

PART I

ITEM 1. BUSINESS

Brunswick Corporation (the "Company") is a multinational, branded consumer products company serving the outdoor and indoor active recreation markets. Its major brands include Zebco-Registered Trademark-, Quantum-Registered Trademark-, Browning-Registered Trademark-, Martin-Registered Trademark- and Lew's-Registered Trademark- fishing reels and reel/rod combinations; MotorGuide-Registered Trademark- and Thruster-Registered Trademark- trolling motors; Swivel-Eze-Registered Trademark- marine accessories; American Camper-Registered Trademark- and Remington-Registered Trademark- camping gear; Igloo-Registered Trademark- coolers, ice chests and thermoelectric cooler/warmer products; Hoppe's-Registered Trademark- shooting sports accessories; Mongoose-Registered Trademark-, Roadmaster-Registered Trademark- and Ride Hard-Registered Trademark- bicycles; Flexible Flyer-Registered Trademark- bicycles, wagons and sleds; Brunswick Recreation Centers-Registered Trademark- and Brunswick-Registered Trademark- bowling capital equipment, supplies and consumer products; Brunswick-Registered Trademark- billiards tables; Life Fitness-Registered Trademark-, ParaBody-Registered Trademark- and Hammer Strength-Registered Trademark- exercise equipment; Sea Ray-Registered Trademark-, Bayliner-Registered Trademark- and Maxum-Registered Trademark- pleasure boats; Baja-Registered Trademark- high-performance boats; Boston Whaler and Robalo-Registered Trademark- offshore fishing boats; Quicksilver-Registered Trademark- marine parts and accessories; Mercury-Registered Trademark-, Mariner-Registered Trademark- and Force-Registered Trademark- outboard engines and MerCruiser-Registered Trademark- sterndrives and inboard engines.

Since mid-1995, the Company has been implementing three core growth strategies:

- Building its businesses via product innovation, line extensions and acquisitions;
- Strengthening its customer connection through aggressive marketing; and
- Improving operating margins through synergies and effective cost management.

The Company operates in two business segments: Recreation and Marine.

RECREATION

The Recreation segment consists of the Brunswick Outdoor Recreation Group ("BORG"), the Life Fitness Division and the Brunswick Indoor Recreation Group ("BIRG").

BORG markets and manufactures fishing and camping equipment, coolers, ice chests, bicycles, wagons and sleds. The Company believes that it holds the leading domestic market share of fishing reels and reel/rod combinations. BORG also manufactures and sells fishing pedestals, ski tows, pylons and electric trolling motors for anglers and for use by boat manufacturers including the Company's boat units. BORG camping products include sleeping bags, tents, backpacks, canvas bags, foul-weather gear, waders, hunting apparel, propane lanterns and stoves, cookware, utensils, and shooting sports accessories. The Company believes it is the domestic market leader in ice chests, beverage coolers and thermoelectric cooler/warmer products.

The Life Fitness Division designs, markets and manufactures leading domestic and global brands of computerized cardiovascular and strength training fitness equipment serving the commercial (health clubs, gyms, professional sports teams, military, government, corporate and university facilities) and high-end consumer markets. Life Fitness was purchased for approximately \$314.9 million in July 1997. Life Fitness expanded its product offerings with the acquisition in November 1997 of Hammer Strength, which pioneered and leads the plate-loaded category of strength training, and the purchase in February 1998 of ParaBody, Inc., the leader in multi-station gyms and benches and racks.

BIRG is the leading manufacturer of bowling products including bowling balls and capital equipment such as bowling lanes, automatic pinsetters, ball returns, computerized scoring equipment and seating and locker units.

BIRG operates 126 recreation centers worldwide, and its joint ventures operate 30 recreation centers. Recreation centers offer bowling and, depending on size and location, the following activities and services: billiards, video games, children's playrooms, restaurants and cocktail lounges. The Company also operates five family entertainment centers, which in addition to the above activities, also offer more extensive

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recreation alternatives such as basketball courts, and in-line skating rinks. Almost all of the centers offer Cosmic Bowling-Registered Trademark-, a glow-in-the-dark bowling experience that transforms bowling into a new and different form of recreation. Most of the recreation center facilities are owned by the Company.

BIRG has a 50 percent interest in Nippon Brunswick K. K., which sells bowling equipment and operates bowling centers in Japan. The Group has other joint ventures to (i) build, own and operate bowling centers and family entertainment centers, which include bowling, billiards and many other games, in China and Thailand; (ii) sell bowling equipment in China and Thailand and (iii) manufacture pinsetters in China.

The Company's recreation products are distributed through mass merchants, distributors, dealers, bowling centers and retailers by Company sales personnel and manufacturers' representatives. The Company also sells certain products directly to customers. Recreation products are distributed worldwide from regional warehouses, sales offices and factory stocks of merchandise.

MARINE

The Marine segment consists of the Mercury Marine Group, Sea Ray Group and US Marine Division. The Company believes its Marine segment has the largest dollar sales volume of recreational marine engines and pleasure boats in the world.

The Mercury Marine Group markets and manufactures a full range of outboard engines, sterndrives and inboard engines, and propless water-jet systems under the familiar Mercury, Mariner, Force, MerCruiser and SportJet-Registered Trademark- brand names. A portion of Mercury Marine's outboards and its Quicksilver parts and accessories, including steering systems, instruments, controls, propellers, service aids and marine lubricants, are sold directly to end-users through dealers. The remaining outboards and virtually all of the sterndrive and inboard engines and the water-jet systems are sold to boat builders, including the Company's boat units.

In 1996 and 1997, Mercury introduced four OptiMax-Registered Trademark-outboard engines ranging from 135-horsepower to 225-horsepower and featuring Mercury's new direct fuel injection ("DFI") technology. DFI is part of Mercury's plan to reduce engine emissions by 75 percent by 2006 to comply with Environmental Protection Agency requirements. Mercury's line of low-emission engines also includes four-cycle versions of its smaller two-cycle outboards, and these four-cycle outboards require no modification to meet reduced emission levels.

Mercury Marine products are manufactured in the United States for global distribution. International assembly facilities are located in Belgium and Mexico, and there are distribution centers throughout the world.

The boat units consist of Sea Ray and US Marine, marketers and manufacturers of fiberglass pleasure and offshore fishing boats.

The Sea Ray Group, best recognized for its luxury yachts, cabin cruisers, sport fishing boats, sport boats and jet powered boats marketed and manufactured under the same name, also manufactures and markets Baja high-performance boats and Boston Whaler offshore boats. The Group purchases its outboard motors and most of its sterndrives and gasoline inboard engines from the Mercury Marine Group.

US Marine Division, known for its Bayliner brand of motor yachts, cabin cruisers, runabouts and jet powered boats, also markets and manufactures Maxum runabouts and cabin cruisers, and Robalo sport fishing boats. US Marine is vertically integrated, producing many of the parts and accessories which make up the boats. Escort boat trailers also are produced by the Division and are sold

with smaller boats as part of boat-motor-trailer packages. Outboard motors and stern drives are purchased from the Mercury Marine Group.

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Sea Ray and US Marine boats are sold worldwide through dealers.

The Company has a minority interest in Tracker Marine, L.P., a limited partnership, which manufactures and markets boats, motors, trailers and accessories. The Company has various agreements with Tracker Marine, L.P. and its affiliates, including contracts to supply outboard motors, trolling motors and various other Brunswick products for Tracker Marine boats.

The Company's Marine segment sales to unaffiliated customers include sales of the following principal products for the three years ended December 31, 1997, 1996 and 1995:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(IN MILLIONS, UNAUDITED)		
	<C>	<C>	<C>
<S>			
Boats.....	\$ 1,254.1	\$ 1,175.2	\$ 978.4
Engines.....	1,132.7	1,112.1	1,168.7
	-----	-----	-----
	\$ 2,386.8	\$ 2,287.3	\$ 2,147.1
	-----	-----	-----

</TABLE>

Boat sales include the value of engines when such engines are sold as a component of a finished boat. Engine sales include sales to boat manufacturers that are not Company-owned, marine dealers and others, when the engine is not sold with a Company-manufactured boat.

RAW MATERIALS

Many different raw materials are purchased from various sources. At the present time, no critical raw material shortages are anticipated. General Motors Corporation is a significant supplier of the engine blocks used to manufacture the Company's gasoline stern drives.

PATENTS, TRADEMARKS AND LICENSES

The Company has and continues to obtain patent rights, consisting of patents and patent licenses, covering certain features of the Company's products and processes. The Company's patents, by law, have a limited life, and rights expire periodically.

In the Recreation segment, patent rights principally relate to computerized bowling scorers and business information systems, bowling lanes and related equipment, bowling balls, game tables, fishing reels, electric trolling motors, camping equipment, bicycles, ice chests, coolers, thermoelectric cooler/ warmer products, and exercise equipment.

In the Marine segment, patent rights principally relate to boats and features of outboard motors and inboard-outboard drives including die-cast powerheads, cooling and exhaust systems, drive train, clutch and gearshift mechanisms, boat/engine mountings, shock absorbing tilt mechanisms, ignition systems, propellers, spark plugs, and fuel and oil injection systems.

Although the Company has important patent and patent license positions, the Company believes that its success is mainly dependent upon its engineering, manufacturing and marketing capabilities.

The Company has many trademarks associated with its various divisions and applied to its products. Many of these trademarks are well known to the public and are considered valuable assets of the Company.

ORDER BACKLOG

Order backlog is not considered to be a significant factor in the businesses of the Company, except for bowling capital equipment. The backlog of bowling

capital equipment at December 31, 1997, was \$20.0 million, and the Company expects to fill all such orders during 1998. The backlog of bowling capital equipment at December 31, 1996, was \$22.6 million.

COMPETITIVE CONDITIONS AND POSITION

The Company believes that it has a reputation for quality in its highly competitive lines of business. The Company competes in its various markets by utilizing efficient production techniques and innovative marketing, advertising and sales efforts, and by providing high-quality products at competitive prices.

Strong competition exists with respect to each of the Company's product groups, but no single manufacturer competes with the Company in all product groups. In each product area, competitors range in size from large, highly diversified companies to small producers. The following paragraphs summarize what the Company believes its position is in each area.

RECREATION. The Company competes directly with many manufacturers of recreation products. In view of the diversity of its recreation products, the Company cannot identify the number of its competitors. The Company believes, however, that in the United States, it is one of the largest manufacturers of fishing reels, bicycles, sleeping bags, ice chests, beverage coolers, thermoelectric cooler/warmer products, and commercial fitness equipment. For these recreation products, competitive emphasis is placed on product innovation, quality, marketing activities, pricing and the ability to meet delivery and performance requirements.

The Company believes it is the world's largest manufacturer of bowling capital equipment. Certain bowling products, such as automatic scorers and computerized management systems, represent innovative developments in the market. For other bowling products competitive emphasis is placed on quality, marketing activities and pricing. The Company operates 126 recreation centers and five family entertainment centers worldwide. Each center competes directly with centers owned by other parties in its immediate geographic area. Competitive emphasis is, therefore, placed on customer service, quality facilities and personnel, and prices.

MARINE. The Company believes it has the largest dollar sales volume of recreational marine engines and pleasure boats in the world. The marine engine market is highly competitive among several major companies and many smaller ones. There are also many competitors in the highly competitive marine accessories business. Competitive advantage in the marine engine and accessories markets is a function of product features, technology leadership, service, effective distribution and pricing.

There are many manufacturers of pleasure and offshore fishing boats; consequently, this business is highly competitive. The Company competes on the basis of product features and technology, quality, value, performance, durability, styling and price. Demand for pleasure boats and marine engines is influenced by a number of factors, including consumer education about boating, economic conditions and, to some extent, prevailing interest rates and consumer confidence.

RESEARCH AND DEVELOPMENT

Company-sponsored research activities, relating to the development of new products or to the improvement of existing products, are shown below:

<TABLE>
<CAPTION>

	1997	1996	1995
(IN MILLIONS)			
	<C>	<C>	<C>
Recreation.....	\$ 14.5	\$ 11.1	\$ 13.9
Marine.....	74.9	75.4	74.0
	\$ 89.4	\$ 86.5	\$ 87.9

</TABLE>

NUMBER OF EMPLOYEES

The number of employees at December 31, 1997 is shown below by industry segment:

<S>	<C>
Recreation.....	11,150
Marine.....	14,000
Corporate.....	150

	25,300

</TABLE>

There are approximately 1,650 employees in the Recreation segment and 2,300 employees in the Marine segment who are represented by labor unions. The Company believes that relations with these labor unions are good.

ENVIRONMENTAL REQUIREMENTS

The Company is involved in certain legal and administrative proceedings under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other federal and state legislation governing the generation and disposition of certain hazardous wastes. These proceedings, which involve both on- and off-site waste disposal, in many instances seek compensation from the Company as a waste generator under Superfund legislation which authorizes action regardless of fault, legality of original disposition or ownership of a disposal site. The Company believes that it has established adequate reserves to cover all known claims.

ITEM 2. PROPERTIES

The Company's headquarters are located in Lake Forest, Illinois. The Company has numerous manufacturing plants, distribution warehouses, sales offices and test sites. Research and development facilities are division-related, and most are located at individual manufacturing sites.

The Company's plants are deemed to be suitable and adequate for the Company's present needs. The Company believes that all of its properties are well maintained and in good operating condition. Most plants and warehouses are of modern, single-story construction, providing efficient manufacturing and distribution operations.

The Company's plants are operating at approximately 76 percent of current capacity.

The Company's headquarters and most of its principal plants are owned by the Company.

The two Texas plants, where Igloo coolers, ice chests and thermoelectric cooler/warmer products are manufactured, are leased. One of these leases expires in 2003; the other expires in 2004 and has renewal terms extending to 2029 with an option to purchase.

Three plants where bicycles are manufactured are leased. The bicycle plant in Effingham, Illinois is leased until 2003 with renewal terms extending to 2013 and with an option to purchase. The plant in Olney, Illinois is leased until 2001 with renewal terms extending to 2026. The plant in Ojinaga, Mexico is leased until 2007 with renewal options to 2017 and an option to purchase.

The offices and warehouse for the American Camper business in Lenexa, Kansas are leased until 2004 with renewal options to 2014. Two plants which manufacture sleeping bags are leased. The sleeping bag plant in Haleyville, Alabama is leased until 2007 with renewal options to 2017 and an option to purchase. The plant in St. George, Utah is leased until 1999, with a renewal option until 2002.

The principal warehouse for the Life Fitness Division in Franklin Park, Illinois is leased through 2011 with an option to purchase in December of 1998, 1999 and 2000. Some bowling recreation centers, four small plants, two test

facilities and an overseas distribution center are also leased.

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The Company's primary facilities are in the following locations:

MERCURY MARINE GROUP

Placida and St. Cloud, Florida; Stillwater, Oklahoma; Fond du Lac, Hartford and Milwaukee, Wisconsin; Juarez, Mexico; and Petit Rechain, Belgium.

US MARINE DIVISION

Tallahassee, Florida; Valdosta, Georgia; Cumberland and Salisbury, Maryland; Pipestone, Minnesota; Miami and Claremore, Oklahoma; Roseburg, Oregon; Dandridge, Tennessee; and Arlington and Spokane, Washington.

SEA RAY GROUP

Phoenix, Arizona; Edgewater, Merritt Island, Sykes Creek and Palm Coast, Florida; Bucyrus, Ohio; and Knoxville, Riverview and Vonore, Tennessee.

BRUNSWICK OUTDOOR RECREATION GROUP

Haleyville, Alabama; Olney and Effingham, Illinois; Lenexa, Kansas; Starkville, Mississippi; Tulsa, Oklahoma; Coatesville, Pennsylvania; Houston, Katy and Lancaster, Texas; St. George, Utah; Delavan, Wisconsin; and Ojinaga, Mexico.

BRUNSWICK INDOOR RECREATION GROUP

Lake Bluff, Illinois; Des Moines, Iowa; Muskegon, Michigan; Bristol, Wisconsin; Stockach, Germany; and 126 bowling centers and five family entertainment centers in the United States, Canada, Europe and Brazil.

LIFE FITNESS DIVISION

Paso Robles, California; Franklin Park, Illinois; Falmouth, Kentucky; and Ramsey, Minnesota.

ITEM 3. LEGAL PROCEEDINGS

CONCORD BOAT CORPORATION, ET AL. V. BRUNSWICK CORPORATION. In December 1995, Independent Boat Builders, Inc., a boat materials buying group, and 24 of its boat building members, brought suit against the Company in the United States District Court for the Eastern District of Arkansas. As amended, the Complaint alleges that the Company has, as a result of boat company acquisitions and various business practices, unlawfully acquired and maintained a monopoly in the domestic sterndrive marine engine market, and has attempted to monopolize the domestic outboard engine market and sterndrive and outboard recreational boat markets. The Plaintiffs also allege that the Company breached a sterndrive engine purchasing contract with Plaintiffs, and the implied covenant of good faith and fair dealing, and engaged in fraudulent misrepresentations. The Plaintiffs seek an injunction requiring the Company to divest its boat manufacturing operations and to cease the alleged unlawful business practices, as well as actual and treble damages, punitive damages, attorneys' fees and costs. Although no amount of damages is specified in the complaint, Plaintiffs have recently asserted that actual damages are approximately \$78 million.

The Company has answered the Complaint denying liability and asserting various defenses. In addition, the Company has asserted a counterclaim against the Plaintiffs alleging that the Plaintiffs have conspired to restrain trade in violation of Federal antitrust laws by, among other things, engaging in an illegal group boycott of the Company's products and that several of the Plaintiffs have engaged in

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fraudulent conduct with respect to their purchases of sterndrive engines. The counterclaim seeks injunctive relief, actual and treble damages, attorneys' fees and costs.

Discovery has been completed and trial is set to commence April 13, 1998. The Company believes, based upon its assessment of the Complaint as amended and in consultation with counsel, that this litigation is without merit and intends

to defend itself and pursue its counterclaim vigorously.

