meeting of stockholders at which such board shall have been elected or at such other time as the board of directors may determine, 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 7. 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 the board of directors. No notice need be given of such regular meetings. Such meetings shall be held at the Lake Forest office of the corporation or at such other place as the board of directors may determine. 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.

Section 8. 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, if any, as may be convenient and may be designated by the person calling the meeting. Reasonable notice of such special meeting shall be given to each director.

Section 9. (a) 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.

(b) A director who is directly or indirectly a party to a contract or transaction with the corporation, or is a director or officer of or has a financial interest in any other corporation, partnership, association or other organization which is a party to a contract or transaction with the corporation, may be counted in determining whether a quorum is present at any meeting of the board of directors or a committee thereof at which such contract or transaction is considered or authorized, and such director may participate in

such meeting and vote on such authorization to the extent permitted by applicable law, including Section 144 of the General Corporation Law of the State of Delaware.

COMMITTEES

Section 10. The board of directors may, by resolution passed by a majority of the whole board of directors, designate one or more committees, each committee to consist of one or more directors of the corporation or such higher number as shall be required by the certificate of incorporation. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members present at any meeting and not disqualified from voting, whether or not 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. Any such committee, to the extent permitted by law and provided in these by-laws or in the resolution of the board of directors designating such committee, or an amendment to such resolution, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

Section 11. Unless the board of directors otherwise provides, each committee designated by the board of directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the board of directors conducts its business pursuant to this Article III of these by-laws.

COMPENSATION OF DIRECTORS

Section 12. 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 13. 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 (which may be in counterparts) or by electronic transmission, and the written consent or consents or electronic transmission or transmissions are filed with the minutes of proceedings of the board of directors or such committee. Such filing shall be made in paper form if the minutes of the corporation are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ACTION BY TELEPHONE OR OTHER COMMUNICATIONS EQUIPMENT

Section 14. 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.

PRESUMPTION OF ASSENT

Section 15. Unless otherwise provided by the laws of the State of Delaware, a director who is present at a meeting of the board of directors or a committee thereof at which action is taken on any matter shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of such meeting or unless he or she shall file his or her written dissent to such action with the person acting as Secretary of such meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary immediately after the adjournment of such meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV

NOTICES

Section 1. (a) Except as otherwise provided by law, the certificate of incorporation or these by-laws, whenever notice is required to be given to any stockholder, director or member of any committee of the board of directors, such notice may be given by (i) personal delivery, (ii) depositing it, in a sealed envelope, in the United States mails, first class, postage prepaid, addressed, (iii) delivering to a company for overnight or second day mail or delivery, (iv) transmitting it via telecopier, or (v) any other reliable means permitted by applicable law (including electronic or Internet mail or transmission) in each case to such stockholder, director or member, either at the address of such stockholder, director or member as it appears on the records of the corporation or, in the case of such a director or member, at his or her business address; and such notice shall be deemed to be given at the time when it is thus personally delivered, deposited, delivered or transmitted, as the case may be. Such requirement for notice shall also be deemed satisfied, except in the case of stockholder meetings, if actual notice is received orally or by other writing by the person entitled thereto as far in advance of the event with respect to which notice is being given as the minimum notice period required by law or these by-laws.

(b) Without limiting the foregoing, any notice to stockholders given by the corporation pursuant to these by-laws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation and shall also be deemed revoked if (1) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent and (2) such inability becomes known to the Secretary, the transfer agent or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by a form of electronic transmission in accordance with these by-laws shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by another form of electronic transmission, when directed to the stockholder.

Section 2. (a) Whenever notice is required to be given by law, the certificate of incorporation or these by-laws to any stockholder to whom (i) notice of two consecutive annual meetings of stockholders and all notices of meetings of stockholders during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities of the corporation during a 12-month period, have been mailed addressed to such stockholder at the address of such stockholder as shown on the records of the corporation and have been returned

undeliverable, the giving of such notice to such stockholder shall not be required. Any action or meeting which shall be taken or held without notice to such stockholder shall have the same force and effect as if such notice had been duly given. If any such stockholder shall deliver to the corporation a written notice setting forth the then current address of such stockholder, the requirement that notice be given to such stockholder shall be reinstated.

(b) Whenever notice is required to be given by law, the certificate of incorporation or these by-laws to any person with whom communication is unlawful, the giving of such notice to such person shall not be required, and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given.

Section 3. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee or directors need be specified in any written waiver of notice.

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, Secretary 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.

Section 3. The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed by the board of directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the board of directors.

Section 4. The Chief Executive Officer of the corporation shall in general supervise and control all of the business affairs of the corporation, subject to the direction of the board of directors. The Chief Executive Officer may execute, in the name and on behalf of the corporation, any deeds, mortgages, bonds, contracts or other instruments which the board of directors or a committee thereof has authorized to be executed, except in cases where the execution shall have been expressly delegated by the board of directors or a committee thereof to some other officer or agent of the corporation.

Section 5. In addition to such other duties, if any, as may be assigned to the Secretary by the board of directors, the Chairman of the Board, or the Chief Executive Officer, the Secretary shall (i) keep the minutes of proceedings of the stockholders, the board of directors and any committee of the board of directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (iii) be the custodian of the records

and seal of the corporation; (iv) affix or cause to be affixed the seal of the corporation or a facsimile thereof, and attest the seal by his or her signature, to all certificates for shares of stock of the corporation and to all other documents the execution of which under seal is authorized by the board of directors; and (v) unless such duties have been delegated by the board of directors to a transfer agent of the corporation, keep or cause to be kept a register of the name and address of each stockholder, as the same shall be furnished to the Secretary by such stockholder, and have general charge of the stock transfer records of the corporation.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. The corporation shall 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) (a "proceeding") by reason of the fact that he is or was a director or officer of the corporation, or is or was a director or officer of the corporation 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 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.

Section 4. The corporation shall pay or reimburse the reasonable expenses (including attorneys' fees) incurred by a director or officer of the corporation in defending any proceeding in advance of its final disposition upon receipt of an undertaking by or on behalf of such director or officer to repay all amounts advanced if it should be ultimately determined that he or she is not entitled to be indemnified under this Article VI or otherwise. The corporation may require security for any such undertaking.

Section 5. The rights conferred on any person by this Article VI shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6. If a claim for indemnification or payment of expenses under this Article VI is not paid in full within 60 days after a written claim therefor has been received by the corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 7. The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust or other enterprise.

Section 8. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE VII

CERTIFICATES OF STOCK

Section 1. Shares of the corporation's stock may be certificated or uncertificated. 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 any 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 any 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. Any or all the signatures on such 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 direct a new certificate to be issued in place of any certificate previously issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to advertise the same in such a manner as the board of directors shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

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.

REGISTERED STOCKHOLDERS

Section 5. 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 the State 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.

FISCAL YEAR

Section 3. The fiscal year of the corporation shall begin on the first day of January, and terminate on the 31st day of December, in each year.

SEAL

Section 4. The corporate seal, if any, shall have inscribed thereon the name of the corporation, the year of its organization and the words "Incorporated in Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

DEFINITIONS

Section 5. (a) For purposes of these by-laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may

be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(b) For purposes of these by-laws, “public disclosure” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

ENFORCEABILITY

Section 6. If any provision of these by-laws shall be held to be invalid, illegal or unenforceable as applied to any person, entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of these bylaws, and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

ARTICLE IX

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.