In December 1996, the Internal Revenue Service notified the Company that it allocated \$190.0 million in short-term capital gains and \$18.1 million in ordinary income to the Company and its subsidiaries for 1990 and 1991 in connection with two partnership investments by the Company. The IRS alleges that these investments lacked economic substance, were prearranged and predetermined, and had no legitimate business purpose. The Company strongly disagrees with the IRS position, and on January 23, 1997, the Company filed petitions in the United States Tax Court contesting the IRS allocations. This case has been scheduled for trial in September 1998. If the IRS were to prevail, the Company would owe the IRS approximately \$60 million in taxes, plus accrued interest. The Company intends to defend itself vigorously and does not believe that this case will have an unfavorable impact on the Company's results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE COMPANY

The Company's executive officers are listed in the following table:

<TABLE>
<CAPTION>

OFFICER	PRESENT POSITION	AGE
<S>	<C>	<C>
P. N. Larson*	Chairman and Chief Executive Officer	58
P. B. Hamilton*	Senior Vice President and Chief Financial Officer	51
M. D. Allen	Vice President, General Counsel and Secretary	52
G. W. Buckley*	Corporate Vice President and President--Mercury Marine Group	50
K. J. Chieger	Vice President--Corporate and Investor Relations	49
J. W. Dawson*	Corporate Vice President and President--Brunswick Outdoor Recreation Group	63
F. J. Florjancic, Jr.*	Corporate Vice President and President--Brunswick Indoor Recreation Group	51
D. E. Lyons*	Vice President--Strategic Business Development	57
R. S. O'Brien	Vice President and Treasurer	48
V. J. Reich	Vice President and Contoller	40
J. A. Schenk	Vice President--Acquisitions	55
R. L. Sell	Vice President and Chief Information Officer	47
K. B. Zeigler	Vice President and Chief Human Resources Officer	49
J. P. Zelisko	Vice President--Tax	47
W. J. Barrington*	President--Sea Ray Group	47
A. L. Nieto	President--Life Fitness Division	40
J. R. Patterson*	President--US Marine Division	50

</TABLE>

* Members of the Operating Committee

There are no family relationships among these officers. The term of office of all elected officers expires April 22, 1998. The Group and Division Presidents are appointed from time to time at the discretion of the Chief Executive Officer.

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PETER N. LARSON has been Chairman and Chief Executive Officer of the Company since 1995. He was Executive Officer, Johnson & Johnson, a leading health care company, from 1991 to 1995, where he served as Chairman of the Worldwide Consumer and Personal Care Group and was a member of the Executive Committee and the Board of Directors.

PETER B. HAMILTON has been Senior Vice President and Chief Financial Officer since 1995. He was Vice President and Chief Financial Officer, Cummins Engine Company, Inc., a leading worldwide designer and manufacturer of diesel engines and related products, from 1988 to 1995.

MARY D. ALLEN has been Vice President, General Counsel and Secretary since 1997. She was Executive Vice President, General Counsel and Secretary, Hartmarx Corporation, a clothing manufacturer, from 1994 to 1997, and Senior Vice

President, JMB Realty Corp., a real estate investment firm, from 1987 to 1994.

GEORGE W. BUCKLEY has been Corporate Vice President and President--Mercury Marine Group since 1997. He was President of the U.S. Electrical Motors Division of Emerson Electric Co., a manufacturer of electrical, electronic, and electromagnetic products ("Emerson"), from 1996 to 1997, and he was President of Emerson's Automotive and Precision Motors Division from 1994 to 1996. He was Emerson's Chief Technology Officer for Motors, Drives and Appliance Components from 1993 to 1994.

KATHRYN J. CHIEGER has been Vice President--Corporate and Investor Relations of the Company since 1996. She was Vice President--Corporate Affairs of Gaylord Container Corporation, a paper manufacturer ("Gaylord"), from 1994 to 1996 and Director of Corporate Affairs of Gaylord from 1989 to 1994.

JIM W. DAWSON has been Corporate Vice President since 1994, and President--Brunswick Outdoor Recreation Group since 1996. He was President--Zebco Division from 1989 to 1996.

FREDERICK J. FLORJANCIC, JR. has been Corporate Vice President since 1988, and President--Brunswick Indoor Recreation Group since 1995. He was President--Brunswick Division from 1988 to 1995.

DUDLEY E. LYONS has been Vice President--Strategic Business Development since 1997. From 1992 to 1997 he was President of the Management Consulting Group of Marketing Corporation of America, a management consulting, sales promotion and market research firm.

RICHARD S. O'BRIEN has been Vice President of the Company since 1996 and Treasurer of the Company since 1988.

VICTORIA J. REICH has been Vice President and Controller of the Company since 1996. She was Finance Manager of the General Electric Company's Wiring Devices business from 1994 to 1996, Manager of the G.E. Plastics Customer Financial Services Operation from 1993 to 1994 and Manager of the G.E. Plastics Commercial Finance Unit from 1990 to 1993.

JAMES A. SCHENK has been Vice President--Acquisitions since 1998. He was Staff Vice President-- Acquisitions and Alliances from 1997 to 1998 and Staff Vice President--Corporate Planning from 1996 to 1997. He was Corporate Director of Planning and Development of the Company from 1988 to 1996.

ROBERT L. SELL has been Vice President and Chief Information Officer of the Company since 1998. From 1996 to 1997 he was Vice President--Information Technology of Coors Brewing Company, a manufacturer and distributor of beer and other malt beverages ("Coors"), and from 1989 to 1996 he was Director of Applications for Information Technology of Coors.

KENNETH B. ZEIGLER has been Vice President and Chief Human Resources Officer of the Company since 1995. He was Senior Vice President, The Continental Corporation, a property and casualty insurance holding company, from 1992 to 1995.

JUDITH P. ZELISKO has been Vice President--Tax since 1998. She was Staff Vice President--Tax from 1996 to 1998 and was Director of Tax and Assistant Vice President from 1983 to 1996.

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WILLIAM J. BARRINGTON has been President--Sea Ray Group since 1989.

AUGUSTINE L. NIETO has been President--Life Fitness Division since the Company acquired it in 1997. He co-founded Life Fitness in 1977 and had been its President since 1987.

J. ROGER PATTERSON has been President--US Marine Division since 1997. From 1992 to 1997 he was General Manager of the Outboard Business Unit of the Mercury Marine Group.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York, Chicago, Pacific, and London Stock Exchanges. Quarterly information with respect to the high and low prices for the common stock and the dividends declared on the common stock is set forth in Note 18 on page 49 and 50. As of December 31, 1997, there were approximately 16,200 shareholders of record of the Company's common stock.

ITEM 6. SELECTED FINANCIAL DATA

Net sales, net earnings, basic and diluted earnings per common share, cash dividends declared per common share, assets of continuing operations, long-term debt and other financial data are shown in the Six-Year Financial Summary on page 51 and 52.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis is presented on pages 15 to 21.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Consolidated Financial Statements are set forth on pages 22 to 50 and are listed in the index on page 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to the directors of the Company is set forth on pages 2-4 of the Company's definitive Proxy Statement dated March 24, 1998, (the "Proxy Statement") for the Annual Meeting of Stockholders to be held on April 22, 1998. All of the foregoing information is hereby incorporated by reference. The Company's executive officers are listed herein on pages 7 and 8.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to executive compensation is set forth on pages 5-20 of the Proxy Statement and is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to the securities of the Company owned by the directors and certain officers of the Company, by the directors and officers of the Company as a group and by the only persons known to the Company to own beneficially more than 5 percent of the outstanding voting securities of the Company is set forth on pages 6 and 7 of the Proxy Statement, and such information is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

9 PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

A) FINANCIAL STATEMENTS AND EXHIBITS

FINANCIAL STATEMENTS

Financial statements and schedules are incorporated in this Annual Report on Form 10-K, as indicated in the index on page 14.

EXHIBITS

<TABLE>
<CAPTION>
EXHIBITS

<C> <S>

- 3.1 Restated Certificate of Incorporation of the Company filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1987, and hereby incorporated by reference.
- 3.2 Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for 1995, and hereby incorporated by reference.
- 3.3 By-Laws of the Company.
- 4.1 Indenture dated as of March 15, 1987, between the Company and Continental Illinois National Bank and Trust Company of Chicago filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1987, and hereby incorporated by reference.
- 4.2 Officers' Certificate setting forth terms of the Company's \$125,000,000 principal amount of 7 3/8% Debentures due September 1, 2023 filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for 1993, and hereby incorporated by reference.
- 4.3 Form of the Company's \$250,000,000 principal amount of 6 3/4% Notes due December 15, 2006, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 10, 1996, and hereby incorporated by reference.
- 4.4 The Company's agreement to furnish additional debt instruments upon request by the Securities and Exchange Commission filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for 1980, and hereby incorporated by reference.
- 4.5 Rights Agreement dated as of February 5, 1996, between the Company and Harris Trust and Savings Bank filed as Exhibit 1 to the Company's Registration Statement for Preferred Share Purchase Rights on Form 8-A dated March 13, 1996, and hereby incorporated by reference.
- 10.1* Third Amended and Restated Employment Agreement entered as of December 30, 1986, between the Company and Jack F. Reichert filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for 1986 and hereby incorporated by reference.
- 10.2* Amendment dated October 24, 1989, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989, and hereby incorporated by reference.
- 10.3* Supplemental Agreement to Employment Agreement dated December 30, 1986, by and between the Company and Jack F. Reichert filed as Exhibit 19.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989, and hereby incorporated by reference.

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<TABLE>
<CAPTION>
EXHIBITS

<C> <S>

- 10.4* Amendment dated February 12, 1991, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for 1990 and hereby incorporated by reference.
- 10.5* Amendment dated March 20, 1992, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for 1992 and hereby incorporated by reference.
- 10.6* Amendment dated December 15, 1992, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for 1992 and hereby incorporated by reference.
- 10.7* Amended and Restated Employment Agreement dated February 3, 1997, by and between the Company and Peter N. Larson filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for 1996 and hereby incorporated by reference.
- 10.8* Employment Agreement dated December 1, 1995, by and between the Company and Peter B. Hamilton filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.

- 10.9* Form of Employment Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, K. J. Chieger, J. W. Dawson, F. J. Florjancic, Jr., P. B. Hamilton, R. S. O'Brien, V. J. Reich, J. A. Schenk, and K. B. Zeigler, filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.
- 10.10* 1994 Stock Option Plan for Non-Employee Directors filed as Exhibit A to the Company's definitive Proxy Statement dated March 25, 1994, for the Annual Meeting of Stockholders on April 27, 1994, and hereby incorporated by reference.
- 10.11* 1995 Stock Plan for Non-Employee Directors filed as Exhibit B to the Company's definitive Proxy Statement dated March 19, 1996, for the Annual Meeting of Stockholders on April 24, 1996, and hereby incorporated by reference.
- 10.12* Supplemental Pension Plan filed as Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, and hereby incorporated by reference.
- 10.13* Form of insurance policy issued for the life of each of the Company's officers, together with the specifications for each of these policies, filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for 1980 and hereby incorporated by reference. The Company pays the premiums for these policies and will recover these premiums, with some exceptions, from the policy proceeds.
- 10.14* Insurance policy issued by The Prudential Insurance Company of America insuring all of the Company's officers and certain other senior management employees for medical expenses filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for 1980 and hereby incorporated by reference.
- 10.15* Form of Indemnification Agreement by and between the Company and each of N. D. Archibald, J. L. Bleustein, M. J. Callahan, M. A. Fernandez, P. Harf, G. D. Kennedy, J. W. Lorsch, R. P. Mark, B. Martin Musham, K. Roman and R. W. Schipke filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.
- 10.16* Indemnification Agreement dated September 16, 1986, by and between the Company and J. F. Reichert filed as Exhibit 19.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.

</TABLE>

<TABLE>

<CAPTION>

EXHIBITS

<C> <S>

- 10.17* Indemnification Agreement dated April 1, 1995, by and between the Company and P. N. Larson filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.
- 10.18* Indemnification Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, K. J. Chieger, J. W. Dawson, F. J. Florjancic, Jr., P. B. Hamilton, R. S. O'Brien, V. J. Reich, J. A. Schenk, and K. B. Zeigler filed as Exhibit 19.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.
- 10.19* 1991 Stock Plan filed as Exhibit A to the Company's definitive Proxy Statement dated March 19, 1996, for the Annual Meeting of Stockholders on April 24, 1996 and hereby incorporated by reference.
- 10.20* Change in Control Severance Plan filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for 1989 and hereby incorporated by reference.
- 10.21* Brunswick Performance Plan for 1997 filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for 1996 and hereby incorporated by reference.
- 10.22* Brunswick Performance Plan for 1998.
- 10.23* Brunswick Strategic Incentive Plan for 1995-1997 filed as Exhibit 10.23 to the Company's Annual Report on form 10-K for 1993 and hereby incorporated by reference.
- 10.24* Brunswick Strategic Incentive Plan for 1996-1997 filed as Exhibit 10.24 to the Company's Annual Report on form 10-K for 1995 and hereby incorporated by reference.
- 10.25* Brunswick Strategic Incentive Plan for 1997-1998 filed as Exhibit 10.25 to the Company's Annual Report on form 10-K for 1996 and hereby incorporated by reference.
- 10.26* Brunswick Strategic Incentive Plan for 1998-1999.
- 10.27* 1997 Stock Plan for Non-Employee Directors.

10.28* Elective Deferred Compensation Plan.

10.29* Automatic Deferred Compensation Plan.

10.30* Employment Agreement dated July 1, 1997 by and between the Company and Augustine Nieto

12 Statement regarding computation of ratio of earnings to fixed charges.

21.1 Subsidiaries of the Company.

23.1 Consent of Independent Public Accountants is on page 53 of this Report.

24.1 Powers of Attorney.

27.1 Financial Data Schedule.

27.2 Restated Financial Data Schedule.

</TABLE>

* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 14(c) of this Report.

B) REPORTS ON FORM 8-K

The Company filed no reports on Form 8-K during the three months ended December 31, 1997.

12 SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

March 26, 1998 By: Victoria J. Reich
VICE PRESIDENT AND CONTROLLER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE
PETER N. LARSON	Chairman and Chief Executive Officer (Principal Executive Officer) and Director
PETER B. HAMILTON	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
VICTORIA J. REICH	Vice President and Controller (Principal Accounting Officer)
NOLAN D. ARCHIBALD	Director
JEFFREY L. BLEUSTEIN	Director
MICHAEL J. CALLAHAN	Director
MANUEL A. FERNANDEZ	Director
PETER HARF	Director
GEORGE D. KENNEDY	Director

JAY W. LORSCH	Director
REBECCA P. MARK	Director
BETTYE MARTIN MUSHAM	Director
JACK F. REICHERT	Director
KENNETH ROMAN	Director
ROGER W. SCHIPKE	Director

Victoria J. Reich, as Principal Accounting Officer and pursuant to a Power of Attorney (executed by each of the other officers and directors listed above and filed with the Securities and Exchange Commission, Washington, D.C.), by signing her name hereto does hereby sign and execute this report of Brunswick Corporation on behalf of each of the officers and directors named above in the capacities in which the names of each appear above.

March 26, 1998 Victoria J. Reich

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BRUNSWICK CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

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All other schedules are not submitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or in the notes thereto. These notes should be read in conjunction with these schedules.

The separate financial statements of Brunswick Corporation (the parent company Registrant) are omitted because consolidated financial statements of Brunswick Corporation and its subsidiaries are included. The parent company is primarily an operating company, and all consolidated subsidiaries are wholly owned and do not have any indebtedness (which is not guaranteed by the parent company) to any person other than the parent or the consolidated subsidiaries in an amount that is material in relation to consolidated assets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Financial results for 1997 reflect successful implementation of the Company's growth strategies: building its businesses through product innovation, line extensions and acquisitions; strengthening its customer connection through aggressive marketing; and improving its operating margins through synergies and effective cost management.

In 1997, the Company achieved record earnings of \$214.2 million, excluding the strategic charge and the cumulative effect of an accounting change discussed below, resulting from sales growth of 15.7 percent to an all-time high of \$3.66 billion and a 0.5 point improvement in operating margins to 10.1 percent. Operating earnings, excluding the strategic charge, increased 21.2 percent to \$369.3 million. Recreation segment sales comprised 35 percent of the Company's

total sales in 1997 versus 28 percent in 1996 and 26 percent in 1995.

INVESTMENTS

Acquisitions have played a significant role in the Company's strategic growth. With the purchase of Life Fitness cardiovascular and strength training equipment on July 9, 1997, and Hammer Strength plate-loaded strength training equipment on November 13, 1997, the Company entered the growing commercial and high-end consumer fitness equipment markets. Subsequent to year end, the Company added ParaBody multistation gyms, benches and racks to its other leading exercise equipment brands.

In the Brunswick Outdoor Recreation Group, the Company expanded the scope of its product offerings and added leading brands through the acquisition of Igloo coolers and ice chests on January 3, 1997, Hoppe's hunting accessories on March 7, 1997, and Mongoose bicycles on April 28, 1997. In the Brunswick Indoor Recreation Group, the Company acquired DBA Products bowling lane supplies on November 20, 1997, to expand its offerings in this category.

Other acquisitions completed in 1996 affect the comparability of the 1997 results with 1996 and 1995. In the Recreation segment, these transactions consisted of American Camper acquired on March 8, 1996, and Roadmaster bicycles acquired on September 6, 1996. In the Marine segment, the Company acquired Boston Whaler offshore fishing boats on May 31, 1996.

During 1997, the Company continued to increase its capital spending to drive new product development, expand existing product lines and improve production efficiencies. The Company's capital expenditures over the past three years were \$190.5 million in 1997, \$169.9 million in 1996 and \$118.0 million in 1995.

The benefits of increased capital investment and a continued focus on cost management have yielded improved operating margins. Operating margins improved for the sixth consecutive year, excluding unusual charges, reaching 10.1 percent in 1997. A portion of the savings generated from cost management actions were used to increase marketing and promotional activities and invest in research and development spending which helped drive demand for the Company's products.

The Company continues to actively pursue cost management opportunities and in 1997 initiated strategic actions which are expected to contribute to future margin improvement.