**2016 Brunswick Performance Plan (BPP)
All Other Participants
Summary Terms and Conditions**

Exhibit 10.1

Purpose	Reward achievement of annual goals
Eligibility	Key managers identified on an individual basis.
Performance Period	2016 fiscal year.
Performance Measures	<p>Bonuses based 100% on achievement against the following financial measures as of the end of the performance period.</p> <p>For Corporate-level employees, 25% based on Earnings Per Share (EPS (ex. items)), 25% based on overall Brunswick Free Cash Flow ("FCF"), 16.67% based on Mercury Marine Earnings Before Interest and Taxes (EBIT), 16.67 based on Boat Group EBIT, and 16.67 based on Life Fitness EBIT</p> <p>For Division participants, 25% based on EPS (ex. items), 25% based on overall Brunswick FCF, and 50% based on applicable division EBIT</p> <p>FCF is consistent with external reporting definition.</p> <p>FCF, EPS (ex. items) and EBIT from continuing operations results for the year will be adjusted for: Restructuring, exit, integration, and impairment costs (including debt extinguishment costs) and associated savings - variance from budget; Acquisition/sale of "strategic" assets (e.g., transformational or material acquisitions not contemplated in strategic plan) - Cybex performance is included in targets; Impact of any "unusual in nature" or "infrequently occurring" charges or charges related to changes in accounting principles; Cash taxes - variance from budget; Pension contributions - variances from budget; Pension liability settlement or plan amendment charges; Impact of change in tax law - variance from budget; Executive deferred compensation payouts not included in Plan; and Unusual tax items (i.e., FIN 48, Discrete Tax Items, Valuation Allowance Reversals, etc.).</p> <p>The Human Resources and Compensation Committee will determine the applicable performance goals and the bonuses payable upon attainment of such goals.</p>
Funding Review and Approval	<p>The following steps will be taken to review and approve funding:</p> <ul style="list-style-type: none"> * CFO will review performance to evaluate required accruals; * CEO will review performance at end of performance period and recommend bonuses to the Human Resources and Compensation Committee as appropriate; and * Human Resources and Compensation Committee will review and approve bonuses as deemed appropriate.
Individual Awards	<p>Individual awards will be determined on a discretionary basis using overall approved funding, evaluation of individual performance for the performance period, target incentives as a percentage of salary and covered salary (actual paid for year). In no case shall an award exceed 200% of an individual's target incentive opportunity.</p> <p>Individuals must be employed at the end of the performance period to be eligible for an award, with ultimate payout at the discretion of the Human Resources and Compensation Committee. Those employees whose employment terminates due to death, permanent and total disability, or as a result of restructuring activities or plant shutdown will be eligible to receive individual awards at the discretion of the CEO and Chief Human Resources Officer. Any awards payable in the event of termination due to death, permanent disability, as a result of restructuring activities or plant shutdown shall be subject to the achievement of the applicable performance conditions and shall be paid as specified under "Timing and Form of Award Payments."</p>

Timing and Form of Award Payments	In 2017, after financial results are confirmed and appropriate approvals are obtained; provided, however, that any such award shall be paid to U.S.-based employees no later than March 15, 2017. Payment may be made in cash, shares of Brunswick common stock granted under the Brunswick Corporation 2014 Stock Incentive Plan, a combination of cash or stock, or an alternate form of equity, as determined by the Human Resources and Compensation Committee.
Claw Back	The Human Resources and Compensation Committee will evaluate the facts and circumstances of any restatement of earnings due to fraud or intentional misconduct that results in material noncompliance with any financial reporting requirement and, in its sole discretion, may require the repayment of all or a portion of bonus awards from individual(s) responsible for the restatement and others assigned to salary grade 21 and above, including senior executives, as deemed appropriate by the Human Resources and Compensation Committee. In addition, bonus awards shall be subject to forfeiture, recovery by Brunswick or other action pursuant to any other clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.
Additional Terms & Conditions	Payment of any bonus is in the sole discretion of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee may modify, revise, discontinue, cancel or terminate this plan or any payments associated with this plan at any time, without notice.

Nothing contained in these materials constitutes or is intended to create a promise of an individual incentive award or a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick for any reason at any time.

Individual Awards	<p>Without exceeding each participant’s funded pool based on the attainment of the performance goals certified by the Human Resources and Compensation Committee, individual awards will be determined by the Human Resources and Compensation Committee on a discretionary basis using overall performance versus the established performance measures, evaluation of individual performance for the performance period, target incentives as a percentage of salary and covered salary (actual paid for year). In no case shall an award exceed:</p> <ul style="list-style-type: none"> * 200% of an individual’s target incentive opportunity, * the amount of the pool funded for the individual or * the maximum amount payable under the Brunswick Corporation Senior Management Incentive Plan. <p>Individuals must be employed at the end of the performance period to be eligible for an award, with ultimate payout at the discretion of the Human Resources and Compensation Committee. Those employees whose employment terminates due to death, permanent and total disability, or as a result of restructuring activities or plant shutdown will be eligible to receive individual awards at the recommendation of the CEO and Chief Human Resources Officer and the approval of the Human Resources and Compensation Committee. Any awards payable in the event of termination due to death, permanent disability, as a result of restructuring activities or plant shutdown shall be subject to the achievement of the applicable performance conditions and shall be paid as specified under “Timing and Form of Award Payments.”</p>
Timing and Form of Award Payments	<p>In 2017, after financial results are confirmed and appropriate approvals are obtained; provided, however, that any such award shall be paid to U.S.-based employees no later than March 15, 2017. Payment may be made in cash, shares of Brunswick common stock granted under the Brunswick 2014 Stock Incentive Plan, or a combination of cash or stock, or an alternate form of equity, as determined by the Human Resources and Compensation Committee.</p>
Claw Back	<p>The Human Resources and Compensation Committee will evaluate the facts and circumstances of any restatement of earnings due to fraud or intentional misconduct that results in material noncompliance with any financial reporting requirement and, in its sole discretion, may require the repayment of all or a portion of bonus awards from individual(s) responsible for the restatement and others assigned to salary grade 21 and above, including senior executives, as deemed appropriate by the Human Resources and Compensation Committee. In addition, bonus awards shall be subject to forfeiture, recovery by Brunswick or other action pursuant to any other clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.</p>
Additional Terms & Conditions	<p>This plan is a subplan under the Brunswick Corporation Senior Management Incentive Plan, and shall be subject to all of the terms, conditions and limitations under such plan. Payment of any bonus is in the sole discretion of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee may modify, revise, discontinue, cancel or terminate this plan or any payments associated with this plan at any time, without notice.</p>

Nothing contained in these materials constitutes or is intended to create a promise of an individual incentive award or a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick for any reason at any time.

2016 Brunswick Performance Plan (BPP)**Performance Share Participants Other Than Those in the Brunswick Corporation Senior Management Incentive Plan
Summary Terms and Conditions**

Purpose	Reward achievement of annual goals
Eligibility	Key managers identified on an individual basis.
Performance Period	2016 fiscal year.
Performance Measures	<p>Bonuses based 100% on achievement against the following financial measures as of the end of the performance period.</p> <p>For Corporate-level employees, 50% based on Earnings Per Share (EPS ex. items), 16.67% based on Mercury Marine Earnings Before Interest and Taxes (EBIT), 16.67% based on Boat Group EBIT, and 16.67% based on Life Fitness EBIT</p> <p>For Division leaders, 50% based on EPS (ex. items), and 50% based on applicable division EBIT</p> <p>EPS (ex. items) and EBIT from continuing operations results for the year will be adjusted for:</p> <ul style="list-style-type: none"> * Restructuring, exit, integration, and impairment costs (including debt extinguishment costs) and associated savings - variance from budget; * Acquisition/sale of “strategic” assets (e.g., transformational or material acquisitions not contemplated in strategic plan) - Cybex performance is included in targets; * Impact of any “unusual in nature” or “infrequently occurring” charges or charges related to changes in accounting principles; * Pension liability settlement or plan amendment related charges; * Unusual tax items (i.e., FIN 48, Discrete Tax Items, Valuation Allowance Reversals, etc.); and * Impact of change in tax law - variance from budget. <p>The Human Resources and Compensation Committee will determine the applicable performance goals and the bonuses payable upon attainment of such goals.</p>
Funding Review and Approval	<p>The following steps will be taken to review and approve funding:</p> <ul style="list-style-type: none"> * CFO will review performance to evaluate required accruals; * CEO will review performance at end of performance period and recommend bonuses to the Human Resources and Compensation Committee as appropriate; and * Human Resources and Compensation Committee will review and approve bonuses as deemed appropriate.
Individual Awards	<p>Individual awards will be determined on a discretionary basis using overall approved funding, evaluation of individual performance for the performance period, target incentives as a percentage of salary and covered salary (actual paid for year). In no case shall an award exceed 200% of an individual’s target incentive opportunity.</p> <p>Individuals must be employed at the end of the performance period to be eligible for an award, with ultimate payout at the discretion of the Human Resources and Compensation Committee. Those employees whose employment terminates due to death, permanent and total disability, or as a result of restructuring activities or plant shutdown will be eligible to receive individual awards at the discretion of the CEO and Chief Human Resources Officer. Any awards payable in the event of termination due to death, permanent disability, as a result of restructuring activities or plant shutdown shall be subject to the achievement of the applicable performance conditions and shall be paid as specified under “Timing and Form of Award Payments.”</p>
Timing and Form of Award Payments	<p>In 2017, after financial results are confirmed and appropriate approvals are obtained; provided, however, that any such award shall be paid to U.S.-based employees no later than March 15, 2017. Payment may be made in cash, shares of Brunswick common stock granted under the Brunswick Corporation 2014 Stock Incentive Plan, a combination of cash or stock, or an alternate form of equity, as determined by the Human Resources and Compensation Committee.</p>

Claw Back	The Human Resources and Compensation Committee will evaluate the facts and circumstances of any restatement of earnings due to fraud or intentional misconduct that results in material noncompliance with any financial reporting requirement and, in its sole discretion, may require the repayment of all or a portion of bonus awards from individual(s) responsible for the restatement and others assigned to salary grade 21 and above, including senior executives, as deemed appropriate by the Human Resources and Compensation Committee. In addition, bonus awards shall be subject to forfeiture, recovery by Brunswick or other action pursuant to any other clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.
Additional Terms & Conditions	Payment of any bonus is in the sole discretion of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee may modify, revise, discontinue, cancel or terminate this plan or any payments associated with this plan at any time, without notice.

Nothing contained in these materials constitutes or is intended to create a promise of an individual incentive award or a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick for any reason at any time.

**2016 Stock-Settled Restricted Stock Unit Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)**

Exhibit 10.4

Purpose	To encourage retention of key managers so as to support the execution of business strategies in order to encourage and reward the creation of sustainable, long-term shareholder value and achieve future goals.
Restricted Stock Units	Restricted Stock Units valued on the same basis as Brunswick Corporation (“Brunswick”) common stock (“Stock”) where one unit equals one share. Dividend equivalents will be reinvested in additional restricted stock units. There are no voting rights attached to restricted stock units.
Grant Date	[_____], 2016
Award	_____ Restricted Stock Units.
Vesting	<p>Restricted stock units will vest and be distributed as follows:</p> <ul style="list-style-type: none"> * Three years from the Grant Date, subject to continued employment; * In the case of a termination of employment (other than for Cause (as defined below) or due to death or Permanent Disability (as defined below)) (i) prior to a Change in Control (as defined in the Plan) and (ii) on or after (A) the first anniversary of the Grant Date and (B) the date on which age plus years of service equals 70 or more or age is 62 or more (“Rule of 70/Age 62”), all of the award will be vested and distributed three years from the Grant Date; * In the case of a termination of employment (other than for Cause or due to death or Permanent Disability) (i) prior to (A) a Change in Control and (B) the first anniversary of the Grant Date, and (ii) on or after the date on which the Rule of 70/Age 62 is attained, a pro-rata portion of the award will be vested and distributed three years from the Grant Date. For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of restricted stock units awarded that would have vested on the normal vesting date and (y) a fraction, the numerator of which is the number of days that have elapsed since January 1 of the year of grant through the date of termination of the recipient’s employment, and the denominator of which is 365. All remaining restricted stock units will be forfeited; * In the event of a Change in Control pursuant to which the award is effectively assumed or continued by the surviving or acquiring corporation and (i) the termination of the Grantee’s employment (other than for Cause or due to death or Permanent Disability) on or after the date on which the Grantee has attained the Rule of 70/Age 62, or (ii) Brunswick terminates the Grantee’s employment without Cause or the Grantee resigns for Good Reason (as defined below), in each case, all of the award will be vested and distributed within thirty (30) days following such termination of employment; provided, however, that if the award is considered “nonqualified deferred compensation” within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and (i) the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or (ii) the termination of employment occurred more than two years following the occurrence of the “change in control event,” then the vested award shall be distributed three years from the Grant Date; * In the event of a Change in Control pursuant to which the award is not effectively assumed or continued by the surviving or acquiring corporation, the award shall vest and be distributed within thirty (30) days following the Change in Control; provided, however, if the award is considered “nonqualified deferred compensation” within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested award shall be distributed three years from the Grant Date; or * On death or termination due to Permanent Disability. * Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.
Termination of Employment	<ul style="list-style-type: none"> * Forfeiture of restricted stock units in the event employment terminates prior to vesting, except (i) as described above with respect to termination in connection with a Change in Control or due to death or Permanent Disability or (ii) if age and years of service equals the Rule of 70/Age 62, in which case all or a pro-rata portion of the restricted stock units will vest as described above (Rule of 70/Age 62 provisions do not apply for grants made to residents of the European Union), provided that the restricted stock units shall be forfeited in the case of a Grantee who qualifies for the Rule of 70/Age 62 treatment if such Grantee’s employment is terminated due to Cause. * The restricted stock units shall be forfeited in their entirety upon any termination for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62. * Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.