STRATEGIC CHARGE

During the third quarter of 1997, the Company announced a strategic initiative to streamline its operations and improve global manufacturing costs. The initiative includes the termination of development efforts on a line of personal watercraft; closing boat plant manufacturing facilities in Cork, Ireland and Miami, Oklahoma; centralizing European marketing and customer service in the Marine segment; outsourcing the manufacture of certain components in the Company's bowling division; consolidating

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fishing reel manufacturing; and other actions directed at manufacturing rationalization, product profitability improvements and general and administrative expense efficiencies. Management anticipates that these actions will be substantially completed by the end of 1998.

Included in the Company's financial results for the third quarter and full year 1997 was a \$98.5 million (\$63.0 million after tax) charge to operating earnings to cover exit costs related to the strategic initiative. The charge consisted of \$74.7 million recorded in the Marine segment and \$23.8 million recorded in the Recreation segment.

The benefits from the above actions did not have a material effect on the Company's 1997 financial results. The Company expects that the aggregate pretax savings will total \$55 million to \$60 million over the next three years. These estimates are dependent on the timing of the programs along with the ability to achieve the financial performance objectives.

RESULTS OF OPERATIONS

CONSOLIDATED

The following table sets forth certain ratios and relationships calculated from the consolidated statements of income:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	<C>	<C>	<C>
<S>			
PERCENTAGE INCREASES IN			
Net sales.....	15.7%	8.7%	12.1%
Operating earnings(1).....	21.2%	18.0%	24.8%
Earnings from continuing operations(1).....	15.3%	17.6%	24.3%
Diluted earnings per share from continuing operations(1).....	13.8%	14.6%	23.3%
EXPRESSED AS A PERCENTAGE OF NET SALES			
Gross margin.....	28.3%	27.7%	27.8%
Operating margin(1).....	10.1%	9.6%	8.9%
</TABLE>			

(1) Results from continuing operations exclude the \$98.5 million (\$63.0 million after tax) strategic charge recorded in 1997 and a restructuring charge of \$40.0 million (\$24.4 million after tax) recorded in 1995.

Sales increased 15.7 percent or \$497.1 million in 1997 and 8.7 percent or \$254.0 million in 1996 versus the prior year. In 1997, the Recreation segment added \$397.6 million, a 45.5 percent increase, and the Marine segment recorded a 4.4 percent sales increase of \$99.5 million. These increases reflect the effect of revenues from the companies acquired in 1996 and 1997 and growth in marine and fishing equipment sales and bowling center revenues. In 1996, the Recreation segment added \$113.8 million, a 15.0 percent increase, and the Marine segment recorded a 6.5 percent sales increase of \$140.2 million. These increases reflect growth in sales of higher-priced large boats and the effect of revenues from the companies acquired in 1996.

The Company's 1997 international sales increased 10.1 percent versus 1996 to \$863.1 million. Several factors favorably influenced this growth including the acquisitions noted above. The comparison of 1997 sales levels to 1996 was negatively impacted by the strengthening of the U.S. dollar versus the currencies of key international markets. Sales to Europe and the Pacific Rim were 40 percent and 31 percent, respectively, of total 1997 international sales. Sales of marine products and bowling equipment continue to comprise the majority of international sales. In 1996, sales into international markets declined 1.7 percent to \$784.2 million in 1996 from \$797.4 million in 1995.

The Company's gross margin percentage improved to 28.3 percent in 1997 from 27.7 percent in 1996 and 27.8 percent in 1995. The gains in 1997 reflect productivity enhancements, an improved sales mix and

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the impact of the newly acquired Life Fitness business. The slight decline in 1996 includes the effects of cost increases, which offset the benefits of productivity enhancements and product innovations.

Acquisitions and investments in marketing activities resulted in a \$92.3 million increase in selling, general and administrative expenses in 1997. Selling, general and administrative expenses as a percentage of sales was 15.8 percent in 1997, 15.3 percent in 1996 and 15.9 percent in 1995. The increase in 1997 was the result of normal operating expense levels of acquired businesses and increased investments in marketing activities, while cost management activities favorably impacted the comparisons of both 1997 and 1996 to the prior years.

In 1997, a 21.2 percent increase in operating earnings was achieved on a 15.7 percent sales gain improving operating margins to 10.1 percent. Earnings from continuing operations increased 15.3 percent in 1997, 17.6 percent in 1996 and 24.3 percent in 1995. These comparisons exclude the effects of the 1997 strategic charge and 1995 restructuring charge.

The Company's effective tax rate was 36.0 percent in 1997 and 1996 versus 35.5 percent in 1995. Between 1997, 1996 and 1995, weighted-average common shares outstanding used to calculate basic earnings per share increased to 99.2 million from 98.3 million and 95.9 million, respectively, reflecting stock

issued under compensation plans and stock purchased by the Company's defined benefit plan in 1995. In the same periods, weighted-average common shares used to calculate diluted earnings per share increased to 100.3 million from 98.8 million and 96.2 million, respectively, primarily due to the afore-mentioned issuances of Company stock along with the effect of stock appreciation on employee stock options.

Excluding the strategic/restructuring charges and the cumulative effect of the accounting change discussed below, diluted earnings per share from continuing operations were \$2.14, \$1.88 and \$1.64 in 1997, 1996 and 1995, respectively. Net earnings per diluted share were \$1.50 in 1997 compared with \$1.88 in 1996 and \$1.32 in 1995.

NEW ACCOUNTING PRONOUNCEMENTS--In the fourth quarter of 1997, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 128, "Earnings Per Share," which replaces the presentation of primary earnings per share with basic earnings per share and requires the presentation of diluted earnings per share. The Company's historical results have been restated to conform with this presentation.

In the fourth quarter of 1997, the Company adopted the provisions of EITF 97-13 which requires that all previously capitalized business process re-engineering costs associated with internal-use software development be expensed in the period. The adoption of this principle resulted in a charge for the cumulative effect of a change in accounting principle in the fourth quarter of 1997 totaling \$0.7 million relating to prior years and the recognition of \$2.5 million of operating expense in the Marine segment for amounts capitalized in the first three quarters of 1997.

OTHER--Other items affecting the results of operations of the Company for the past three years include a \$40.0 million restructuring charge recorded in the second quarter of 1995 that reduced earnings from continuing operations by \$24.4 million and diluted earnings per share by \$0.26. The charge included \$25.8 million recorded in the Recreation segment relating to the divestitures of the Circus World and golf shaft businesses, and \$14.2 million for management transition costs included in Corporate expenses.

The Company accounted for its divested freshwater fishing boat units and the Technical segment as discontinued operations. In 1995, the Company recorded an after-tax charge of \$7.0 million, or \$0.07 per diluted share, relating to the disposition of the Technical Group.

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RECREATION SEGMENT

The following table sets forth Recreation segment results:

<TABLE>
<CAPTION>

	1997	1996	1995
	(DOLLARS IN MILLIONS)		
	<C>	<C>	<C>
Net sales.....	\$ 1,270.6	\$ 873.0	\$ 759.2
Percentage increase.....	45.5%	15.0%	7.0%
Operating earnings(1).....	\$ 140.6	\$ 86.1	\$ 76.4
Percentage increase (decrease)(1).....	63.3%	12.7%	(7.7)%
Operating margin(1).....	11.1%	9.9%	10.1%
Capital expenditures.....	\$ 62.4	\$ 52.7	\$ 31.1

</TABLE>

(1) Excludes the effects of a \$23.8 million strategic charge recorded in 1997 and a \$25.8 million restructuring charge recorded in 1995.

In 1997, Recreation segment sales increased 45.5 percent to \$1,270.6 million compared with 1996. These gains reflect the contribution of the aforementioned

businesses acquired in 1996 and 1997, along with improved performance in the fishing tackle business and higher bowling center revenues. Results for 1997 include lower than expected sales for the bicycle and camping businesses as the Company experienced softness in demand for these products. The Company continues to focus on cost reduction along with marketing and promotion activities to improve sales volumes and the profitability of these businesses.

Operating earnings, excluding the effects of the strategic charge as previously described, increased 63.3 percent to \$140.6 million. These gains reflect the contribution of the acquisitions discussed previously along with operating margin improvements. Operating margins for the segment, excluding the effects of the strategic charge, increased 1.2 points to 11.1 percent due to the benefits from effective cost management and acquisition integration. Including the strategic charge of \$23.8 million, the Recreation segment reported a 35.7 percent increase in operating earnings to \$116.8 million in 1997 compared with \$86.1 million in 1996.

Recreation segment sales increased 15.0 percent to \$873.0 million in 1996 while operating earnings, excluding the effects of the 1995 restructuring charge, increased 12.7 percent to \$86.1 million. These gains reflect the contribution of the acquisitions discussed previously, partially offset by a decline in the sale of bowling capital equipment into East Asian markets. Operating margins for the segment declined slightly to 9.9 percent in 1996 from 10.1 percent in 1995, excluding the 1995 restructuring charge, reflecting the effects of retail inventory reductions in fishing tackle and lower margins experienced in acquired businesses as full benefits of integration activities had not yet been realized.

MARINE SEGMENT

The following table sets forth Marine segment results:

<TABLE>

<CAPTION>

	1997	1996	1995
	(DOLLARS IN MILLIONS)		
	<C>	<C>	<C>
Net sales.....	\$ 2,386.8	\$ 2,287.3	\$ 2,147.1
Percentage increase.....	4.4%	6.5%	14.0%
Operating earnings(1).....	\$ 268.9	\$ 260.5	\$ 229.6
Percentage increase(1).....	3.2%	13.5%	33.1%
Operating margin(1).....	11.3%	11.4%	10.7%
Capital expenditures.....	\$ 120.1	\$ 105.2	\$ 85.2

</TABLE>

(1) Excludes the effect of a \$74.7 million strategic charge recorded in 1997.

The Marine segment posted sales gains of 4.4 percent in 1997 as a result of successful marketing programs; an improved sales mix of larger, higher-margin cruisers and yachts; and increased sales of sterndrive and high-performance engines and marine parts and accessories. The Company's strong position in high-end boats has helped offset the weaker markets for smaller boats and outboard engines.

Operating earnings in 1997, excluding the impact of the strategic charge, increased 3.2 percent to \$268.9 million reflecting the benefits of effective cost management and an improved sales mix. Operating margins, excluding the strategic charge, were 11.3 percent in 1997 compared to 11.4 percent in 1996. The slight decline in operating margins in 1997 resulted from increased marketing spending along with process re-engineering costs associated with the systems development projects previously capitalized during 1997, which were expensed, and higher costs associated with the introduction of low-emission outboard engines. Additionally, lower small-boat sales volumes and new product start-up costs adversely affected margins in the Company's boat operations. Operating earnings for the segment, including the \$74.7 million strategic charge

recorded in 1997, were \$194.2 million in 1997, \$260.5 million in 1996 and \$229.6 million in 1995.

In 1996, the segment's sales improved 6.5 percent as a result of effective marketing programs, investment in new products and acquisitions. The increase was partially offset by a decline in outboard engine sales, as inclement weather dampened retail and wholesale activity, and field inventories were adjusted in the first half of 1996 versus 1995. The improvement in operating margins between 1996 and 1995 resulted from effective cost management and increased investments in product and process improvements.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

Cash generated from operating activities, available cash balances and selected borrowings are the Company's major sources of funds for investments and dividend payments.

Cash and cash equivalents totaled \$85.6 million at the end of 1997 down from \$238.5 million in 1996. In 1997, net cash provided by operating activities of \$261.7 million and net cash provided by financing activities of \$147.9 million were more than offset by net cash used for investing activities of \$562.5 million primarily for acquisitions and capital expenditures.

Net cash provided by operating activities totaled \$261.7 million in 1997 compared with \$395.8 million in 1996 and \$278.4 million in 1995. The primary components of net cash provided by operating activities include the Company's net earnings adjusted for noncash revenues and expenses; the timing of cash flows relating to operating expenses, sales and income taxes; and the management of inventory levels. The change in net cash provided by operating activities between 1997 and 1996 reflected investments in working capital by newly acquired businesses for seasonal needs and new product introductions, partially offset by stronger operating results. Cash spending associated with the strategic charge totaled \$16.1 million in 1997. Cash spending in 1995 included \$42.2 million of contributions to the Company's defined benefit plans.

During 1997, the Company invested \$190.5 million in capital expenditures, compared with \$169.9 million in 1996 and \$118.0 million in 1995. The \$20.6 million increase between 1997 and 1996 reflects the Company's continued emphasis on investing to achieve improved production efficiencies and product quality, growth from new products and expansion of existing product lines. The 1998 capital expenditures budget is approximately \$200 million, principally for growth and productivity initiatives. A significant portion of the 1998 capital expenditures budget is dedicated to substantially upgrading information systems capabilities company wide.

The Company invested \$515.4 million in 1997 to acquire various businesses including Igloo coolers and ice chests, Mongoose bicycles, Hoppe's hunting accessories, Life Fitness and Hammer Strength exercise equipment, and DBA Products bowling lane supplies. In 1996, the Company invested \$360.6 million to acquire various businesses including Roadmaster bicycles, American Camper and the Boston

Whaler line of boats. Management continues to evaluate acquisition opportunities to build the Company's active recreation business.

Total debt at year-end 1997 was \$754.8 million versus \$568.0 million at the end of 1996, with debt-to-capitalization ratios at those dates of 36.5 percent and 32.2 percent, respectively. On April 1, 1997, the Company used cash to retire \$100.0 million of 8.125 percent notes maturing on that date. On July 9, 1997, the Company used proceeds from commercial paper borrowings along with cash from operations to pay for the acquisition of Life Fitness. On August 4, 1997, the Company sold \$200.0 million of 7.125 percent notes due August 1, 2027. The proceeds from the sale of the notes were used to retire a portion of the commercial paper issued to finance the acquisition of Life Fitness.

On October 21, 1997, the Company announced a program to repurchase systematically up to five million shares of common stock in open market transactions to offset shares the Company expects to issue under its stock option and other compensation plans. These repurchases will be funded with cash generated from operations and short-term borrowings as required. The Company repurchased 0.3 million shares for \$8.4 million in 1997.

The Company's financial flexibility and access to capital markets results from its strong balance sheet, investment-grade credit ratings and ability to generate significant cash from operating activities. The Company has \$400.0 million available under a long-term credit agreement with a group of banks (see Note 9-Debt) and \$150.0 million under a universal shelf registration filed in 1996 with the Securities and Exchange Commission for the issuance of equity and/or debt securities.

The Company uses its cash balances and other sources of liquidity to invest in its current businesses to promote innovation and new product lines and to acquire complementary businesses. These investments, along with other actions taken to improve the profit margins of current businesses, are designed to continue improvement in the Company's financial performance and enhance shareholder value.

LOOKING TO THE FUTURE

The Company's future performance will be influenced by a number of factors. Revenues and earnings may be affected by changes in domestic and international market conditions in active recreation including the effect of economic conditions in Asia on the Company's businesses. The Company will emphasize product innovation, line extensions and acquisitions, marketing initiatives and cost management efforts to further enhance its financial performance. The Company will continue to benefit from the acquisitions completed in 1996 and 1997.

ENGINE EMISSIONS REGULATIONS. U.S. Environmental Protection Agency (EPA) regulations require that certain exhaust emissions from two-cycle, gasoline marine outboard engines be reduced by 8.3 percent each year for nine years beginning with the 1998 model year. The Company is implementing a plan that meets the EPA compliance schedule. It includes both modifying automotive fuel injection technology for marine use and converting certain two-cycle engines to four-cycle engines. Costs associated with the introduction of low-emission engines will continue to have an adverse effect on the Company's Marine segment operating margins.

YEAR 2000. The Company continues to assess and address the impact of the Year 2000 issue on its businesses. This issue affects computer systems that have date-sensitive programs that may not properly recognize the year 2000. The Company uses software and related technologies throughout its businesses and in its products that will be affected by this issue. The Company has completed its review of the information systems used in its internal business operations and its production processes. An assessment of the technology incorporated into the Company's products, and of the information systems of its customers and suppliers, is scheduled to be substantially completed by mid-1998. If changes addressing the Year 2000 issue are not made on a timely basis prior to the year 2000, the Company's internal financial and production operations may be hindered by the miscalculation of information and certain products may not

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function properly. This could have a material adverse effect on the Company's results of operations and financial condition.

The Company is aggressively pursuing a Year 2000 compliance plan that combines fixing existing software and replacing systems as part of a company-wide systems upgrade project. A Year 2000 Project Office has been established to lead the initiatives that address areas with the potential of major business impact. The total cost of modifying existing software and related technologies has not been determined; however, based on preliminary information, the cost is currently not expected to be material to the Company's results of operations or financial condition. Costs associated with the company-wide systems upgrade are included in the Company's capital expenditures budget.

NEW ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED. In 1997, the Financial Accounting Standards Board issued Statements No. 130, "Reporting Comprehensive Income," and No. 131, "Disclosures About Segments of an Enterprise and Related Information," which require adoption in 1998. Statement No. 130 requires companies to report certain transactions that result in a change in equity, such as foreign currency translation, unrealized gains and losses and minimum pension liability adjustments, as components of comprehensive income as part of the financial statements. Statement No. 131 requires companies to report segment information based on how management disaggregates its businesses for evaluating performance and making operating decisions. The Company intends to adopt these

statements by December 31, 1998.

FORWARD LOOKING STATEMENTS

Certain statements in this Annual Report are forward looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this Report. These risks include, but are not limited to, the ability to complete the planned strategic initiatives, Year 2000 actions and information systems initiatives within the time and cost estimated, economic conditions in Asia, adverse weather conditions retarding sales, inventory adjustments by major retailers, competitive pricing pressures, the ability to integrate acquisitions, the success of marketing and cost-management programs, and shifts in market demand for the Company's products.

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BRUNSWICK CORPORATION REPORTS OF MANAGEMENT AND INDEPENDENT PUBLIC ACCOUNTANTS REPORT OF MANAGEMENT

The Company's management is responsible for the preparation, integrity and objectivity of the financial statements and other financial information presented in this report. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect the effects of certain estimates and judgments made by management.

The Company's management maintains a system of internal controls that is designed to provide reasonable assurance, at reasonable cost, that assets are safeguarded and that transactions and events are recorded properly. The Company's internal audit program includes periodic reviews of these systems and controls and compliance therewith.