Tax Withholding	<p>For those meeting Rule of 70/Age 62 prior to the year of scheduled distribution, tax withholding liability to meet required FICA must be paid via payroll or participant check by the end of the year of meeting Rule of 70/Age 62, except that the FICA taxes on amounts vesting during the first December after grant for those who have met Rule of 70/Age 62 during the year of grant will be collected during the next calendar quarter. Subsequent Federal, state and local income tax withholding must be paid via share reduction upon distribution.</p> <p>For all others, tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.</p>
Timing and Form of Distribution	<p>Upon distribution, shares will be deposited to your brokerage account on record with Shareholder Services.</p> <p>Distributions will occur as soon as practical, but no later than 2-½ months after the distribution date provided above (and, in no event later than March 15, 2020), except that if you are a “specified employee” (as such term is defined under Internal Revenue Code Section 409A) as of the date of your “separation from service” (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee’s “separation from service” and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).</p>
Additional Terms and Conditions	<p>Grants are subject to the terms of the Plan. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are binding.</p> <p>“Permanent Disability” means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.</p> <p>“Good Reason” shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee’s express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick’s failure to pay any portion of Grantee’s compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick’s failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); <u>provided, however</u>, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof.</p>

Additional Terms and Conditions	<p>Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee’s reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick’s Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee’s business unit’s budget or a reduction in the Grantee’s business unit’s head count or number of direct reports, by themselves, shall not constitute Good Reason.</p> <p>“Reduction in Authority or Responsibility” shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee’s position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason.</p> <p>“Reduction in Compensation” shall mean (i) a reduction in the Grantee’s total annual compensation (defined as the sum of the Grantee’s base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee’s total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control.</p> <p>“Business Relocation Beyond a Reasonable Commuting Distance” shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee’s principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee’s principal work location immediately prior to the relocation, and (ii) increases the Grantee’s commuting distance in highway mileage.</p> <p>“Cause” shall mean willful misconduct in the performance of duties.</p> <p>This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.</p> <p>The Plan may be amended, suspended or terminated at any time. The Plan will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.</p>
---------------------------------	---

* * * * *

Nothing contained in these Terms and Conditions or the Plan constitutes or is intended to create a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick (including affiliates) for any reason at any time.

For questions and or a copy of the Prospectus, please contact: *Lesley Harling*,
Shareholder Services
Brunswick Corporation
1 N. Field Court
Lake Forest, Illinois 60045-4811
847-735-4294
lesley.harling@brunswick.com

**2016 Cash-Settled Restricted Stock Unit Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)**

Exhibit 10.5

Purpose	To encourage retention of key managers so as to support the execution of business strategies in order to encourage and reward the creation of sustainable, long-term shareholder value and achieve future goals.
Cash-settled Restricted Stock Units	Cash-settled Restricted Stock Units valued on the same basis as Brunswick Corporation (“Brunswick”) common stock (“Stock”) where one unit equals one share. Dividend equivalents will be reinvested in additional restricted stock units. There are no voting rights attached to restricted stock units.
Grant Date	[_____], 2016
Award	Cash-settled Restricted Stock Units.
Vesting	<p>Cash-settled restricted stock units will vest and be distributed as follows:</p> <ul style="list-style-type: none"> * Three years from the Grant Date, subject to continued employment; * In the case of a termination of employment (other than for Cause (as defined below) or due to death or Permanent Disability (as defined below)) (i) prior to a Change in Control (as defined in the Plan) and (ii) on or after (A) the first anniversary of the Grant Date and (B) the date on which age plus years of service equals 70 or more or age is 62 or more (“Rule of 70/Age 62”), all of the award will be vested and distributed three years from the Grant Date; * In the case of a termination of employment (other than for Cause or due to death or Permanent Disability) (i) prior to (A) a Change in Control and (B) the first anniversary of the Grant Date, and (ii) on or after the date on which the Rule of 70/Age 62 is attained, a pro-rata portion of the award will be vested and distributed three years from the Grant Date. For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of restricted stock units awarded that would have vested on the normal vesting date and (y) a fraction, the numerator of which is the number of days that have elapsed since January 1 of the year of grant through the date of termination of the recipient’s employment, and the denominator of which is 365. All remaining restricted stock units will be forfeited; * In the event of a Change in Control pursuant to which the award is effectively assumed or continued by the surviving or acquiring corporation and (i) the termination of the Grantee’s employment (other than for Cause or due to death or Permanent Disability) on or after the date on which the Grantee has attained the Rule of 70/Age 62, or (ii) Brunswick terminates the Grantee’s employment without Cause or the Grantee resigns for Good Reason (as defined below), in each case, all of the award will be vested and distributed within thirty (30) days following such termination of employment; provided, however, that if the award is considered “nonqualified deferred compensation” within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and (i) the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or (ii) the termination of employment occurred more than two years following the occurrence of the “change in control event,” then the vested award shall be distributed three years from the Grant Date; * In the event of a Change in Control pursuant to which the award is not effectively assumed or continued by the surviving or acquiring corporation, the award shall vest and be distributed within thirty (30) days following the Change in Control; provided, however, if the award is considered “nonqualified deferred compensation” within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested award shall be distributed three years from the Grant Date; or * On death or termination due to Permanent Disability. * Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.
Termination of Employment	<ul style="list-style-type: none"> * Forfeiture of cash-settled restricted stock units in the event employment terminates prior to vesting, except (i) as described above with respect to termination in connection with a Change in Control or due to death or Permanent Disability or (ii) if age and years of service equals the Rule of 70/Age 62, in which case all or a pro-rata portion of the restricted stock units will vest as described above (Rule of 70/Age 62 provisions do not apply for grants made to residents of the European Union), provided that the restricted stock units shall be forfeited in the case of a Grantee who qualifies for the Rule of 70/Age 62 treatment if such Grantee’s employment is terminated due to Cause. * The cash-settled restricted stock units shall be forfeited in their entirety upon any termination for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62. * Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.

Tax Withholding	<p>For those meeting Rule of 70/Age 62 prior to the year of scheduled distribution, tax withholding liability to meet required FICA must be paid via payroll or participant check by the end of the year of meeting Rule of 70/Age 62, except that the FICA taxes on amounts vesting during the first December after grant for those who have met Rule of 70/Age 62 during the year of grant will be collected during the next calendar quarter. Subsequent Federal, state and local income tax withholding will be paid from the gross payment upon distribution.</p> <p>For all others, tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be deducted from the gross payment upon distribution.</p>
Timing and Form of Distribution	<p>Distribution will be in the form of a cash payment in an amount equal to the number of units multiplied by the share price at the time of distribution, less applicable withholding.</p> <p>Distributions will occur as soon as practical, but no later than 2-½ months after the distribution date provided above (and, in no event later than March 15, 2020), except that if you are a “specified employee” (as such term is defined under Internal Revenue Code Section 409A) as of the date of your “separation from service” (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee’s “separation from service” and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).</p>
Additional Terms and Conditions	<p>Grants are subject to the terms of the Plan. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are binding.</p> <p>“Permanent Disability” means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.</p> <p>“Good Reason” shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee’s express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick’s failure to pay any portion of Grantee’s compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick’s failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); <u>provided, however</u>, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof.</p>

<p>Additional Terms and Conditions</p>	<p>Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee’s reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick’s Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee’s business unit’s budget or a reduction in the Grantee’s business unit’s head count or number of direct reports, by themselves, shall not constitute Good Reason.</p> <p>“Reduction in Authority or Responsibility” shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee’s position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason.</p> <p>“Reduction in Compensation” shall mean (i) a reduction in the Grantee’s total annual compensation (defined as the sum of the Grantee’s base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee’s total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control.</p> <p>“Business Relocation Beyond a Reasonable Commuting Distance” shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee’s principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee’s principal work location immediately prior to the relocation, and (ii) increases the Grantee’s commuting distance in highway mileage.</p> <p>“Cause” shall mean willful misconduct in the performance of duties.</p> <p>This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.</p> <p>The Plan may be amended, suspended or terminated at any time. The Plan will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.</p>
--	---

Nothing contained in these Terms and Conditions or the Plan constitutes or is intended to create a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick (including affiliates) for any reason at any time.

* * * * *

For questions and or a copy of the Prospectus, please contact: *Lesley Harling*
Shareholder Services
Brunswick Corporation
1 N. Field Court
Lake Forest, Illinois 60045-4811
847-735-4294
lesley.harling@brunswick.com

**2016 Stock-Settled Stock Appreciation Right Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)**

Exhibit 10.6

Purpose	To promote Brunswick’s long term financial interests and growth.
Stock-Settled Stock Appreciation Right	The right to receive a payment in Brunswick Stock (as defined in the Plan) equal to the excess of the Stock’s Fair Market Value (as defined in the Plan) at exercise over the exercise price as established on the Grant Date attributable to the number of underlying Stock-Settled Stock Appreciation Rights (“Stock-Settled SARs”) granted. By exercising Stock-Settled SARs, you agree to the terms and conditions of the grant.
Exercise Price	Closing price as reported on the New York Stock Exchange Composite Transactions Tape on the Grant Date.
Grant Date	_____, 2016
Award	_____ Stock-Settled SARs
Vesting	<p>Stock-Settled SARs vest and become exercisable as follows:</p> <ul style="list-style-type: none"> * One-fourth of the Stock-Settled SARs granted on each of the first, second, third, and fourth anniversaries of the Grant Date, so long as employment by Brunswick or its designated affiliates continues on each such anniversary date; In the case of a termination of employment (other than for Cause (as defined below) or due to death or Permanent Disability (as defined below)) (i) prior to a Change in Control (as defined in the Plan) and (ii) on or after (A) the first anniversary of the Grant Date and (B) the date on which age plus years of service equals 70 or more or age is 62 or more (the “Rule of 70/Age 62”), vesting will continue on the normal vesting schedule described immediately above; * In the case of a termination of employment (other than for Cause or due to death or Permanent Disability) (i) prior to (A) a Change in Control and (B) the first anniversary of the Grant Date, and (ii) on or after the date on which the Rule of 70/Age 62 has been attained, a pro-rata portion of the award will vest on each anniversary of the Grant Date pursuant to the normal vesting schedule described above. For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of shares underlying the Stock-Settled SAR award that would have vested on the applicable anniversary of the Grant Date pursuant to the normal vesting schedule and (y) a fraction, the numerator of which is the number of days that have elapsed since January 1 of the year of grant through the date of termination of the recipient’s employment, and the denominator of which is 365. All remaining shares will be forfeited; * In the event of a Change in Control pursuant to which the award is effectively assumed or continued by the surviving or acquiring corporation and (i) the termination of the Grantee’s employment (other than for Cause or due to death or Permanent Disability) on or after the date on which the Grantee’s age plus years of service equals the Rule of 70/Age 62, or (ii) Brunswick terminates the Grantee’s employment without Cause or the Grantee resigns for Good Reason (as defined below), in each case, all of the award shall vest as of the date of such termination of employment; * In the event of a Change in Control pursuant to which the award is not effectively assumed or continued by the surviving or acquiring corporation in such Change in Control, the award shall vest as of the date of the Change in Control; or * The award shall vest on death or termination due to Permanent Disability. * Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.
Grant Term	<p>Vested Stock-Settled SARs will remain exercisable as follows:</p> <ul style="list-style-type: none"> * Until the termination of employment, if involuntarily terminated for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62, or * Based on eligibility as of the last day employed, the latest of the following: <ul style="list-style-type: none"> * 30 days after voluntary termination; * One year after involuntary termination without Cause (for example, reductions-in-force or reorganization), or if your employer ceases to be a Subsidiary (as defined in the Plan) of Brunswick, unless the Committee provides otherwise; * Two years after termination following a Change in Control; * Five years after termination due to death or Permanent Disability; or * Five years after termination of employment (other than for Cause or due to death or Permanent Disability), provided that such termination occurs on or after the date on which the Rule of 70/Age 62 provisions are achieved. * But, in no event may your Stock-Settled SAR be exercised later than ten years from the Grant Date.

Exercise Settlement-Payment / Tax Withholding	<p>On exercise, the number of shares of Brunswick Stock delivered will be determined as follows:</p> <ul style="list-style-type: none">* The difference between the Fair Market Value on date of exercise and the per share exercise price will be determined.* This difference will be multiplied by the number of Stock-Settled SARs being exercised to determine the total dollar gain.* The total dollar gain will be divided by the Fair Market Value on date of exercise. <p>If, upon exercise, you would be entitled to a fractional security, such fractional security shall be disregarded and the cash equivalent of such fractional security shall be applied to your tax withholding liability. Should you elect to have the required tax withholding satisfied by delivery of shares, then the ultimate Stock delivered will be reduced by an amount necessary to accommodate the required tax withholding.</p> <p>Tax withholding liability (to meet required FICA, federal, state, and local withholding) can be paid in any combination of the following:</p> <ul style="list-style-type: none">* Reduction in shares delivered to accommodate the required minimum tax withholding, or* Cash or check.
---	--

Additional Terms and Conditions

Grants are subject to the terms of the Plan. To the extent any provision herein conflicts with the Plan, the Plan will govern. The Committee administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are binding.

Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.

“Permanent Disability” means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.

“Good Reason” shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee’s express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick’s failure to pay any portion of Grantee’s compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick’s failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof.

Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee’s reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick’s Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee’s business unit’s budget or a reduction in the Grantee’s business unit’s head count or number of direct reports, by themselves, shall not constitute Good Reason.

“Reduction in Authority or Responsibility” shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee’s position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason.

“Reduction in Compensation” shall mean (i) a reduction in the Grantee’s total annual compensation (defined as the sum of the Grantee’s base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee’s total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control.

“Business Relocation Beyond a Reasonable Commuting Distance” shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee’s principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee’s principal work location immediately prior to the relocation, and (ii) increases the Grantee’s commuting distance in highway mileage.

“Cause” shall mean willful misconduct in the performance of duties.

This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

The Plan may be amended, suspended or terminated at any time. The Plan will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

* * * * *

Nothing contained in these Terms and Conditions or the Plan constitutes or is intended to create a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick (including affiliates) for any reason at any time.