The Audit and Finance Committee of the Board of Directors, comprised entirely of outside directors, meets regularly with the independent public accountants, management and internal auditors to review accounting, reporting and internal control matters. The Committee has direct and private access to both the internal and external auditors.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Brunswick Corporation:

We have audited the accompanying consolidated balance sheets of Brunswick Corporation (a Delaware Corporation) and Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brunswick Corporation and Subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index of financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth

therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
January 29, 1998

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BRUNSWICK CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31			
	1997	1996	1995	
	(IN MILLIONS, EXCEPT PER SHARE DATA)			
	<C>	<C>	<C>	
NET SALES.....		\$ 3,657.4	\$ 3,160.3	\$ 2,906.3
Cost of sales.....		2,622.4	2,285.0	2,099.2
Selling, general and administrative expense.....			576.3	484.0 460.9
Research and development expense.....			89.4	86.5 87.9
Strategic/restructuring charges.....		98.5	--	40.0
OPERATING EARNINGS.....			270.8	304.8 218.3
Interest expense.....		(51.3)	(33.4)	(32.5)
Other income and expense.....		16.7	18.9	21.0
EARNINGS BEFORE INCOME TAXES.....			236.2	290.3 206.8
Income tax provision.....		85.0	104.5	73.2
EARNINGS FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....		151.2	185.8	133.6
Cumulative effect on prior years of change in accounting principle.....		--	--	(0.7) --
Loss on disposition of Technical segment.....		--	--	(7.0)
Earnings from discontinued operations.....		--	--	0.6
NET EARNINGS.....		\$ 150.5	\$ 185.8	\$ 127.2
BASIC EARNINGS PER COMMON SHARE				
Continuing operations before cumulative effect of accounting change.....		\$ 1.52	\$ 1.89	\$ 1.39
Cumulative effect on prior years of change in accounting principle.....		--	(.01)	--
Loss on disposition of Technical segment.....		--	--	(.07)
Earnings from discontinued operations.....		--	--	.01
Net earnings.....		\$ 1.52	\$ 1.89	\$ 1.33
AVERAGE SHARES USED FOR COMPUTATION OF BASIC EARNINGS PER SHARE.....	99.2	98.3	95.9	
DILUTED EARNINGS PER COMMON SHARE				
Continuing operations before cumulative effect of accounting change.....		\$ 1.51	\$ 1.88	\$ 1.38
Cumulative effect on prior years of change in accounting principle.....		--	(.01)	--
Loss on disposition of Technical segment.....		--	--	(.07)
Earnings from discontinued operations.....		--	--	.01
Net earnings.....		\$ 1.50	\$ 1.88	\$ 1.32
AVERAGE SHARES USED FOR COMPUTATION OF DILUTED EARNINGS PER SHARE.....	100.3	98.8	96.2	

The notes are an integral part of these consolidated statements

ASSETS

<TABLE>
<CAPTION>

AS OF DECEMBER 31

1997 1996

(IN MILLIONS, EXCEPT
SHARE DATA)

<C> <C>

<S>

CURRENT ASSETS

Cash and cash equivalents, at cost, which approximates market.....	\$ 85.6	\$ 238.5
Marketable securities.....	--	3.6
Accounts and notes receivable, less allowances of \$20.7 and \$17.2.....	434.9	326.9
Inventories		
Finished goods.....	313.4	225.3
Work-in-process.....	139.4	137.2
Raw materials.....	113.5	82.4
	-----	-----
Net inventories.....	566.3	444.9
	-----	-----
Prepaid income taxes.....	210.7	184.4
Prepaid expenses.....	46.0	33.6
Income tax refunds receivable.....	22.5	9.9
	-----	-----
Current assets.....	1,366.0	1,241.8
	-----	-----

PROPERTY

Land.....	68.7	65.0
Buildings.....	425.8	404.6
Equipment.....	830.8	744.6
	-----	-----
Total land, buildings and equipment.....	1,325.3	1,214.2
Accumulated depreciation.....	(656.7)	(620.9)
	-----	-----
Net land, buildings and equipment.....	668.6	593.3
Unamortized product tooling costs.....	114.4	92.1
	-----	-----
Net property.....	783.0	685.4
	-----	-----

OTHER ASSETS

Unrestricted cash held for acquisition of Igloo Holdings, Inc.....	--	143.0
Goodwill.....	726.4	352.4
Other intangibles.....	115.8	137.9
Investments.....	87.5	87.5
Other long-term assets.....	162.7	154.4
	-----	-----
Other assets.....	1,092.4	875.2
	-----	-----
Total assets.....	\$ 3,241.4	\$ 2,802.4
	-----	-----

</TABLE>

The notes are an integral part of these consolidated statements.

<TABLE>
<CAPTION>

AS OF DECEMBER 31

1997 1996

(IN MILLIONS, EXCEPT
SHARE DATA)

<u><S></u>	<u><C></u>	<u><C></u>
CURRENT LIABILITIES		
Short-term debt, including current maturities of long-term debt.....	\$ 109.3	\$ 112.6
Accounts payable.....	252.9	202.4
Accrued expenses.....	586.0	516.1
	-----	-----
Current liabilities.....	948.2	831.1
	-----	-----
LONG-TERM DEBT		
Notes, mortgages and debentures.....	645.5	455.4
	-----	-----
DEFERRED ITEMS		
Income taxes.....	144.3	155.6
Postretirement and postemployment benefits.....	137.3	131.7
Compensation and other.....	51.1	30.9
	-----	-----
Deferred items.....	332.7	318.2
	-----	-----
COMMON SHAREHOLDERS' EQUITY		
Common stock; authorized: 200,000,000 shares, \$.75 par value; issued: 102,538,000 shares.....	76.9	76.9
Additional paid-in capital.....	308.2	302.0
Retained earnings.....	1,052.2	951.3
Treasury stock, at cost: 3,057,000 shares and 4,072,000 shares.....	(59.0)	(75.4)
Cumulative translation adjustments.....	0.1	11.2
Unamortized ESOP expense and other.....	(63.4)	(68.3)
	-----	-----
Common shareholders' equity.....	1,315.0	1,197.7
	-----	-----
Total liabilities and shareholders' equity.....	\$ 3,241.4	\$ 2,802.4
	-----	-----

</TABLE>

The notes are an integral part of these consolidated statements.

25
BRUNSWICK CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

FOR THE YEARS ENDED DECEMBER 31

	1997	1996	1995
	-----	-----	-----
	(IN MILLIONS)		
<u><S></u>	<u><C></u>	<u><C></u>	<u><C></u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings.....	\$ 150.5	\$ 185.8	\$ 127.2
Depreciation and amortization.....	156.9	129.7	118.0
Changes in noncash current assets and current liabilities of continuing operations:			
Change in accounts and notes receivable.....	(57.1)	(26.9)	(34.6)
Change in inventories.....	(55.6)	24.2	2.7
Change in prepaid expenses.....	(11.9)	2.4	(1.1)
Change in accounts payable.....	25.9	11.7	(2.5)
Change in accrued expenses.....	(40.9)	3.6	6.0
Income taxes.....	(1.5)	35.2	25.6
Dividends received from equity investments.....	6.3	24.5	6.4
Strategic/restructuring charges.....	98.5	--	40.0
Pension funding less than (in excess of) provision.....	1.8	5.0	(33.3)
Other, net.....	(11.2)	0.6	12.5
Loss on discontinued operations.....	--	--	11.5
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	261.7	395.8	278.4
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of businesses.....	(515.4)	(360.6)	(10.3)
Unrestricted cash held for acquisition of Igloo Holdings, Inc.....	143.0	(143.0)	--
Capital expenditures.....	(190.5)	(169.9)	(118.0)
Proceeds from businesses disposed.....	--	24.1	22.0
Investments in marketable securities.....	3.6	7.6	7.0

Payments advanced for long-term supply arrangements.....	(12.3)	(44.9)	--
Other, net.....	9.1	(12.3)	(5.7)

NET CASH USED FOR INVESTING ACTIVITIES.....	(562.5)	(699.0)	(105.0)

CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuances of short-term commercial paper and other short-term debt.....	94.9	--	--
Net proceeds from issuances of long-term debt.....	198.6	248.2	--
Payments of long-term debt.....	(107.4)	(5.8)	(6.0)
Cash dividends paid.....	(49.6)	(49.3)	(47.9)
Net proceeds from equity issuance to pension plan.....	--	--	40.0
Stock repurchases.....	(8.4)	--	--
Stock options exercised.....	19.3	4.3	1.7
Other, net.....	0.5	--	(2.1)

NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES.....	147.9	197.4	(14.3)

Net increase (decrease) in cash and cash equivalents.....	(152.9)	(105.8)	159.1
Cash and cash equivalents at beginning of year.....	238.5	344.3	185.2

CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 85.6	\$ 238.5	\$ 344.3

SUPPLEMENTAL CASH FLOW DISCLOSURES			
Interest paid.....	\$ 44.9	\$ 32.7	\$ 34.2
Income taxes paid, net.....	86.6	69.3	43.8
Treasury stock issued for compensation plans and other.....	30.6	11.8	11.9

</TABLE>

The notes are an integral part of these consolidated statements.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION. The Company's consolidated financial statements include the accounts of its significant domestic and foreign subsidiaries, after eliminating transactions between Brunswick Corporation and such subsidiaries. Investments in certain affiliates are reported using the equity method. Additionally, certain previously reported amounts have been reclassified to conform with current year presentations.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

INVENTORIES. Approximately 62 percent of the Company's inventories are valued at the lower of first-in, first-out (FIFO) cost or market (replacement cost or net realizable value). Inventories valued at last-in, first-out (LIFO) cost were \$83.7 million and \$83.6 million lower than the FIFO cost of inventories at December 31, 1997 and 1996, respectively. Inventory cost includes material, labor and manufacturing overhead.

PROPERTY. Property, including major improvements and product tooling costs, is recorded at cost. Maintenance and repair costs are charged against results of operations as incurred. Depreciation is charged against results of operations over the estimated service lives of the related assets principally using the straight-line method.

INTANGIBLES. The excess of cost over net assets of businesses acquired is recorded as goodwill and amortized using the straight-line method, principally over 40 years. Accumulated amortization was \$59.4 million and \$42.8 million at December 31, 1997 and 1996, respectively. The costs of other intangible assets are amortized over their expected useful lives using the straight-line method.

Accumulated amortization was \$317.0 million and \$293.2 million at December 31, 1997 and 1996, respectively.

LONG-LIVED ASSETS. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of its intangible and other long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. The Company uses an estimate of the related undiscounted cash flows or, in the case of goodwill, undiscounted operating earnings, over the remaining life of the asset in measuring whether the asset is recoverable.

CHANGE IN ACCOUNTING PRINCIPLE. Effective January 1, 1997, the Company adopted the consensus reached in the Financial Accounting Standards Board's Emerging Issues Task Force Issue No. 97-13 that the cost of business process re-engineering associated with internal-use software development activities be expensed as incurred. The remaining unamortized portion of previously capitalized costs for these activities of \$1.1 million (\$0.7 million after tax) has been written off and reported as a cumulative effect on prior years of change in accounting principle.

DERIVATIVES. The Company uses derivative financial instruments to manage its risk associated with movements in foreign currency exchange rates, interest rates and commodity prices. These instruments are used in accordance with guidelines established by the Board of Directors and are not used for trading or speculative purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Gains and losses related to financial instruments qualifying as hedges are deferred and recognized in income, when the underlying transaction occurs. Gains and losses on instruments that do not qualify as hedges are recognized in income as incurred. The Company has terminated financial instruments in the past as a result of a change in the volume or characteristics of the transaction being hedged and has recognized or deferred the resulting gain or loss, as appropriate.

2. EARNINGS PER COMMON SHARE

Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share," which requires presentation of basic and diluted earnings per common share. There is no difference in the earnings used to compute the Company's basic and diluted earnings per share. The difference in the weighted-average number of shares of common stock outstanding used to compute basic and diluted earnings per share is caused by potential common stock relating to employee stock options. The weighted-average number of shares of potential common stock was 1.1 million, 0.5 million and 0.3 million in 1997, 1996 and 1995, respectively.

3. ACQUISITIONS

On January 3, 1997, the Company acquired the stock of Igloo Holdings, Inc., the leading manufacturer and marketer of coolers and ice chests for approximately \$152.1 million in cash which includes \$9.8 million paid to certain management employees under stock option arrangements that existed prior to acquisition. On April 28, 1997, the Company purchased for approximately \$20.9 million the inventory and trademarks of the Mongoose bicycle and parts business of Bell Sports Corp. and a three-year option to acquire up to 600,000 shares of Bell common stock for \$7.50 per share. These operations have been included as part of the Brunswick Outdoor Recreation Group of the Recreation segment.

On July 9, 1997, the Company purchased substantially all of the facilities, equipment, inventory and other assets of Life Fitness, a designer, manufacturer and marketer of the leading global brand of computerized cardiovascular and strength training fitness equipment for commercial use. The purchase price was approximately \$314.9 million after post-closing adjustments, of which \$12.8 million has been deferred pursuant to an incentive compensation plan in connection with the waiver of employee stock options granted by Life Fitness. Life Fitness has been included as part of the Recreation segment.

In January 1997, the Company received an \$8.2 million payment from

Roadmaster Industries, Inc. in settlement of the final purchase price adjustment on the bicycle business purchased in September 1996, which reduced the final cash consideration paid for the business to \$190.2 million.

Other acquisitions in 1996 included the purchase of the Nelson/Weather-Rite camping division (now American Camper) of Roadmaster Industries, Inc. on March 8, 1996, for \$119.2 million and the Boston Whaler line of boats from Meridian Sports on May 31, 1996, for \$26.6 million.

Cash consideration paid for other acquisitions totaled \$48.5 million in 1997, \$16.4 million in 1996 and \$10.3 million in 1995.

In addition to the cash consideration paid in 1997 and 1996 for these businesses, the Company assumed certain liabilities. The acquisitions were accounted for as purchases and resulted in goodwill of \$388.5 million and \$241.6 million in 1997 and 1996, respectively, that will be amortized using the straight-line method over 40 years. The assets and liabilities of the acquired companies have been recorded in the Company's consolidated financial statements at their estimated fair values at the acquisition dates. These estimates of fair value are subject to change when final information concerning asset and liability

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

valuations is obtained. The operating results of each acquisition are included in the Company's results of operations since the date of acquisition.

On a pro forma basis, the net sales (unaudited) of the Company would have been \$3,759.9 million in 1997 and \$3,671.9 million in 1996. These pro forma sales amounts assume that the acquisitions of Igloo, Life Fitness, Mongoose, Roadmaster, American Camper and Boston Whaler occurred at the beginning of each period presented. On a pro forma basis, the results of operations of the companies acquired would not have had a material effect on the Company's net earnings and earnings per share in 1997 or 1996.

4. STRATEGIC/RESTRUCTURING CHARGES

During the third quarter of 1997, the Company announced a strategic initiative to streamline its operations and improve global manufacturing costs. The initiative includes the termination of development efforts on a line of personal watercraft; closing boat plant manufacturing facilities in Cork, Ireland and Miami, Oklahoma; centralizing European marketing and customer service in the Marine segment; outsourcing the manufacture of certain components in the Company's bowling division; consolidating fishing reel manufacturing; and other actions directed at manufacturing rationalization, product profitability improvements and general and administrative expense efficiencies. Management anticipates that these actions will be substantially completed by the end of 1998. In the third quarter of 1997, the Company recorded a pretax charge of \$98.5 million (\$63.0 million after tax) to cover exit costs related to these actions. The charge consisted of \$74.7 million recorded in the Marine segment and \$23.8 million recorded in the Recreation segment.

It is anticipated that these actions will result in the termination of approximately 900 hourly and salaried employees and will result in severance and related benefits totaling \$32.6 million. During 1997, the Company completed severance actions covering approximately 600 of these employees. Spending related to these actions was \$9.4 million in 1997, with some of the payments relating to the 1997 terminations to be made in 1998. Other components of the charge included asset disposition costs totaling \$42.0 million. Other incremental costs related to exit activities were \$23.9 million. In 1997, the Company's spending related to these activities totaled \$6.7 million.

In the second quarter of 1995, the Company recorded a restructuring charge of \$40.0 million (\$24.4 million after tax). The charge consisted of losses of \$25.8 million recorded in the Recreation segment on the divestitures of the golf club shaft business, completed in the second quarter of 1996, and Circus World Pizza operations, completed in 1995. Also included were \$14.2 million of management transition expenses including the costs of an early retirement and selective separation program at the Company's corporate office which was completed in 1995.

The net sales and operating earnings (losses) (excluding divestiture provisions) of the divested golf club shaft and Circus World businesses for each of the two years ended December 31, 1996, were as follows:

<TABLE>
<CAPTION>

	1996	1995

	(IN MILLIONS)	
<S>	<C>	<C>
Net sales.....	\$ 10.2	\$ 21.0
Operating earnings (loss).....	\$ 1.4	\$ (7.6)

5. SEGMENT INFORMATION

The Company is a multinational marketer and manufacturer of branded consumer products designed for outdoor and indoor active recreation participants, primarily in fishing, camping, biking, bowling,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

billiards, exercise equipment and pleasure boating. The Company's business segments are Recreation and Marine.

Within the Recreation segment, the Company markets fishing products, including fishing reels and reel/rod combinations, trolling motors and other fishing accessories; camping products, including tents, sleeping bags, backpacks, cookware and other accessories; a complete line of ice chests, beverage coolers and thermoelectric cooler/warmer products; bicycles; hunting accessories; bowling capital equipment, including lanes, pinsetters, and automatic scorers; bowling balls and other accessories; billiards tables and accessories; and fitness equipment. These products are primarily manufactured in plants throughout the United States and in some cases sourced from or manufactured in foreign locations. Fishing, camping, and cooler products, along with bicycles, bowling balls and billiards equipment are predominantly sold in the United States and are distributed primarily through mass merchants, sporting goods stores and specialty shops. Bowling capital equipment is sold through a direct sales force into the United States and foreign markets. Fitness equipment is sold primarily in the United States and Europe to health clubs; military, government, corporate and university facilities; and high-end consumer markets. The segment also includes a chain of bowling and family entertainment centers, primarily located in the United States.