For questions and instructions on how to exercise, or for a copy of the Prospectus, please contact:

*Lesley Harling, Shareholder Services
Brunswick Corporation
1 N. Field Court
Lake Forest, Illinois 60045-4811
847-735-4294
lesley.harling@brunswick.com*

**2016 Performance Share Grant Terms and Conditions For Select Key Employees
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)**

Exhibit 10.7

Purpose	To provide incentives to (i) support the execution of Brunswick Corporation’s business strategies and (ii) more closely align the interests of the award recipient with those of Brunswick Corporation’s stockholders.
Grant Date	[_____, 2016]
Performance Shares	Shares of Brunswick Corporation (“Brunswick”) common stock (“Common Stock”) where the number of shares of Common Stock delivered is based on attainment of Performance Criteria set forth herein. Shares of Common Stock subject to this Grant shall be referred to herein as “Performance Shares.”
Target Award	[_____] Performance Shares is the target against which Performance Criteria shall apply.
Performance Period	For purposes of these Terms and Conditions, “Performance Period” shall mean the three-year performance period commencing January 1, 2016 and ending December 31, 2018.
Performance Criteria	<p>* CFROI: 75% of the Performance Shares shall be earned based on the three-year average of Brunswick’s annual CFROI, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on CFROI performance over the Performance Period, as set forth in Appendix A attached hereto.</p> <p>* Operating Margin: 25% of the Performance Shares shall be earned based on the three-year average of Brunswick’s annual Operating Margin, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on Operating Margin performance over the Performance Period, as set forth in Appendix A attached hereto.</p>
Termination of Employment Prior to a Change in Control	<p>* Forfeiture of Performance Shares in the event employment terminates prior to the end of the Performance Period and prior to a Change in Control (as defined in the Plan), except if the Grantee terminates due to death or Permanent Disability (as defined below) or the Grantee’s age and years of service equals 70 or more or age is 62 or more (“Rule of 70/Age 62”).</p> <p>* In the case of a termination of employment (other than for Cause (as defined below)) on or after the first anniversary of the beginning of the Performance Period and prior to a Change in Control (i) due to death or Permanent Disability or (ii) on or after the date on which the Rule of 70/Age 62 has been attained, the Grantee or his or her estate or personal representative shall receive the award, calculated as if the Grantee had remained employed throughout the entire Performance Period and based on actual CFROI and Operating Margin performance. The Performance Shares shall be distributed to the Grantee in accordance with the terms of this award under “Timing of Distribution.”</p> <p>* In the case of a termination of employment (other than for Cause) prior to the first anniversary of the beginning of the Performance Period and prior to a Change in Control (i) due to death or Permanent Disability or (ii) on or after the date on which the Rule of 70/Age 62 has been attained, a pro-rata portion of the award will be distributed to the Grantee or his or her estate or personal representative in accordance with the terms of this award under “Timing of Distribution.” For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of Performance Shares that would otherwise be paid out at the end of the Performance Period based on actual CFROI and Operating Margin performance and (y) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Performance Period through the date of termination of the Grantee’s employment, and the denominator of which is 365. All remaining Performance Shares shall be forfeited.</p> <p>* The Performance Shares shall be forfeited in their entirety upon any termination for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62.</p> <p>* Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.</p>

Change in Control	<p>* In the event of a Change in Control prior to the end of the Performance Period, the Performance Criteria shall be deemed to be achieved at target (and the remainder of the award shall be forfeited) and:</p> <ul style="list-style-type: none"> * If the award is effectively assumed or continued by the surviving or acquiring corporation and the Grantee remains continuously employed through the last day of the Performance Period, then the Performance Shares shall be distributed to Grantee in accordance with the terms of the award under "Timing of Distribution," provided that: <ul style="list-style-type: none"> * In the event of Grantee's termination of employment (other than for Cause) (i) due to death or Permanent Disability, (ii) on or after the date on which the Rule of 70/Age 62 is attained, or (iii) by Brunswick without Cause or by the Grantee for Good Reason (as defined below), the vested portion of the award shall be distributed to the Grantee or his or her estate or personal representative within thirty (30) days following Grantee's death or termination of employment (or, in the case of termination due to death, Permanent Disability or on account of Rule of 70/Age 62 that had occurred prior to the Change in Control, within 30 days following the Change in Control to the extent permitted by Internal Revenue Code Section 409A); provided, however, that if the award is considered "nonqualified deferred compensation" and (x) the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or (y) the termination of employment occurred more than two years following the occurrence of such "change in control event," then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under "Timing of Distribution." * If the award is not effectively assumed or continued by the surviving or acquiring corporation, then the vested portion of the award shall be distributed within thirty (30) days of such Change in Control; provided, however, if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under "Timing of Distribution." * Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control. * The Performance Shares shall be forfeited in their entirety upon any termination for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62. * Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.
Timing of Distribution	<p>Except as otherwise provided for herein, shares of Common Stock shall be delivered to the Grantee in settlement of the award within 60 days after the end of the Performance Period, subject to certification in writing of Brunswick's attainment of the Performance Criteria.</p> <p>If you are a "specified employee" (as such term is defined under Internal Revenue Code Section 409A) as of the date of your "separation from service" (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee's "separation from service" and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).</p> <p>In all cases, fractional shares shall be rounded down to the nearest whole share.</p>
Tax Withholding	Tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.
Form of Distribution	Shares will be deposited to your brokerage account on record with Shareholder Services.

Additional Terms and Conditions	<p>Grants are subject to the terms of the Plan. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are binding.</p> <p>“Permanent Disability” means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.</p> <p>“Good Reason” shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee’s express written consent: (a) a material breach by Brunswick of any provision of this agreement; (b) Brunswick’s failure to pay any portion of Grantee’s compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick’s failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); or (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below; <u>provided, however</u>, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof.</p>
Additional Terms and Conditions	<p>Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee’s reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick’s Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee’s business unit’s budget or a reduction in the Grantee’s business unit’s head count or number of direct reports, by themselves, shall not constitute Good Reason.</p> <p>“Reduction in Authority or Responsibility” shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee’s position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason.</p> <p>“Reduction in Compensation” shall mean (i) a reduction in the Grantee’s total annual compensation (defined as the sum of the Grantee’s base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee’s total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide the Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control.</p> <p>“Business Relocation Beyond a Reasonable Commuting Distance” shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee’s principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee’s principal work location immediately prior to the relocation, and (ii) increases the Grantee’s commuting distance in highway mileage.</p> <p>“Cause” shall mean willful misconduct in the performance of duties.</p>
Additional Terms and Conditions	<p>This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.</p> <p>The Plan may be amended, suspended or terminated at any time. The Plan will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.</p>

2016 Performance Share Grant
Appendix A - Performance Criteria

Annual Cash Flow Return on Investment (CFROI): Applicable to 75% of Performance Shares		Payout as a % of Target ⁽¹⁾	<u>2016 - 2018 Average</u>
CFROI defined as Free Cash Flow divided by Operating Capital Employed. Free Cash Flow is consistent with the external reporting definition. Operating Capital Employed defined as total assets less current liabilities excluding cash, debt and tax balances. Operating Capital Employed will be calculated on a two point basis. Free Cash Flow and Operating Capital Employed will be adjusted for the following variances from plan: Acquisition/sale of "strategic" assets (e.g., transformational or material acquisitions not contemplated in strategic plan) - Cybex performance is included in targets; Impact of pension cash contributions, restructuring, integration, and exit activities and tax payments or refunds; Pension liability settlement or plan amendment changes; Impact of change in accounting standards; and Executive deferred compensation payouts not included in Plan. -	Threshold	0%	XX.X%
	Target	100%	YY.Y%
	Maximum	200%	ZZ.Z%

Annual Operating Margin: Applicable to 25% of Performance Shares		Payout as a % of Target ⁽¹⁾	<u>2016 - 2018 Average</u>
Operating Margin defined as Operating Earnings (ex. items) divided by Sales. Operating Earnings and Sales are consistent with reporting definitions. Operating Earnings (on an ex. items basis) and Sales will be adjusted for the following variances from plan: Acquisition/sale of "strategic" assets (e.g., transformational or material acquisitions not contemplated in strategic plan) - Cybex performance is included in targets; Restructuring, exit, integration and impairment activities (including debt extinguishment costs); Impact of any "unusual in nature" or "infrequently occurring" charges or charges related to changes in accounting principles; and Pension liability settlement or plan amendment related charges.	Threshold	0%	X.X%
	Target	100%	Y.Y%
	Maximum	200%	Z.Z%

⁽¹⁾ If performance is between the threshold and maximum levels set forth above, then the payout as a percentage of target shall be interpolated appropriately. No payout below threshold.

* * * * *

Nothing contained in these Terms and Conditions or the Plan constitutes or is intended to create a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick (including affiliates) for any reason at any time.

For questions and or a copy of the Prospectus, please contact: *Lesley Harling*
Shareholder Services
Brunswick Corporation
1 N. Field Court
Lake Forest, Illinois 60045-4811
847-735-4294
lesley.harling@brunswick.com

**2016 Performance Share Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)**

Exhibit 10.8

Purpose	To provide incentives to (i) support the execution of Brunswick Corporation’s business strategies and (ii) more closely align the interests of the award recipient with those of Brunswick Corporation’s stockholders.
Grant Date	[_____, 2016]
Performance Shares	Shares of Brunswick Corporation (“Brunswick”) common stock (“Common Stock”) where the number of shares of Common Stock delivered is based on attainment of Performance Criteria set forth herein. Shares of Common Stock subject to this Grant shall be referred to herein as “Performance Shares.”
Target Award	[_____] Performance Shares is the target against which Performance Criteria shall apply.
Performance Period	For purposes of these Terms and Conditions, “Performance Period” shall mean the three-year performance period commencing January 1, 2016 and ending December 31, 2018.
Performance Criteria	<p>* CFROI: 75% of the Performance Shares shall be earned based on the three-year average of Brunswick’s annual CFROI, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on CFROI performance over the Performance Period, as set forth in Appendix A attached hereto.</p> <p>* Operating Margin: 25% of the Performance Shares shall be earned based on the three-year average of Brunswick’s annual Operating Margin, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on Operating Margin performance over the Performance Period, as set forth in Appendix A attached hereto.</p> <p>* TSR Modifier: Performance Shares calculated based on CFROI and Operating Margin performance (the “CFROI/OM Earned Award”) shall be subject to a +/- 20% modifier for Brunswick’s TSR Performance against TSR Comparator Group.</p> <p style="padding-left: 40px;">* If Brunswick’s TSR Performance is equal to or below the 25th percentile of the TSR Performance of the TSR Comparator Group over the Performance Period, then the CFROI/OM Earned Award shall be reduced by 20%.</p> <p style="padding-left: 40px;">* If Brunswick’s TSR Performance is equal to or greater than the 75th percentile of the TSR Performance of the TSR Comparator Group over the Performance Period, then the CFROI/OM Earned Award shall be increased by 20%; provided that in no event shall the number of Performance Shares that become payable exceed 200% of the target number of Performance Shares.</p> <p style="padding-left: 40px;">* The CFROI/OM Earned Award shall not be modified for Brunswick’s TSR Performance between the 25th and 75th percentile of the TSR Performance of the TSR Comparator Group over the Performance Period.</p> <p style="padding-left: 40px;">* See Appendix A attached hereto for the definitions of “TSR Performance” and “TSR Comparator Group.”</p> <p>* Notwithstanding the level of performance achieved, the number of shares of Common Stock delivered pursuant to the “Timing of Distribution” discussed below shall not exceed the number of shares having a Fair Market Value, as of the date of distribution, equal to 400% of the target dollar value of the award as of the grant date, as set forth in the award notice given to the Grantee in connection with the award.</p>

Termination of Employment Prior to a Change in Control	<p>* Forfeiture of Performance Shares in the event employment terminates prior to the end of the Performance Period and prior to a Change in Control (as defined in the Plan), except if the Grantee terminates due to death or Permanent Disability (as defined below) or the Grantee’s age and years of service equals 70 or more or age is 62 or more (“Rule of 70/Age 62”).</p> <p>* In the case of a termination of employment (other than for Cause (as defined below)) on or after the first anniversary of the beginning of the Performance Period and prior to a Change in Control (i) due to death or Permanent Disability or (ii) on or after the date on which the Rule of 70/Age 62 has been attained, the Grantee or his or her estate or personal representative shall receive the award, calculated as if the Grantee had remained employed throughout the entire Performance Period and based on actual CFROI, Operating Margin and TSR Performance. The Performance Shares shall be distributed to the Grantee in accordance with the terms of this award under “Timing of Distribution.”</p> <p>* In the case of a termination of employment (other than for Cause) prior to the first anniversary of the beginning of the Performance Period and prior to a Change in Control (i) due to death or Permanent Disability or (ii) on or after the date on which the Rule of 70/Age 62 has been attained, a pro-rata portion of the award will be distributed to the Grantee or his or her estate or personal representative in accordance with the terms of this award under “Timing of Distribution.” For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of Performance Shares that would otherwise be paid out at the end of the Performance Period based on actual CFROI, Operating Margin and TSR Performance and (y) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Performance Period through the date of termination of the Grantee’s employment, and the denominator of which is 365. All remaining Performance Shares shall be forfeited.</p> <p>* The Performance Shares shall be forfeited in their entirety upon any termination for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62.</p> <p>* Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.</p>
Change in Control	<p>* In the event of a Change in Control prior to the end of the Performance Period, the Performance Criteria shall be deemed to be achieved at target (and the remainder of the award shall be forfeited) and:</p> <p style="padding-left: 20px;">* If the award is effectively assumed or continued by the surviving or acquiring corporation and the Grantee remains continuously employed through the last day of the Performance Period, then the Performance Shares shall be distributed to Grantee in accordance with the terms of the award under “Timing of Distribution,” provided that:</p> <p style="padding-left: 40px;">* In the event of Grantee’s termination of employment (other than for Cause) (i) due to death or Permanent Disability, (ii) on or after the date on which the Rule of 70/Age 62 is attained, or (iii) by Brunswick without Cause or by the Grantee for Good Reason (as defined below), the vested portion of the award shall be distributed to the Grantee or his or her estate or personal representative within thirty (30) days following Grantee’s death or termination of employment (or, in the case of termination due to death, Permanent Disability or on account of Rule of 70/Age 62 that had occurred prior to the Change in Control, within 30 days following the Change in Control to the extent permitted by Internal Revenue Code Section 409A); provided, however, that if the award is considered “nonqualified deferred compensation” and (x) the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or (y) the termination of employment occurred more than two years following the occurrence of such “change in control event,” then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under “Timing of Distribution.”</p> <p style="padding-left: 40px;">* If the award is not effectively assumed or continued by the surviving or acquiring corporation, then the vested portion of the award shall be distributed within thirty (30) days of such Change in Control; provided, however, if the award is considered “nonqualified deferred compensation” within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under “Timing of Distribution.”</p> <p>* Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.</p> <p>* The Performance Shares shall be forfeited in their entirety upon any termination for Cause, including any termination for Cause of an employee who has attained the Rule of 70/Age 62.</p> <p>* Notwithstanding anything to the contrary in these terms and conditions, the favorable vesting terms described for those who have attained the Rule of 70/Age 62 shall not apply to grants made to residents of the European Union.</p>