The Marine segment includes a complete line of pleasure boats including runabouts, cruisers, yachts, high-performance boats and offshore fishing boats, which are marketed worldwide through dealers. The Company also manufactures outboard, sterndrive and inboard engines, and marine parts and accessories, which are sold directly to boat builders or worldwide through dealers. The Company's boat and engine manufacturing plants are located primarily in the United States. The sales of this segment are primarily in the United States.

Operating earnings of segments do not include the expenses of corporate administration, other expenses and income of a nonoperating nature, and provisions for income taxes. Corporate assets consist primarily of cash and marketable securities, prepaid income taxes, pension assets, and investments in unconsolidated affiliates.

SUPPLEMENTAL SALES INFORMATION

<TABLE>
<CAPTION>

	1997	1996	1995

	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Intersegment sales			
U.S. to foreign.....	\$ 238.2	\$ 209.2	\$ 237.1
Foreign to U.S.....	42.0	43.7	38.5

Export sales.....	357.1	346.2	288.2
Sales to unconsolidated affiliates.....	200.1	186.8	125.0

INDUSTRY SEGMENTS

<TABLE>
<CAPTION>

	SALES TO CUSTOMERS			OPERATING EARNINGS			ASSETS OF CONTINUING OPERATIONS		
	1997	1996	1995	1997	1996	1995	1997	1996	1995
(IN MILLIONS)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Marine.....	\$ 2,386.8	\$ 2,287.3	\$ 2,147.1	\$ 194.2	\$ 260.5	\$ 229.6	\$ 1,207.2	\$ 1,195.3	\$ 1,086.8
Recreation.....	1,270.6	873.0	759.2	116.8	86.1	50.6	1,520.7	826.8	464.2
Corporate.....	--	--	--	(40.2)	(41.8)	(61.9)	513.5	780.3	759.6
Total.....	\$ 3,657.4	\$ 3,160.3	\$ 2,906.3	\$ 270.8	\$ 304.8	\$ 218.3	\$ 3,241.4	\$ 2,802.4	\$ 2,310.6

</TABLE>

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

<TABLE>
<CAPTION>

	CAPITAL EXPENDITURES			RESEARCH AND DEVELOPMENT DEPRECIATION AND AMORTIZATION					EXPENSE
	1997	1996	1995	1997	1996	1995	1997	1996	
(IN MILLIONS)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Marine.....	\$ 120.1	\$ 105.2	\$ 85.2	\$ 102.5	\$ 95.3	\$ 87.7	\$ 74.9	\$ 75.4	\$ 75.4
Recreation.....	62.4	52.7	31.1	52.0	32.0	28.2	14.5	11.1	
Corporate.....	8.0	12.0	1.7	2.4	2.4	2.1	--	--	
Total.....	\$ 190.5	\$ 169.9	\$ 118.0	\$ 156.9	\$ 129.7	\$ 118.0	\$ 89.4	\$ 86.5	

<CAPTION>

1995

<S>	<C>
Marine.....	\$ 74.0
Recreation.....	13.9
Corporate.....	--
Total.....	\$ 87.9

</TABLE>

GEOGRAPHIC SEGMENTS

<TABLE>
<CAPTION>

	SALES TO CUSTOMERS			OPERATING EARNINGS			ASSETS OF CONTINUING OPERATIONS		
	1997	1996	1995	1997	1996	1995	1997	1996	1995
(IN MILLIONS)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
United States.....	\$ 3,151.4	\$ 2,722.3	\$ 2,397.1	\$ 292.3	\$ 312.2	\$ 229.3	\$ 2,456.7	\$ 1,799.2	\$ 1,367.2
Foreign.....	506.0	438.0	509.2	18.7	34.4	50.9	271.2	222.9	183.8
Corporate.....	--	--	--	(40.2)	(41.8)	(61.9)	513.5	780.3	759.6

Total..... \$ 3,657.4 \$ 3,160.3 \$ 2,906.3 \$ 270.8 \$ 304.8 \$ 218.3 \$ 3,241.4 \$ 2,802.4 \$ 2,310.6

</TABLE>

Operating earnings for 1997 included a \$98.5 million strategic charge consisting of \$74.7 million in the Marine segment and \$23.8 million in the Recreation segment for costs associated with streamlining operations and improving global manufacturing costs. The Recreation segment's 1995 operating earnings include a \$25.8 million charge for the losses on the divestitures of the golf club shaft business and Circus World Pizza operations. The Corporate operating expenses for 1995 included \$14.2 million of management transition expenses and costs associated with an early retirement and selective separation program at the Company's corporate office.

6. COMMITMENTS AND CONTINGENCIES

FINANCIAL COMMITMENTS. The Company has entered into agreements, which are customary in the marine industry, that provide for the repurchase of its products from a financial institution in the event of repossession upon a dealer's default. Repurchases and losses incurred under these agreements have not had and are not expected to have a significant impact on the Company's results of operations. The maximum potential repurchase commitments at December 31, 1997 and 1996, were approximately \$221.0 million and \$186.0 million, respectively.

The Company also has various agreements with financial institutions that provide limited recourse on marine and bowling capital equipment sales. Recourse losses have not had and are not expected to have a significant impact on the Company's results of operations. The maximum potential recourse liabilities outstanding under these programs were approximately \$42.0 million at December 31, 1997, and \$39.0 million at December 31, 1996.

The Company had outstanding standby letters of credit and financial guarantees of approximately \$25.0 million and \$35.2 million at December 31, 1997 and 1996, respectively, representing conditional commitments whereby the Company guarantees performance to a third party. The majority of these commitments include guarantees of premium payment under certain of the Company's insurance programs and other guarantees issued in the ordinary course of business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

LEGAL AND ENVIRONMENTAL. The Company is subject to certain legal and environmental proceedings and claims which have arisen in the ordinary course of its business.

In December 1995, Independent Boat Builders, Inc., a boat materials buying group, and 24 of its boat building members, brought suit against the Company in the United States District Court for the Eastern District of Arkansas. As amended, the Complaint alleges that the Company has, as a result of boat company acquisitions and various business practices, unlawfully acquired and maintained a monopoly in the domestic sterndrive marine engine market, and has attempted to monopolize the domestic outboard engine market and sterndrive and outboard recreational boat markets. The Plaintiffs also allege that the Company breached a sterndrive engine purchasing contract with Plaintiffs, and the implied covenant of good faith and fair dealing, and engaged in fraudulent misrepresentations. The Plaintiffs seek an injunction requiring the Company to divest its boat manufacturing operations and to cease the alleged unlawful business practices, as well as actual and treble damages, punitive damages, attorneys' fees and costs. Although no amount of damages is specified in the complaint, Plaintiffs have recently asserted that actual damages are approximately \$78 million.

The Company has answered the Complaint denying liability and asserting various defenses. In addition, the Company has asserted a counterclaim against the Plaintiffs alleging that the Plaintiffs have conspired to restrain trade in violation of Federal antitrust laws by, among other things, engaging in an illegal group boycott of the Company's products and that several of the Plaintiffs have engaged in fraudulent conduct with respect to their purchases of sterndrive engines. The counterclaim seeks injunctive relief, actual and treble

damages, attorneys' fees and costs.

Discovery has been completed and trial is set to commence April 13, 1998. The Company believes, based upon its assessment of the Complaint as amended and in consultation with counsel, that this litigation is without merit and intends to defend itself and pursue its counterclaim vigorously.

The Federal Trade Commission ("FTC") began an investigation in 1993 of whether the formation or operations of Tracker Marine, L.P. and the Company's contracts with Tracker Marine, L.P. violate antitrust laws. On March 18, 1997, the Company received notification from the FTC that the investigation had been concluded, with no action warranted by the Commission.

In October 1997, the Company was notified by the FTC that it is investigating certain of the Company's marketing practices related to the sale of sterndrive marine engines to boat builders and dealers. The Company believes such practices were lawful; however, they were discontinued for business reasons prior to the initiation of the FTC's investigation.

The Company is involved in certain legal and administrative proceedings under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other federal and state legislation governing the generation and disposition of certain hazardous wastes. These proceedings, which involve both on- and off-site waste disposal, in many instances seek compensation from the Company as a waste generator under Superfund legislation which authorizes action regardless of fault, legality of original disposition or ownership of a disposal site.

In light of existing reserves, the Company's litigation and environmental claims, including those discussed, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position and results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. FINANCIAL INSTRUMENTS

The Company enters into various financial instruments in the normal course of business and in connection with the management of its assets and liabilities. The Company does not hold or issue financial instruments for trading purposes. The Company prepares periodic analyses of its positions in derivatives to assess the current and projected status of these agreements.

The Company monitors and controls market risk from financial instrument activities by utilizing floating rates that historically have moved in tandem with each other, matching positions and limiting the terms of contracts to short durations.

The fair market value of the financial instruments is determined through dealer quotes and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to the volatility of the markets in which they are traded. The impact of financial instruments transactions is not material to the Company's results of operations.

The carrying values of the Company's short-term financial instruments, including cash and cash equivalents, marketable securities, accounts and notes receivable, and short-term debt approximate their fair values because of the short maturity of these instruments.

INTEREST RATE SWAPS. The Company has entered into interest rate swap agreements to reduce the impact of changes in interest rates on the Company's investments and borrowings.

At December 31, 1997 and 1996, the Company had three outstanding floating-to-floating interest rate swap agreements each with a notional principal amount of \$260.0 million that expire in September 2003. The estimated aggregate market value of these three agreements was a gain of \$3.9 million and a loss of \$2.5 million at December 31, 1997 and 1996, respectively, and represent the costs to settle outstanding agreements.

FORWARD EXCHANGE CONTRACTS. The Company enters into forward exchange contracts and options to manage foreign exchange exposure related to transactions, assets and liabilities that are subject to risk from foreign currency rate changes. These include product costs, revenues and expenses; associated receivables and payables; intercompany obligations and receivables; and other related cash flows. Forward exchange contracts outstanding at December 31, 1997 and 1996, had contract values of \$106.4 million and \$17.1 million, respectively, with fair values which were not materially different from the contract values. The contracts outstanding at December 31, 1997, mature during 1998.

COMMODITY SWAPS. The Company uses commodity swap agreements to hedge anticipated purchases of key raw materials. Commodity swap contracts outstanding at December 31, 1997 and 1996, had a notional value of \$23.4 million and \$24.0 million, respectively, with fair values that approximate the notional values. The contracts outstanding at December 31, 1997, mature through 1999.

CREDIT RISK. The Company enters into financial instruments with banks and investment firms with which the Company has continuing business relationships and regularly monitors the credit ratings of its counterparties. The Company sells a broad range of active recreation products to a worldwide customer base and extends credit to its customers based upon an ongoing credit evaluation program and security is obtained if required. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base; however, periodic concentrations can occur due to the seasonality of the Company's businesses. The Company has one mass merchant

BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

customer that comprised 10 percent and 11 percent of its net receivable balances at December 31, 1997 and 1996, respectively.

8. ACCRUED EXPENSES

Accrued expenses at December 31 were as follows:

<TABLE>
<CAPTION>

	1997	1996	
	-----	-----	
	(IN MILLIONS)		
	<C>	<C>	
Payroll and other compensation	\$ 114.0	\$ 94.1	
Product warranties.....	98.6	92.7	
Dealer allowances and discounts.....	84.5	79.9	
Insurance reserves.....	53.9	59.4	
Strategic charge reserve.....	40.4	--	
Other.....	194.6	190.0	
	-----	-----	
Accrued expenses.....	\$ 586.0	\$ 516.1	
	-----	-----	

</TABLE>

9. DEBT

Short-term debt at December 31 consisted of the following:

<TABLE>
<CAPTION>

	1997	1996	
	-----	-----	
	(IN MILLIONS)		
	<C>	<C>	
Commercial paper.....	\$ 86.3	\$ --	
Notes payable.....	7.9	0.3	
Current maturities of long-term debt.....	15.1	112.3	
	-----	-----	
Short-term debt.....	\$ 109.3	\$ 112.6	

</TABLE>

The weighted-average interest rate for commercial paper borrowings during 1997 and 1996 was 5.83 percent and 5.53 percent, respectively.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Long-term debt at December 31 consisted of the following:

<TABLE>
<CAPTION>

	1997	1996
	(IN MILLIONS)	
	<C>	<C>
Mortgage notes and other, 1% to 10% payable through 2003.....	\$ 34.0	\$ 33.7
Notes, 6.75% due 2006, net of discount of \$1.9 and \$2.2.....	248.1	247.8
Notes, 7.125% due 2027, net of discount of \$1.4.....	198.6	--
Debentures, 7.375% due 2023, net of discount of \$0.8.....	124.2	124.2
Guaranteed ESOP debt, 8.13% payable through 2004.....	55.7	62.0
Notes, 8.125% due 1997.....	--	100.0
	660.6	567.7
Current maturities.....	(15.1)	(112.3)
Long-term debt.....	\$ 645.5	\$ 455.4
Scheduled maturities		
1999.....	\$ 10.6	
2000.....	8.4	
2001.....	10.7	
2002.....	9.4	
Thereafter.....	606.4	
Total.....	\$ 645.5	

</TABLE>

The Company has a \$400.0 million long-term credit agreement with a group of banks that terminates on May 22, 2002. Under terms of the agreement, the Company has multiple borrowing options, including borrowing at the greater of the prime rate as announced by The Chase Manhattan Bank, or the federal funds effective rate plus 0.5 percent, or a rate tied to the Eurodollar rate. The Company must pay a facility fee of 0.08 percent per annum. Under the terms of the agreement, the Company is subject to a leverage test, as well as a restriction on secured debt. The Company was in compliance with these covenants at December 31, 1997. There were no borrowings under the revolving credit agreement during 1997, and the agreement continues to serve as support for commercial paper borrowings when commercial paper is outstanding.

On August 4, 1997, the Company sold \$200.0 million of 7.125 percent notes due August 1, 2027. The proceeds from the sale of the notes were used to retire a portion of the commercial paper issued to finance the acquisition of Life Fitness.

On December 10, 1996, the Company sold \$250.0 million of 6.75 percent notes due December 15, 2006. The proceeds from the sale of the notes were used to finance the purchase of Igloo Holdings, Inc. on January 3, 1997, and to repay the aforementioned \$100.0 million principal amount of 8.125 percent notes due April 1, 1997.

At December 31, 1997 and 1996, the fair value of the Company's long-term debt was \$664.2 million and \$450.0 million, respectively, as estimated using quoted market prices or discounted cash flows based on market rates for similar types of debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. DISCONTINUED OPERATIONS

In April 1996, the Company announced its intention to divest its freshwater fishing boat operations, which comprised substantially all of the assets and certain liabilities of the discontinued Fishing Boat Division in the Marine segment and included the Starcraft, Fisher, MonArk, Spectrum, Astro and Procraft brands. Certain assets and liabilities of discontinued operations, which are being retained by the Company, are reflected in the Company's continuing operations in 1996 and are adequately covered by existing reserves. These disposition transactions, which were completed in the third quarter of 1996, did not have a significant effect upon the Company's consolidated results of operations.

The net sales of the freshwater fishing boat unit for the years ended December 31, 1996 and 1995, were \$82.5 million and \$200.2 million, respectively. Intercompany sales between the continuing and discontinued operations that were previously eliminated in consolidation have been included in continuing operations.

In April 1995, the Company completed the sale of substantially all of the assets of its Technical Group, which was in the discontinued Technical segment, with the final disposition of remaining assets occurring in June 1996. Certain liabilities of discontinued operations were retained by the Company. In the second quarter of 1995, the Company recorded a provision of \$11.5 million (\$7.0 million after tax) reflecting a lower-than-anticipated selling price for the Technical Group. The net sales of the Technical Group were \$7.6 million and \$35.1 million for the years 1996 and 1995, respectively. Operating results of the Technical Group for 1996 and 1995 have been recorded against the divestiture reserve.

11. STOCK PLANS AND MANAGEMENT COMPENSATION

Under the 1991 Stock Plan, the Company may grant stock options, stock appreciation rights, restricted stock and other various types of awards to executives and other management employees. Issuances under the plan may be from either authorized, but unissued shares or treasury shares. The plan provides for the issuance of a maximum of 11,200,000 shares. The option price per share has not been less than the fair market value at the date of grant. The stock options are generally exercisable over a period of 10 years or as determined by the Human Resource and Compensation Committee of the Board of Directors. Options vest over three or five years, although the Company provides for accelerated vesting should certain earnings per share or stock price levels be attained, or immediately in the event of a change in control.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Company has additional stock and stock option plans to provide for compensation of nonemployee directors. Stock option activity for all plans for the three years ending December 31, 1997, was as follows:

<TABLE>
<CAPTION>

	STOCK OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
	(SHARES IN THOUSANDS)	
<S>	<C>	<C>
AT JANUARY 1, 1995.....	2,120	\$ 16.34
Granted.....	1,420	\$ 19.45
Exercised.....	(114)	\$ 15.04
Forfeited.....	(46)	\$ 17.91
AT DECEMBER 31, 1995.....	3,380	\$ 17.67

Granted.....	3,082	\$ 21.41
Exercised.....	(262)	\$ 16.33
Forfeited.....	(184)	\$ 22.18

AT DECEMBER 31, 1996.....	6,016	\$ 19.51

Granted.....	1,752	\$ 31.30
Exercised.....	(1,099)	\$ 17.92
Forfeited.....	(171)	\$ 21.72

AT DECEMBER 31, 1997.....	6,498	\$ 22.89

</TABLE>

<TABLE>
<CAPTION>

EXERCISABLE
STOCK OPTIONS WEIGHTED AVERAGE SHARES AVAILABLE
OUTSTANDING EXERCISE PRICE FOR GRANT

(OPTIONS AND SHARES IN THOUSANDS)

<S>	<C>	<C>	<C>
At December 31, 1995.....	1,433	\$ 16.08	1,050
At December 31, 1996.....	2,036	\$ 17.08	4,272
At December 31, 1997.....	3,759	\$ 20.71	2,687

</TABLE>

The following tables summarize information about stock options outstanding at December 31, 1997:

<TABLE>
<CAPTION>

OPTIONS OUTSTANDING

NUMBER OUTSTANDING

AT DECEMBER 31, WEIGHTED AVERAGE WEIGHTED AVERAGE
RANGE OF EXERCISE PRICE 1997 CONTRACTUAL LIFE EXERCISE PRICE

(OPTIONS IN THOUSANDS)

<S>	<C>	<C>	<C>
\$13.88 to 16.75.....	676	4.6 years	\$ 15.46
\$16.75 to 20.25.....	2,500	7.6 years	\$ 18.83
\$20.25 to 25.50.....	1,723	8.1 years	\$ 23.44
\$25.50 to 35.44.....	1,599	9.6 years	\$ 31.81

</TABLE>

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

<TABLE>
<CAPTION>

OPTIONS EXERCISABLE

NUMBER EXERCISABLE

AT DECEMBER 31, WEIGHTED AVERAGE
RANGE OF EXERCISE PRICE 1997 EXERCISE PRICE

(OPTIONS IN THOUSANDS)

<S>	<C>	<C>
\$13.88 to 16.75.....	676	\$15.46
\$16.75 to 20.25.....	1,736	\$18.89
\$20.25 to 25.50.....	988	\$23.34
\$25.50 to 35.44.....	359	\$32.19

</TABLE>

The Company adopted the disclosure-only provision under Statement of Financial Accounting Standards No. 123 (SFAS No. 123), "Accounting for Stock-Based Compensation," as of December 31, 1996, while continuing to measure compensation cost under APB Opinion No. 25, "Accounting for Stock Issued to Employees." If the accounting provisions of SFAS No. 123 had been adopted as of the beginning of 1995, the Company's net income and earnings per share would

have been reduced to the following pro forma amounts:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(IN MILLIONS, EXCEPT PER SHARE DATA)		
<S>	<C>	<C>	<C>
Earnings from continuing operations(1)			
As reported.....	\$ 151.2	\$ 185.8	\$ 133.6
Pro forma.....	141.3	180.6	132.3
	-----	-----	-----
Basic earnings per common share from continuing operations(1)			
As reported.....	\$ 1.52	\$ 1.89	\$ 1.39
Pro forma.....	1.42	1.84	1.38
	-----	-----	-----
Diluted earnings per common share from continuing operations(1)			
As reported.....	\$ 1.51	\$ 1.88	\$ 1.38
Pro forma.....	1.41	1.83	1.38
	-----	-----	-----
Weighted average grant date fair value of options granted during the year.....	\$ 16.6	\$ 20.8	\$ 10.0
	-----	-----	-----

</TABLE>

(1) Before cumulative effect of accounting change.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for 1997, 1996 and 1995, respectively.

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
<S>	<C>	<C>	<C>
Risk-free interest rate.....	6.0%	5.9%	7.5%
Dividend Yield.....	1.6%	2.3%	2.4%
Volatility factor.....	27.3%	32.4%	35.5%
	-----	-----	-----
Weighted-average expected life.....	5 years	5 years	5 years

</TABLE>

The Company maintains a leveraged employee stock ownership plan (ESOP). In April 1989, the ESOP borrowed \$100 million to purchase 5,095,542 shares of the Company's common stock at \$19.625 per

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

share. The debt of the ESOP is guaranteed by the Company and is recorded in the Company's financial statements.

The ESOP shares are maintained in a suspense account until released and allocated to participants' accounts. Shares committed-to-be-released, allocated and remaining in suspense at December 31 were as follows:

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
<S>	<C>	<C>
Committed-to-be-released.....	289	301
Allocated.....	1,741	1,542
Suspense.....	2,133	2,461

</TABLE>

All ESOP shares are considered outstanding for earnings per share purposes.

Under the grandfather provisions of SOP 93-6, the expense recorded by the Company is based on cash contributed or committed to be contributed by the Company to the ESOP during the year, net of dividends received which are primarily used by the ESOP to pay down debt. The Company's contributions to the ESOP were as follows:

<TABLE>
<CAPTION>

	1997	1996	1995

	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Compensation expense.....	\$ 4.2	\$ 4.1	\$ 3.1
Interest expense.....	4.9	5.3	5.8
Dividends.....	2.1	1.8	2.3
	----	----	----
Total debt service payments.....	\$ 11.2	\$ 11.2	\$ 11.2
	----	----	----
	----	----	----

</TABLE>

The Company has certain employment agreements and a severance plan that become effective upon a change in control of the Company which will result in compensation expense in the period that a change in control occurs.

12. RETIREMENT AND EMPLOYEE BENEFIT COSTS

The Company has pension and retirement plans covering substantially all of its employees, including certain employees in foreign countries. Plan benefits are based on years of service, and for some plans, the average compensation prior to retirement. Pension costs, which are primarily computed using the projected unit credit method, are generally funded based on the legal requirements, tax considerations and investment opportunities for the Company's domestic pension plans and in accordance with local laws and income tax regulations for foreign plans. Plan assets generally consist of debt and equity securities, real estate and investments in insurance contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Pension costs of continuing operations for 1997, 1996 and 1995, included the following components:

<TABLE>
<CAPTION>

	1997	1996	1995

	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Service cost-benefits earned during the period...	\$ 14.7	\$ 16.0	\$ 11.6
Interest cost on projected benefit obligation....	45.5	43.1	34.2
Actual return on assets.....	(112.2)	(91.9)	(90.8)
Net amortization and deferral.....	57.6	41.9	57.7
	----	----	----
Net pension cost.....	\$ 5.6	\$ 9.1	\$ 12.7
	----	----	----
	----	----	----

</TABLE>

The projected benefit obligations were determined primarily using assumed weighted average discount rates of 7.25 percent in 1997 and 7.75 percent in 1996, and an assumed compensation increase of 5.5 percent in 1997 and 1996. The assumed weighted average long-term rate of return on plan assets was primarily 9.5 percent in 1997 and 9.0 percent in 1996.

Two of the Company's salaried pension plans provide that in the event of a termination, merger or transfer of assets of the plans during the five years following a change in control of the Company occurring on or before April 1,

2001, benefits would be increased so that there would be no excess net assets. The Company's supplemental pension plan provides for a lump sum payout to plan participants equal to the present value of accumulated benefits upon a change in control of the Company.

The Company also sponsors other defined contribution retirement plans whose costs are not material.

In addition to providing benefits to present employees, the Company currently provides certain health care and life insurance benefits for eligible retired employees that have fulfilled specific age and service requirements. The Company monitors the cost of these plans and reserves the right to make additional changes or terminate these benefits in the future. The plans contain requirements for retiree contributions generally based on years of service as well as other cost sharing features such as deductibles and copayments. The Company's plans are not funded; claims are paid as incurred.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The funded status of the plans and the amounts recognized in the Company's balance sheets at December 31 were as follows:

<TABLE>
<CAPTION>

	1997		1996	
	PLANS WHOSE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHOSE ACCUMULATED BENEFITS EXCEED ASSETS	PLANS WHOSE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHOSE ACCUMULATED BENEFITS EXCEED ASSETS
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Actuarial present value of:				
Vested benefit obligation.....	\$ (531.3)	\$ (29.2)	\$ (461.4)	\$ (26.1)
Nonvested benefit obligation.....	(32.5)	(0.3)	(29.7)	(0.3)
Accumulated benefit obligation.....	(563.8)	(29.5)	(491.1)	(26.4)
Effects of anticipated future compensation levels and other events.....	(69.0)	(8.0)	(60.9)	(8.0)
Projected benefit obligation.....	(632.8)	(37.5)	(552.0)	(34.4)
Plan assets at fair value.....	692.4	3.3	616.9	2.5
Plan assets in excess of (less than) projected benefit obligation.....	59.6	(34.2)	64.9	(31.9)
Unrecognized net transition obligation (asset).....	(0.5)	1.0	(0.7)	1.3
Unrecognized prior service cost.....	30.0	(0.2)	17.7	(0.3)
Net unrecognized (gain) loss from past experience different from assumed and effects of changes in assumptions.....	(11.9)	6.2	(2.9)	5.0
Adjustment to recognize minimum liability.....	--	(0.5)	--	(0.5)
Pension asset (liability) recognized in financial statements.....	\$ 77.2	\$ (27.7)	\$ 79.0	\$ (26.4)

</TABLE>

Net periodic postretirement benefit cost of continuing operations for 1997, 1996 and 1995 included the following components:

<TABLE>
<CAPTION>

	1997	1996	1995
	(IN MILLIONS)		

<S>	<C>	<C>	<C>
Service cost-benefits attributed to service during the period.....	\$ 1.5	\$ 1.7	\$ 1.2
Interest cost on accumulated postretirement benefit obligation.....	4.1	4.0	4.3
Net amortization and deferral.....	(0.9)	(0.7)	(1.0)
	----	----	----
Net periodic postretirement benefit cost.....	\$ 4.7	\$ 5.0	\$ 4.5
	----	----	----

</TABLE>

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The postretirement benefit amounts recognized in the Company's balance sheets at December 31 were as follows:

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
	(IN MILLIONS)	
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees.....	\$ 37.3	\$ 33.9
Fully eligible active plan participants.....		7.0 5.7
Other active plan participants.....		31.0 28.5
	----	----
Total.....	75.3	68.1
	----	----
Unrecognized prior service cost.....		2.8 3.1
Unrecognized net gains.....		11.1 14.7
	----	----
Postretirement liability recognized in financial statements.....	\$ 89.2	\$ 85.9
	----	----

</TABLE>

The accumulated postretirement benefit obligation was determined using weighted-average discount rates of 7.25 percent in 1997 and 7.75 percent in 1996, and an assumed compensation increase of 5.5 percent in 1997 and 1996. The health care cost trend rates for pre-65 benefits were assumed to be 8 percent and 9 percent in 1998 and 1997, respectively, gradually declining to 5 percent by 2002 and remaining at that level thereafter. The health care cost trend rates for post-65 benefits were assumed to be 5 percent and 6 percent in 1998 and 1997, respectively, and remain at the 5 percent level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, a 1 percent increase in the health care trend rate would increase the accumulated postretirement benefit obligation by \$9.1 million at December 31, 1997, and the net periodic cost by \$1.0 million for the year then ended.

The Company also provides postemployment benefits to qualified former or inactive employees. The liability for these benefits has been recognized in the financial statements. The cost of providing these benefits is not material. The Company does not fund these benefits and has the right to modify or terminate these plans in the future.

13. INCOME TAXES

The sources of earnings before income taxes are presented as follows:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(IN MILLIONS)		
<S>	<C>	<C>	<C>
United States.....	\$ 233.6	\$ 284.9	\$ 195.8

Foreign.....	2.6	5.4	11.0
Earnings before income taxes.....	\$ 236.2	\$ 290.3	\$ 206.8

</TABLE>

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The income tax provision (benefit) consisted of the following:

<TABLE>
<CAPTION>

	1997	1996	1995
	(IN MILLIONS)		
	<C>	<C>	<C>
CURRENT TAX EXPENSE			
U.S. Federal.....	\$ 69.9	\$ 73.4	\$ 56.4
State and local.....	4.4	3.4	8.5
Foreign.....	8.6	8.8	7.7
Total current.....	82.9	85.6	72.6
DEFERRED TAX EXPENSE			
U.S. Federal.....	(1.9)	11.1	2.0
State and local.....	3.9	6.9	(2.4)
Foreign.....	0.1	0.9	1.0
Total deferred.....	2.1	18.9	0.6
Total provision.....	\$ 85.0	\$ 104.5	\$ 73.2

</TABLE>

Temporary differences and carryforwards which give rise to deferred tax assets and liabilities at December 31 are as follows:

<TABLE>
<CAPTION>

	1997	1996
	(IN MILLIONS)	
	<C>	<C>
DEFERRED TAX ASSETS		
Litigation and claims.....	\$ 10.7	\$ 14.2
Product warranties.....	40.9	37.2
Dealer allowances and discounts.....	20.2	16.5
Sales of businesses.....	13.1	10.2
Insurance reserves.....	29.8	31.3
Strategic charge reserve.....	28.7	--
Loss carry forwards and carry backs.....	10.8	12.3
Compensation and benefits.....	10.7	10.7
Other.....	46.1	52.3
Valuation allowance.....	(0.3)	(0.3)
Total deferred tax assets.....	\$ 210.7	\$ 184.4
DEFERRED TAX LIABILITIES (ASSETS)		
Depreciation and amortization.....	\$ 42.4	\$ 28.7
Postretirement and postemployment benefits.....	(26.1)	(24.2)
Other assets and investments.....	90.7	87.7
Other.....	37.3	63.4
Total deferred tax liabilities.....	\$ 144.3	\$ 155.6

</TABLE>

No other valuation allowances were deemed necessary as all deductible temporary differences will be utilized primarily by carry back to prior years' taxable income or as charges against reversals of future taxable temporary differences. Based upon prior earnings history, it is expected that future taxable income will be more than sufficient to utilize the remaining deductible temporary differences. Deferred taxes have been provided, as required, on the undistributed earnings of foreign subsidiaries and unconsolidated affiliates.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The difference between the actual income tax provision and the tax provision computed by applying the statutory Federal income tax rate to earnings before taxes is attributable to the following:

<TABLE>

<CAPTION>

	1997	1996	1995
	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Income tax provision at 35%.....	\$ 82.7	\$ 101.6	\$ 72.4
State and local income taxes, net of Federal income tax effect.....	5.4	6.7	4.0
Foreign sales corporation benefit.....	(3.3)	(2.5)	(1.7)
Taxes related to foreign income, net of credits.....	5.2	1.2	0.8
Goodwill and other amortization.....	2.1	0.9	0.8
Other.....	(7.1)	(3.4)	(3.1)
Actual income tax provision.....	\$ 85.0	\$ 104.5	\$ 73.2
Effective tax rate.....	36.0%	36.0%	35.5%

</TABLE>

In December 1996, the Company received notification that the income allocation and tax basis of assets distributed from two partnership investments in 1990 and 1991 are being challenged by the IRS. Should the IRS prevail, it may result in a cash payment of up to approximately \$60 million for taxes due, plus accrued interest. The Company strongly disagrees with the IRS position and filed petitions in the United States Tax Court in January 1997 to contest the IRS position. A trial has been scheduled for September 1998. Although the outcome cannot be predicted with certainty, it is not expected to have an unfavorable impact on the Company's results of operations.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. CONSOLIDATED COMMON SHAREHOLDERS' EQUITY

<TABLE>

<CAPTION>

	ADDITIONAL COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TREASURY STOCK	UNAMORTIZED TRANSLATION ADJUSTMENTS	ESOP EXPENSE AND OTHER
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	(IN MILLIONS, EXCEPT PER SHARE DATA)					
Balance, December 31, 1994.....	\$ 75.5	\$ 261.5	\$ 735.5	\$ (98.3)	\$ 11.8	\$ (75.3)
1995						
Net earnings.....	--	--	127.2	--	--	--
Dividends declared (\$.50 per common share)...	--	--	(47.9)	--	--	--
Compensation plans and other.....	--	(0.7)	--	13.3	--	(6.6)
Deferred compensation--ESOP.....	--	--	--	--	5.2	--
Purchase of stock by pension plan master trust.....	1.4	38.6	--	--	--	--

Currency translation.....	--	--	--	--	1.9	--						
Balance, December 31, 1995.....	\$	76.9	\$	299.4	\$	814.8	\$	(85.0)	\$	13.7	\$	(76.7)
1996												
Net earnings.....	--	--	185.8	--	--	--						
Dividends declared (\$.50 per common share)...	--	--	--	(49.3)	--	--						
Compensation plans and other.....	--	2.6	--	9.6	--	2.5						
Deferred compensation--ESOP.....	--	--	--	--	--	5.9						
Currency translation.....	--	--	--	--	(2.5)	--						
Balance, December 31, 1996.....	\$	76.9	\$	302.0	\$	951.3	\$	(75.4)	\$	11.2	\$	(68.3)
1997												
Net earnings.....	--	--	150.5	--	--	--						
Dividends declared (\$.50 per common share)...	--	--	--	(49.6)	--	--						
Compensation plans and other.....	--	6.2	--	24.8	--	(1.5)						
Deferred compensation--ESOP.....	--	--	--	--	--	6.4						
Stock repurchase.....	--	--	--	(8.4)	--	--						
Currency translation.....	--	--	--	--	(11.1)	--						
Balance, December 31, 1997.....	\$	76.9	\$	308.2	\$	1,052.2	\$	(59.0)	\$	0.1	\$	(68.4)

<CAPTION>

TOTAL

<S>	<C>
Balance, December 31, 1994.....	\$ 910.7
1995	
Net earnings.....	127.2
Dividends declared (\$.50 per common share)...	(47.9)
Compensation plans and other.....	6.0
Deferred compensation--ESOP.....	5.2
Purchase of stock by pension plan master trust.....	40.0
Currency translation.....	1.9
Balance, December 31, 1995.....	\$ 1,043.1
1996	
Net earnings.....	185.8
Dividends declared (\$.50 per common share)...	(49.3)
Compensation plans and other.....	14.7
Deferred compensation--ESOP.....	5.9
Currency translation.....	(2.5)
Balance, December 31, 1996.....	\$ 1,197.7
1997	
Net earnings.....	150.5
Dividends declared (\$.50 per common share)...	(49.6)
Compensation plans and other.....	29.5
Deferred compensation--ESOP.....	6.4
Stock repurchase.....	(8.4)
Currency translation.....	(11.1)
Balance, December 31, 1997.....	\$ 1,315.0

</TABLE>

At December 31, 1997, 1996 and 1995, the Company had no preferred stock outstanding (authorized: 12.5 million shares, \$.75 par value at December 31, 1997).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Common and treasury stock activities were as follows:

<TABLE>
<CAPTION>

	COMMON STOCK	TREASURY STOCK
	(SHARES IN THOUSANDS)	
	<C>	<C>
Balance, December 31, 1994.....	100,688	(5,237)
1995		
Compensation plans and other.....	--	604
Purchase of stock by pension plan master trust.....	1,850	--
Balance, December 31, 1995.....	102,538	(4,633)
1996		
Compensation plans and other.....	--	561
Balance, December 31, 1996.....	102,538	(4,072)
1997		
Compensation plans and other.....	--	1,324
Stock repurchases.....	--	(309)
Balance, December 31, 1997.....	102,538	(3,057)

</TABLE>

15. LEASES

The Company has various lease agreements for offices, branches, factories, distribution and service facilities, certain Company-operated bowling centers, and certain personal property. These obligations extend through 2032.