Timing of Distribution	<p>Except as otherwise provided for herein, shares of Common Stock shall be delivered to the Grantee in settlement of the award within 60 days after the end of the Performance Period, subject to certification in writing of Brunswick's attainment of the Performance Criteria.</p> <p>If you are a "specified employee" (as such term is defined under Internal Revenue Code Section 409A) as of the date of your "separation from service" (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee's "separation from service" and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).</p> <p>In all cases, fractional shares shall be rounded down to the nearest whole share.</p>
Tax Withholding	<p>Tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.</p>
Form of Distribution	<p>Shares will be deposited to your brokerage account on record with Shareholder Services.</p>
Additional Terms and Conditions	<p>Grants are subject to the terms of the Plan. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are binding.</p> <p>"Permanent Disability" means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.</p> <p>"Good Reason" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); or (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below; <u>provided, however</u>, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof.</p>

Additional Terms and Conditions	<p>Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee’s reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick’s Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee’s business unit’s budget or a reduction in the Grantee’s business unit’s head count or number of direct reports, by themselves, shall not constitute Good Reason.</p> <p>“Reduction in Authority or Responsibility” shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee’s position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason.</p> <p>“Reduction in Compensation” shall mean (i) a reduction in the Grantee’s total annual compensation (defined as the sum of the Grantee’s base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee’s total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide the Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control.</p> <p>“Business Relocation Beyond a Reasonable Commuting Distance” shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee’s principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee’s principal work location immediately prior to the relocation, and (ii) increases the Grantee’s commuting distance in highway mileage.</p> <p>“Cause” shall mean willful misconduct in the performance of duties.</p>
Additional Terms and Conditions	<p>This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.</p> <p>The Plan may be amended, suspended or terminated at any time. The Plan will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.</p>

**2016 Performance Share Grant
Appendix A - Performance Criteria**

Annual Cash Flow Return on Investment (CFROI): Applicable to 75% of Performance Shares		Payout as a % of Target ⁽¹⁾	2016 - 2018 Average
CFROI defined as Free Cash Flow divided by Operating Capital Employed.	Threshold	0%	XX.X%
Free Cash Flow is consistent with the external reporting definition.	Target	100%	YY.Y%
Operating Capital Employed defined as total assets less current liabilities excluding cash, debt and tax balances. Operating Capital Employed will be calculated on a two point basis.	Maximum	200%	ZZ.Z%
<p>Free Cash Flow and Operating Capital Employed will be adjusted for the following variances from plan:</p> <ul style="list-style-type: none"> Acquisition/sale of “strategic” assets (e.g., transformational or material acquisitions not contemplated in strategic plan) - Cybex performance is included in targets; Impact of pension cash contributions, restructuring, integration, and exit activities and tax payments or refunds; Pension liability settlement or plan amendment changes; Impact of change in accounting standards; and Executive deferred compensation payouts not included in Plan. 			

Annual Operating Margin: Applicable to 25%		Payout as a % of	
---	--	-------------------------	--

of Performance Shares		Target ⁽¹⁾	2016 - 2018 Average
Operating Margin defined as Operating Earnings (ex. items) divided by Sales.	Threshold	0%	X.X%
Operating Earnings and Sales are consistent with reporting definitions.	Target	100%	Y.Y%
Operating Earnings (on an ex. items basis) and Sales will be adjusted for the following variances from plan: Acquisition/sale of "strategic" assets (e.g., transformational or material acquisitions not contemplated in strategic plan) - Cybex performance is included in targets; Restructuring, exit, integration and impairment activities (including debt extinguishment costs); Impact of any "unusual in nature" or "infrequently occurring" charges or charges related to changes in accounting principles; and Pension liability settlement or plan amendment related charges.	Maximum	200%	Z.Z%

⁽¹⁾ If performance is between the threshold and maximum levels set forth above, then the payout as a percentage of target shall be interpolated appropriately. No payout below threshold.

The following definitions shall apply for purpose of applying the TSR modifier:

“Average Stock Price” means the average of the closing transaction prices of a share of common stock of a company, as reported on the principal national stock exchange on which such common stock is traded, for the 20 business days immediately preceding the date for which the Average Stock Price is being determined.

“TSR Comparator Group” means the “Leisure Products” sub-industry group within the Global Industry Classification Standard Consumer Durables and Apparel Global Industry Group. For purposes of determining TSR Performance with respect to the Performance Period, the companies included in the Leisure Products sub-industry group shall be determined at the beginning of the Performance Period, excluding those entities that are bankrupt, listed on the pink sheets or not listed at all. Should a company within the TSR Comparator Group become bankrupt after the start of the Performance Period, they shall be assigned a TSR of -100%. Companies emerging from bankruptcy shall not be tracked for purposes of the current Performance Period. If two companies within the TSR Comparator Group merge, only the surviving entity shall be counted. Should a company within the TSR Comparator Group merge with a company outside of the TSR Comparator Group, then that entity shall be excluded from the final calculation.

“TSR Performance” means a company’s cumulative total shareholder return as measured by dividing (A) the sum of (i) the cumulative amount of dividends for the Performance Period, assuming dividend reinvestment, and (ii) the increase or decrease in the Average Stock Price from the first day of the Performance Period to the last day of the Performance Period, by (B) the Average Stock Price determined as of the first day of the Performance Period.

* * * * *

Nothing contained in these Terms and Conditions or the Plan constitutes or is intended to create a contract of continued employment. Employment is at-will and may be terminated by either the employee or Brunswick (including affiliates) for any reason at any time.

For questions and or a copy of the Prospectus, please contact: *Lesley Harling*
Shareholder Services
Brunswick Corporation
1 N. Field Court
Lake Forest, Illinois 60045-4811
847-735-4294
lesley.harling@brunswick.com

**Certification Pursuant to
Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended**

I, Mark D. Schwabero, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brunswick Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BRUNSWICK CORPORATION

May 5, 2016

By: /s/ MARK D. SCHWABERO
Mark D. Schwabero
Chairman and Chief Executive Officer

**Certification Pursuant to
Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended**

I, William L. Metzger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brunswick Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BRUNSWICK CORPORATION

May 5, 2016

By: /s/ WILLIAM L. METZGER
William L. Metzger
Senior Vice President and Chief Financial Officer

**Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

I, Mark D. Schwabero, Chief Executive Officer of Brunswick Corporation, certify that: (i) Brunswick Corporation's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in Brunswick Corporation's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2016 fairly presents, in all material respects, the financial condition and results of operations of Brunswick Corporation.

BRUNSWICK CORPORATION

May 5, 2016

By: /s/ MARK D. SCHWABERO
Mark D. Schwabero
Chairman and Chief Executive Officer

**Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

I, William L. Metzger, Chief Financial Officer of Brunswick Corporation, certify that: (i) Brunswick Corporation's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in Brunswick Corporation's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2016 fairly presents, in all material respects, the financial condition and results of operations of Brunswick Corporation.

BRUNSWICK CORPORATION

By: /s/ WILLIAM L. METZGER

William L. Metzger

Senior Vice President and Chief Financial Officer

May 5, 2016