Most leases contain renewal options and some contain purchase options. Many leases for Company-operated bowling centers contain escalation clauses, and many provide for contingent rentals based on percentages of gross revenue. No leases contain restrictions on the Company's activities concerning dividends, additional debt or further leasing.

Rent expense consisted of the following:

<TABLE>
<CAPTION>

	1997	1996	1995
	(IN MILLIONS)		
	<C>	<C>	<C>
Basic expense.....	\$ 35.2	\$ 29.6	\$ 21.5
Contingent expense.....	1.1	0.4	0.5
Sublease income.....	(0.9)	(1.1)	(1.9)
Rent expense, net.....	\$ 35.4	\$ 28.9	\$ 20.1

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Future minimum rental payments at December 31, 1997, under agreements classified as operating leases with non-cancelable terms in excess of one year, are as follows:

<TABLE>
<CAPTION>

(IN MILLIONS)

<S>	<C>
1998.....	\$ 23.7
1999.....	21.7
2000.....	18.1
2001.....	15.8
2002.....	13.8
Thereafter.....	28.1

Total (not reduced by minimum sublease rentals of \$5.6 million).....	\$ 121.2

</TABLE>

16. PREFERRED SHARE PURCHASE RIGHTS

In February 1996, the Board of Directors declared a dividend of one Preferred Share Purchase Right (Right) on each outstanding share of the Company's common stock. Under certain conditions, each holder of Rights may purchase one one-thousandth of a share of a new series of junior participating preferred stock at an exercise price of \$85 for each Right held. The Rights expire on April 1, 2006.

The Rights become exercisable at the earlier of (1) a public announcement that a person or group acquired or obtained the right to acquire 15 percent or more of the Company's common stock or (2) fifteen days (or such later time as determined by the Board of Directors) after commencement or public announcement of an offer for more than 15 percent of the Company's common stock. After a person or group acquires 15 percent or more of the common stock of the Company, other shareholders may purchase additional shares of the Company at 50 percent of the current market price. These Rights may cause substantial ownership dilution to a person or group who attempts to acquire the Company without approval of the Company's Board of Directors.

The Rights, which do not have any voting rights, may be redeemed by the Company at a price of \$.01 per Right at any time prior to a person's or group's acquisition of 15 percent or more of the Company's common stock. A Right also will be issued with each share of the Company's common stock that becomes outstanding prior to the time the Rights become exercisable or expire.

In the event that the Company is acquired in a merger or other business combination transaction, provision will be made so that each holder of Rights will be entitled to buy the number of shares of common stock of the surviving Company, that at the time of such transaction would have a market value of two times the exercise price of the Rights.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. UNCONSOLIDATED AFFILIATES AND SUBSIDIARIES

The Company has certain unconsolidated foreign and domestic affiliates that are accounted for using the equity method.

Summary financial information of the unconsolidated affiliates is presented below:

<TABLE>

<CAPTION>

	1997	1996	1995

(IN MILLIONS)			
<S>	<C>	<C>	<C>
Net sales.....	\$ 483.3	\$ 489.5	\$ 414.4

Gross margin.....	\$ 80.9	\$ 83.8	\$ 62.9

Net earnings.....	\$ 10.9	\$ 26.2	\$ 24.3

Company's share of net earnings.....	\$ 6.8	\$ 14.7	\$ 11.5

Current assets.....	\$ 212.5	\$ 199.3	\$ 200.1
Noncurrent assets.....	157.5	153.0	123.5

Total assets.....	370.0	352.3	323.6
Current liabilities.....	(182.3)	(170.1)	(157.4)
Noncurrent liabilities.....	(36.0)	(27.7)	(17.8)

Net assets.....	\$ 151.7	\$ 154.5	\$ 148.4

</TABLE>

The Company's sales to and purchases from the above investments along with the corresponding receivables and payables were not material to the Company's overall results of operations for the three years ended December 31, 1997, and its financial position as of December 31, 1997 and 1996.

The Company has made cash advances to the majority partner of a boat company partnership, in which the Company has a minority interest, in connection with long-term engine supply arrangements. These transactions have occurred in the ordinary course of business and are backed by notes receivable that are reduced as purchases of qualifying products are made. The notes receivable are secured by the majority partner's interest in the boat company partnership and are included in other long-term assets. Amounts outstanding related to these arrangements as of December 31, 1997 and 1996, totaled \$44.3 million and \$44.7 million, respectively. Total assets as of December 31, 1997 and 1996, directly or indirectly related to this boat company partnership, including trade receivables, the Company's investment and the aforementioned supply agreement assets were \$64.2 million and \$73.8 million, respectively.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. QUARTERLY DATA (UNAUDITED)

<TABLE>

<CAPTION>

	QUARTER					YEAR
	1ST	2ND	3RD	4TH	YEAR	

(IN MILLIONS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1997						
Net sales.....	\$841.6	\$1,008.2	\$876.5	\$931.1	\$3,657.4	\$3,657.4
Gross margin.....	240.6	302.2	248.9	243.3	1,035.0	1,035.0

Earnings (loss) before cumulative effect of accounting change.....	\$ 52.7	\$ 82.9	\$(17.1)	\$ 32.7	\$ 151.2	\$ 151.2
Cumulative effect on prior years of change in accounting principle.....	--	--	--	(0.7)	(0.7)	(0.7)

Net earnings (loss).....	\$ 52.7	\$ 82.9	\$(17.1)	\$ 32.0	\$ 150.5	\$ 150.5

PER COMMON SHARE DATA						
Basic earnings (loss) per common share:						
Earnings (loss) before cumulative effect of accounting change.....	\$.53	\$.84	\$(.17)	\$.33	\$ 1.52	\$ 1.52
Cumulative effect on prior years of change in accounting principle.....	--	--	--	(.01)	(.01)	(.01)

Net earnings (loss).....	\$.53	\$.84	\$(.17)	\$.32	\$ 1.52	\$ 1.52

Diluted earnings (loss) per common share:						
Earnings (loss) before						

cumulative effect of accounting change.....	\$.53	\$.83	\$ (.17)	\$.32	\$ 1.51
Cumulative effect on prior years of change in accounting principle.....	--	--	--	(.01)	(.01)
Net earnings (loss).....	\$.53	\$.83	\$ (.17)	\$.32	\$ 1.50
Dividends declared.....	\$.125	\$.125	\$.125	\$.125	\$.50

</TABLE>

<TABLE>

<CAPTION>

COMMON STOCK PRICE (NYSE)

<S>	<C>	<C>	<C>	<C>	<C>
High.....	\$29 3/8	\$31 7/16	\$35 11/16	\$36 1/2	\$36 1/2
Low.....	23 5/8	26 1/4	30 1/8	27 9/16	23 5/8

</TABLE>

Third quarter net earnings in 1997 include a strategic charge of \$63.0 million after tax.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

<TABLE>

<CAPTION>

	QUARTER					YEAR
	1ST	2ND	3RD	4TH	YEAR	

	(IN MILLIONS, EXCEPT PER SHARE DATA)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1996						
Net sales.....	\$ 738.9	\$ 858.3	\$ 763.6	\$ 799.5	\$ 3,160.3	
Gross margin.....	214.9	256.4	207.5	196.5	875.3	
Earnings from continuing operations.....	\$ 46.4	\$ 69.8	\$ 40.5	\$ 29.1	\$ 185.8	
Earnings (loss) from discontinued operations.....	(1.0)	1.0	--	--	--	
Net earnings.....	\$ 45.4	\$ 70.8	\$ 40.5	\$ 29.1	\$ 185.8	

PER COMMON SHARE DATA

Basic earnings per common share:

Continuing operations.....	\$.47	\$.71	\$.41	\$.30	\$ 1.89
Earnings (loss) from discontinued operations.....	(.01)	.01	--	--	--
Net earnings.....	\$.46	\$.72	\$.41	\$.30	\$ 1.89

Diluted earnings per common share:

Continuing operations.....	\$.47	\$.71	\$.41	\$.29	\$ 1.88
Earnings (loss) from discontinued operations.....	(.01)	.01	--	--	--
Net earnings.....	\$.46	\$.72	\$.41	\$.29	\$ 1.88
Dividends declared.....	\$.125	\$.125	\$.125	\$.125	\$.50

</TABLE>

<TABLE>

<CAPTION>

COMMON STOCK PRICE (NYSE)

<S>	<C>	<C>	<C>	<C>	<C>
High.....	\$24 5/8	\$23 3/4	\$24 5/8	\$25 3/4	\$25 3/4
Low.....	21 1/4	20	18 1/8	23 1/2	18 1/8

</TABLE>

BALANCE SHEET DATA

Assets of continuing operations.....	\$3,241.4	\$2,802.4	\$2,310.6	\$2,048.3	\$1,922.0	\$1,829.4
Debt						
Short-term.....	\$109.3	\$112.6	\$ 6.1	\$ 8.2	\$ 11.9	\$ 10.4
Long-term.....	645.5	455.4	312.8	318.8	324.5	310.1
	-----	-----	-----	-----	-----	-----
Total debt.....	754.8	568.0	318.9	327.0	336.4	320.5
Common shareholders' equity...	1,315.0	1,197.7	1,043.1	910.7	804.4	822.5
	-----	-----	-----	-----	-----	-----
Total capitalization.....	\$2,069.8	\$1,765.7	\$1,362.0	\$1,237.7	\$1,140.8	\$1,143.0

CASH FLOW DATA

Net cash provided by operating activities.....	\$261.7	\$395.8	\$278.4	\$121.2	\$188.9	\$169.0
Depreciation and amortization.....	156.9	129.7	118.0	118.0	116.0	113.8
Capital expenditures.....	190.5	169.9	118.0	101.1	94.2	87.6
Cash dividends paid.....	49.6	49.3	47.9	42.0	41.9	41.1

OTHER DATA

Dividends declared per share.....	\$.50	\$.50	\$.50	\$.44	\$.44	\$.44
Book value per share.....	13.22	12.16	10.66	9.55	8.44	8.65
Return on beginning shareholders' equity.....	12.6%	17.8%	14.7%	15.8%	%6.5	%5.1
Effective tax rate.....	36.0%	36.0%	35.5%	35.0%	37.0%	36.0%
Debt-to-capitalization rate...	36.5%	32.2%	23.4%	26.4%	29.5%	28.0%
Number of employees.....	25,300	22,800	19,800	19,800	17,100	16,300
Number of shareholders of record.....	16,200	18,400	22,400	25,800	27,900	29,600

</TABLE>

<TABLE>

<CAPTION>

COMMON STOCK PRICE (NYSE)

<S>	<C>	<C>	<C>	<C>	<C>	<C>
High.....	\$36 1/2	\$25 3/4	\$24	\$25 1/8	\$18 1/2	\$17 3/4
Low.....	23 5/8	18 1/8	16 3/8	17	12 1/2	12 1/4
Close.....	30 5/16	24	24	18 7/8	18	16 1/4

</TABLE>

The Notes to Consolidated Financial Statements should be read in conjunction with the above summary.

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CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 29, 1998, included in this Form 10-K, into the Company's previously filed registration statements on Form S-8 (File No. 33-4683), Form S-8 (File No. 33-55022), Form S-8 (File No. 33-56193), Form S-8 (File No. 33-61835), Form S-8 (File No. 33-65217), Form S-8 (File No. 333-04289), Form S-3 (File No. 333-9997) and Form S-8 (File No. 333-27157).

Chicago, Illinois
March 25, 1998

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BRUNSWICK CORPORATION
SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(IN MILLIONS)

<TABLE>

<CAPTION>

ALLOWANCES FOR POSSIBLE LOSSES ON RECEIVABLES	BALANCE AT BEGINNING OF PERIOD	CHARGES TO PROFIT AND LOSS	RECOVERIES	BALANCE AT END OF PERIOD
<S>	<C>	<C>	<C>	<C>
1997.....	\$ 17.2	\$ 7.6	\$ (6.5)	\$ 0.7
	-----	---	-----	-----
				\$ 1.7*
				\$ 20.7

1996.....	\$ 16.9	\$ 5.3	\$ (7.0)	\$ 0.4	\$ 1.6*	\$ 17.2
1995.....	\$ 18.1	\$ 5.1	\$ (6.4)	\$ 0.4	\$ (0.3)	\$ 16.9

</TABLE>

* Includes \$3.6 million and \$2.1 million in 1997 and 1996, respectively, relating to acquisitions

This schedule reflects only the financial information of continuing operations.

<TABLE>

<CAPTION>

DEFERRED TAX
ASSET VALUATION
ALLOWANCE

<S>	<C>	<C>	<C>	<C>	<C>	<C>
1997.....	\$ 0.3	\$ --	\$ --	\$ --	\$ --	\$ 0.3
1996.....	\$ 3.2	\$ --	\$ --	\$ (2.9)	\$ --	\$ 0.3
1995.....	\$ 3.2	\$ --	\$ --	\$ --	\$ --	\$ 3.2

</TABLE>

This account reflects the adoption of SFAS No. 109, "Accounting for Income Taxes," which was adopted effective January 1, 1992. The Company utilized \$2.9 million of capital loss carryforwards in 1996 to reduce income tax expense for the year.

This schedule reflects only the financial information of continuing operations.

EXHIBIT INDEX

<TABLE>

<CAPTION>

Exhibit
Number Description

<S>	<C>
3.1	Restated Certificate of Incorporation of the Company filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1987, and hereby incorporated by reference.
3.2	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for 1995, and hereby incorporated by reference.
3.3	By-Laws of the Company.
4.1	Indenture dated as of March 15, 1987, between the Company and Continental Illinois National Bank and Trust Company of Chicago filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1987, and hereby incorporated by reference.
4.2	Officers' Certificate setting forth terms of the Company's \$125,000,000 principal amount of 7-3/8% Debentures due September 1, 2023 filed as Exhibit 4.3 to the Company's Annual Report on

Form 10-K for 1993, and hereby incorporated by reference.

- 4.3 Form of the Company's \$250,000,000 principal amount of 6-3/4% Notes due December 15, 2006, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 10, 1996, and hereby incorporated by reference.
- 4.4 The Company's agreement to furnish additional debt instruments upon request by the Securities and Exchange Commission filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for 1980, and hereby incorporated by reference.
- 4.5 Rights Agreement dated as of February 5, 1996, between the Company and Harris Trust and Savings Bank filed as Exhibit 1 to the Company's Registration Statement for Preferred Share Purchase Rights on Form 8-A dated March 13, 1996, and hereby incorporated by reference.
- 10.1* Third Amended and Restated Employment Agreement entered as of December 30, 1986, between the Company and Jack F. Reichert filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for 1986 and hereby incorporated by reference.
- 10.2* Amendment dated October 24, 1989, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989, and hereby incorporated by reference

Exhibit
Number Description

- 10.3* Supplemental Agreement to Employment Agreement dated December 30, 1986, by and between the Company and Jack F. Reichert filed as Exhibit 19.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989, and hereby incorporated by reference.
- 10.4* Amendment dated February 12, 1991, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for 1990 and hereby incorporated by reference.
- 10.5* Amendment dated March 20, 1992, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for 1992 and hereby incorporated by reference.
- 10.6* Amendment dated December 15, 1992, to Employment Agreement by and between the Company and Jack F. Reichert filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for 1992 and hereby incorporated by reference.
- 10.7* Amended and Restated Employment Agreement dated February 3, 1997, by and between the Company and Peter N. Larson filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for 1996 and hereby incorporated by reference.
- 10.8* Employment Agreement dated December 1, 1995, by and between the Company and Peter B. Hamilton filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.
- 10.9* Form of Employment Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, K. J. Chieger, J. W. Dawson, F. J. Florjancic, Jr., P. B. Hamilton, R. S. O'Brien, V. J. Reich, J. A. Schenk, and K. B. Zeigler, filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for 1995 and hereby

incorporated by reference.

- 10.10* 1994 Stock Option Plan for Non-Employee Directors filed as Exhibit A to the Company's definitive Proxy Statement dated March 25, 1994, for the Annual Meeting of Stockholders on April 27, 1994, and hereby incorporated by reference.
- 10.11* 1995 Stock Plan for Non-Employee Directors filed as Exhibit B to the Company's definitive Proxy Statement dated March 19, 1996, for the Annual Meeting of Stockholders on April 24, 1996, and hereby incorporated by reference.
- 10.12* Supplemental Pension Plan filed as Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, and hereby incorporated by reference.

Exhibit

Number Description

- 10.13* Form of insurance policy issued for the life of each of the Company's officers, together with the specifications for each of these policies, filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for 1980 and hereby incorporated by reference. The Company pays the premiums for these policies and will recover these premiums, with some exceptions, from the policy proceeds.
- 10.14* Insurance policy issued by The Prudential Insurance Company of America insuring all of the Company's officers and certain other senior management employees for medical expenses filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for 1980 and hereby incorporated by reference.
- 10.15* Form of Indemnification Agreement by and between the Company and each of N. D. Archibald, J. L. Bleustein, M. J. Callahan, M. A. Fernandez, P. Harf, G. D. Kennedy, J. W. Lorsch, R. P. Mark, B. Martin Musham, K. Roman and R. W. Schipke filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.
- 10.16* Indemnification Agreement dated September 16, 1986, by and between the Company and J. F. Reichert filed as Exhibit 19.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.
- 10.17* Indemnification Agreement dated April 1, 1995, by and between the Company and P. N. Larson filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.
- 10.18* Indemnification Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, K. J. Chieger, J. W. Dawson, F. J. Florjancic, Jr., P. B. Hamilton, R. S. O'Brien, V. J. Reich, J. A. Schenk, and K. B. Zeigler filed as Exhibit 19.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.
- 10.19* 1991 Stock Plan filed as Exhibit A to the Company's definitive Proxy Statement dated March 19, 1996, for the Annual Meeting of Stockholders on April 24, 1996 and hereby incorporated by reference.
- 10.20* Change in Control Severance Plan filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for 1989 and hereby incorporated by reference.
- 10.21* Brunswick Performance Plan for 1997 filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for 1996 and hereby incorporated by reference.

10.22* Brunswick Performance Plan for 1998.

Exhibit Number	Description
10.23*	Brunswick Strategic Incentive Plan for 1995-1997 filed as Exhibit 10.23 to the Company's Annual Report on form 10-K for 1993 and hereby incorporated by reference.
10.24*	Brunswick Strategic Incentive Plan for 1996-1997 filed as Exhibit 10.24 to the Company's Annual Report on form 10-K for 1995 and hereby incorporated by reference.
10.25*	Brunswick Strategic Incentive Plan for 1997-1998 filed as Exhibit 10.25 to the Company's Annual Report on form 10-K for 1996 and hereby incorporated by reference.
10.26*	Brunswick Strategic Incentive Plan for 1998-1999.
10.27*	1997 Stock Plan for Non-Employee Directors.
10.28*	Elective Deferred Compensation Plan.
10.29*	Automatic Deferred Compensation Plan.
10.30*	Employment Agreement dated July 1, 1997 by and between the Company and Augustine Nieto.
12	Statement regarding computation of ratio of earnings to fixed charges.
21.1	Subsidiaries of the Company.
23.1	Consent of Independent Public Accountants is on page 53 of this Report.
24.1	Powers of Attorney.
27.1	Financial Data Schedule.
27.2	Restated Financial Data Schedule.

</TABLE>

EXHIBIT 3.3
BRUNSWICK CORPORATION

BY-LAWS

ARTICLE I

OFFICES

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

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

ARTICLE II

MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

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

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

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

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

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

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ARTICLE III

DIRECTORS

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

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

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

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MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

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

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

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EXECUTIVE COMMITTEE

Section 9. (a) The board of directors of the corporation at the annual or any regular or special meeting may, by resolution adopted by a majority of the whole board, designate three or more directors, one of whom shall be either the chairman of the board or the president of the corporation, to constitute an executive committee. Vacancies in the executive committee may be filled at any meeting of the board of directors. Each member of the executive committee shall hold office until his successor shall have been duly elected, or until his death, or until he shall resign or shall have been removed from office or shall cease to be a director. Any member of the executive committee may be removed by resolution adopted by a majority of the whole board of directors whenever in its judgment the best interests of the corporation would be served thereby. The compensation, if any, of members of the executive committee shall be established by resolution of the board of directors.

(b) The executive committee shall have and may exercise all of the authority of the board of directors in the management of the corporation, provided such committee shall not have the authority of the board of directors in reference to amending the certificate of incorporation, adopting a plan of merger or consolidation with another corporation or corporations, recommending to the stockholders the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the corporation if not made in the usual and regular course of its business, recommending to the stockholders a voluntary dissolution of the corporation or a revocation thereof, amending, altering or repealing the by-laws of the

corporation, electing or removing officers of the corporation or members of the executive committee, fixing the compensation of officers, directors, or any member of the executive committee, declaring dividends, amending, altering or repealing any resolution of the board of directors which by its terms provides that it shall not be amended, altered or repealed by the executive committee, the acquisition or sale of companies, businesses or fixed assets where the fair market value thereof or the consideration therefor exceeds \$10,000,000, authorizing the issuance of any shares of the corporation, or authorizing the creation of any indebtedness for borrowed funds, in excess of \$2,000,000.

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

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

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AUDIT AND FINANCE COMMITTEE

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

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

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

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

HUMAN RESOURCE AND COMPENSATION COMMITTEE

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

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

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CORPORATE GOVERNANCE COMMITTEE

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

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

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

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

OTHER COMMITTEES

Section 13. The board of directors may from time to time create and appoint such committees in addition to the executive, audit and finance, human resource and compensation and corporate governance committees as it deems desirable. Each additional committee shall bear such designation, shall have such powers and shall perform such duties, not inconsistent with these by-laws or with law, as may be assigned to it by the board of directors; provided that no such additional committee may exercise the powers of the board of directors in the management of the business and affairs of the corporation except such as shall be expressly delegated to it. The board of directors shall have the power to change the members of any such additional committee at any time, to fill vacancies, and to discharge any such additional committee at any time. The compensation, if any, of members of any such committee shall be established by resolution of the board of directors.

COMPENSATION OF DIRECTORS

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

ACTION BY WRITTEN CONSENT

Section 15. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

ACTION BY TELEPHONE OR OTHER COMMUNICATIONS EQUIPMENT

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

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ALTERNATE COMMITTEE MEMBERS

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

ARTICLE IV

NOTICES

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

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation, or of these by-laws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

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

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

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ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

ARTICLE VII

CERTIFICATES OF STOCK

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

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

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

LOST CERTIFICATES

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

TRANSFERS OF STOCK

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

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of

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stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

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

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

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

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

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

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors

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may from time to time designate. The board of directors, in its discretion, may delegate its responsibilities contained in this section to any officer or officers of the corporation.

FISCAL YEAR

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

SEAL

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

ARTICLE IX

TENNESSEE AUTHORIZED CORPORATION PROTECTION ACT

Section 1. This corporation shall be subject to Section 24(a) of Chapter 30 of the Tennessee Business Corporation Act.

ARTICLE X

AMENDMENTS

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

EXHIBIT 10.22

1998 BRUNSWICK PERFORMANCE PLAN

PURPOSE: To motivate and reward Senior Executives and other management employees of the Company for the achievement of specified annual financial goals and the enhancement of management talent in the organization.

ELIGIBILITY: Approximately top 400 managers in the Company.

TARGET AWARD: Target awards under the Plan range from 30% to 100% of a participant's base salary at the beginning of the performance period depending upon the participant's level of responsibility.

PERFORMANCE

MEASURES: Established annually by the CEO. Measures and weightings may be modified year to year. Weightings for 1998 are as follows:

GROUPS

- 40% Working Capital Management
- 40% Operating Margin Percentage
- 10% Executive Development
- 5% Diversity Initiatives
- 5% Intergroup Executive/Manager/Professional Interactions

CORPORATE

- 80% Earnings Per Share (EPS)
- 10% Executive Development
- 5% Diversity Initiatives
- 5% Intergroup Executive/Manager/Professional Interactions

WORKING CAPITAL TURNOVER is defined as:

1998 Net Sales

1998 Avg. Receivables + Avg. Inventory - Avg. Payables

The average is to be compiled using a 13 month average consisting of 1997 year-end actual and each of the months in 1998.

OPERATING MARGIN PERCENTAGE is defined as operating earnings/net sales.

1998 BRUNSWICK PERFORMANCE PLAN (cont'd)

RELATIONSHIP OF PERFORMANCE TO PAYOUT:

<TABLE>
<CAPTION>

PAYOUT LEVEL	TARGET AWARD
AS OF % OF	
PERFORMANCE LEVEL	
-----	-----

<S>	<C>
120%	125%
110%	110%
100%	100%
90%	70%
80%	50%

</TABLE>

Bonus will not be paid below 80% level

PAYOUT FORM: Participants with a target bonus of 100% will be paid as follows: 50% cash, 50% stock until mandated stock ownership levels are achieved; thereafter the mix of cash and stock will be at the participant's election.

All other participants: 100% cash

PAYMENT: Bonus payments will be made after the year-end financial results have been reviewed and certified by Arthur Andersen LLP. Proposed bonus payments to the Senior Executives will be reviewed and approved by the Compensation Committee.

WITHHOLDING: Participants receiving a portion of their bonus payment in stock may elect to pay Federal, state and local withholding tax obligations to the Company in cash or request that the Company withhold a number of shares of common stock equal in value to the withholding tax amount, at the discretion of the Committee.

EXHIBIT 10.26

1998-1999 STRATEGIC INCENTIVE PLAN

PURPOSE: TO ATTRACT, RETAIN, AND SIGNIFICANTLY REWARD A SELECT GROUP OF INDIVIDUALS FOR THE ACHIEVEMENT OF AGGRESSIVE, MEASURABLE STANDARDS OF CORPORATE PERFORMANCE. PAYMENTS IN STOCK ARE INTENDED TO ASSIST PARTICIPANTS IN ACHIEVING SPECIFIED OWNERSHIP GUIDELINES AND PROMOTE AN ENTREPRENEURIAL APPROACH TO THE BUSINESS.

ELIGIBILITY: Approximately 150 executives in the Company

PERFORMANCE

PERIOD: Two Years

AWARD FREQUENCY: Annually, performance periods will be overlapping.

PERFORMANCE

MEASURES: Groups
100% Division Contribution (aggregate 1998 and 1999)

Corporate
100% Earnings Per Share (EPS) (aggregate 1998 and 1999)

PERFORMANCE

WEIGHTINGS: Corporate Performance - 30%; Group Performance - 70% for those participants with a target award of 100%

Corporate Performance - 20%; Group Performance - 80%
For those participants with a target award of 75%

Corporate Performance - 10%; Group Performance - 90%
For those participants with a target award of 40% - 60%

Corporate Performance -100% for all Corporate participants

RELATIONSHIP OF
PERFORMANCE
TO PAYOUT:

<TABLE>
<CAPTION>

PAYOUT LEVEL AS OF % OF	
PERFORMANCE LEVEL	TARGET AWARD
-----	-----
<S>	<C>
120%	125%
110%	110%
100%	100%
90%	70%
80%	50%

</TABLE>

Bonus will not be paid below 80% level

1998-1999 STRATEGIC INCENTIVE PLAN

TARGET AWARD: For those participants with a target award equivalent to 100% of base pay, the award is denominated 100% in stock units based on the stock price at the beginning of the performance period.

For those participants with a target award equivalent to 75% of base pay, the award is denominated 75% in stock units based on the stock price at the beginning of the performance period.

For those participants with a target award equivalent to 40%-60% of base pay, the award is denominated 50% in stock units based on the stock price at the beginning of the performance period.

PAYOUT FORM: The mix of payments under this Plan between cash and stock will change as specified stock ownership guidelines are achieved
Payments will be made in stock for that portion of the award which is initially denominated in stock units as described above.

Upon achievement of the ownership guidelines, the participant may elect the form of payment, either cash or stock, with the opportunity for voluntary deferrals.

PAYMENT: Bonus payments will be made after the year-end financial results have been reviewed and certified by Arthur Andersen LLP. Proposed bonus payments for Senior Executives will be reviewed and approved by the Human Resource and Compensation Committee.

WITHHOLDING: Participants receiving a portion of their bonus payment in stock may elect to pay Federal, state and local withholding tax obligations to the Company in cash or request that the Company withhold a number of shares of common stock equal in value to the withholding tax amount.

EXHIBIT 10.27

1997 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

1. PURPOSE OF THE PLAN. The purpose of the Brunswick Corporation 1997 Stock Plan for Non-Employee Directors (the "Plan") is to provide for the compensation of non-employee directors of Brunswick Corporation ("Company") with Common Stock, par value \$.75 per share ("Common Stock"), of the Company and to provide for the award of stock options to non-employee directors so as to increase their proprietary interest in the Company and their identification with the interests of the Company's stockholders. The Plan shall become effective on April 23, 1997.

2. STOCK AWARDS. The Board of Directors may award non-employee directors Common Stock of the Company.

3. NEW DIRECTORS' AWARDS. Each non-employee director elected to the Board of Directors for the first time after April 23, 1997 will receive an award of such Common Stock as the Board of Directors authorizes.

4. FAIR MARKET VALUE. The "Fair Market Value" of the Common Stock shall be the reported closing price for the Common Stock on the New York Stock Exchange Composite Tape for the applicable date. The number of shares of Common Stock which a non-employee director is to receive for any award which is denominated in dollars shall be determined by dividing the applicable amount by the Fair Market Value on the applicable date, and any fractional shares shall be rounded up or down to the nearest whole number with the fraction one-half being rounded up. For purposes of determining the amount of taxable income upon exercise of stock options and the value of any Common Stock used to pay the option purchase price, the Fair Market Value of the Common Stock on the Date of Exercise shall be used.

5. DEFERRAL. Receipt of the Common Stock awarded under this Plan may be deferred until the director's retirement from the Board as authorized by the Board of Directors. Dividends on deferred Common Stock will be reinvested in additional shares of Common Stock, except that dividends in the form of securities shall be deferred to the same extent as Common Stock. The deferred Common Stock, including the additional shares acquired through reinvestment of dividends, will be paid to each non-employee director in one lump sum after retirement unless the director elects one year prior to retirement to have the deferred Common Stock paid after retirement in up to 15 annual installments.

6. OPTIONS. The Board of Directors may award non-employee directors options to purchase Common Stock of the Company.

7. OPTION PRICE. The option exercise price per share of Common Stock shall be 100% of the reported closing price for the Common Stock on the New York Stock Exchange Composite Tape for the date on which the award is granted.

8. OPTION EXERCISE. Options shall be exercised in whole or in part by written notice to the Company and payment in full of the option price. Payment of the option price may be made, at the discretion of the option holder, (a) in cash (including check, bank draft, money order or payment in accordance with a cashless exercise program under which, if so instructed by the director, shares of Common Stock may be issued directly to the director's broker or dealer upon receipt of the option price in cash from the broker or dealer), (b) in Common Stock (valued at the Fair Market Value on the Date of Exercise), or (c) by a combination of cash and Common Stock.

9. DATE OF EXERCISE. The "Date of Exercise" of an option shall be the date on which written notification of the intent to exercise is received by the Company from the director.

10. CHANGE IN CONTROL. In the event of a Change in Control of the Company all outstanding options shall become exercisable immediately and the entire amount of all Common Stock deferred under this Plan shall vest and shall be paid to the non-employee directors at the time of the Change in Control of the Company. A "Change in Control" of the Company means a change in the

beneficial ownership of the Company's voting stock or a change in the composition of the Company's Board of Directors which occurs as follows:

- (a) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934), other than a trustee or other fiduciary of securities held under an employee benefit plan of the Company or any of its subsidiaries, is or becomes a beneficial owner, directly or indirectly, of stock of the Company representing 30% or more of the total voting power of the Company's then outstanding stock;
- (b) a tender offer (for which a filing has been made with the Securities and Exchange Commission ("SEC") which purports to comply with the requirements of Section 14(d) of the Securities Exchange Act of 1934 and the corresponding SEC rules) is made for the stock of the Company, which has not been negotiated and approved by the Board of Directors of the Company, then the first to occur of
 - (i) any time during the offer when the person (using the definition in (a) above) making the offer owns or has accepted for payment stock of the Company with 25% or more of the total voting power of the Company's stock, or
 - (ii) three business days before the offer is to terminate unless the offer is withdrawn first if the person making the offer could own, by the terms of the offer plus any shares owned by this person, stock with 50% or more of the total voting power of the Company's stock when the offer terminates; or
- (c) individuals who were the Board of Directors' nominees for election as directors of the Company immediately prior to a meeting of the stockholders of the Company involving a contest for the election of directors shall not constitute a majority of the Board of Directors following the election.

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11. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Corporate Governance Committee of the Board of Directors of the Company ("Committee"). The Committee shall have full power, discretion and authority to interpret and administer the Plan. The Committee's interpretations and actions shall, except as otherwise determined by the Board of Directors, be final, conclusive and binding on all persons for all purposes.

12. NON-TRANSFERABILITY. No award under the Plan, and no interest therein, shall be transferable by the director otherwise than (i) by the designation of a beneficiary to receive the director's benefits in the event of death, (ii) by will or the laws of the descent and distribution, or (iii) in accordance with guidelines established by the Committee. Notwithstanding the foregoing, stock options awarded under this Plan may be transferred by a director for no consideration to or for the benefit of a director's Immediate Family (including, with limitation, to a trust for the benefit of a director's Immediate Family or to a partnership for members of a director's Immediate Family), and the transferee shall remain subject to all the terms and conditions applicable to the stock option prior to such transfer and to such other restrictions as may be imposed by the Committee from time to time. With respect to a particular director, the term "Immediate Family" shall mean the director's spouse, children, stepchildren, adoptive relationships, sisters, brothers and grandchildren (and, for this purpose, shall also include the director). Any purported transfer contrary to this provision will nullify the award.

13. ISSUANCE OF STOCK. As promptly as practical following each award of Common Stock, the Company shall issue to each director Common Stock certificates for the shares awarded which have not been deferred pursuant to Section 5. Common Stock issued pursuant to the Plan shall be Treasury shares.

14. CHANGES IN CAPITALIZATION AND SIMILAR CHANGES. In the event that each of the outstanding shares of Common Stock shall be changed into or exchanged for a different number or kind of shares of stock or securities of the Company or of another corporation (whether by reason of merger, consolidation,

recapitalization, reclassification, stock dividend, split-up, combination of shares, or otherwise), then there

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shall be substituted for each share of Common Stock then offered, available for offer or deferred under the Plan the numbers and kinds of shares of stock or securities into which shares shall be so exchanged. The Committee in its sole discretion shall make any equitable adjustments as may be necessary. No fraction of a share of Common Stock shall be delivered if an adjustment in the number of shares is necessary. In the event of a spin-off, extraordinary dividend or other distribution or similar transaction, the Committee may adjust equitably the exercise price of any outstanding options.

15. PAYMENTS IN THE EVENT OF DEATH. If a non-employee director dies before payment of his or her deferred, vested Common Stock commences, all of his or her deferred, vested Common Stock shall be distributed to his or her Beneficiary (as described below), as soon as practicable after his or her death, in a lump sum. If a non-employee director dies after payment of his or her deferred, vested Common Stock has commenced but before the entire balance of such deferred, vested Common Stock has been distributed, the remaining deferred, vested Common Stock shall be distributed to his or her Beneficiary, as soon as practicable after his or her death, in a lump sum. For purposes of the Plan, a non-employee director's "Beneficiary" is the person or persons the non-employee director designates, which designation shall be in writing, signed by the non-employee director and filed with the Committee prior to the non-employee director's death. A Beneficiary designation shall be effective when filed with the Committee in accordance with the preceding sentence. If more than one Beneficiary has been designated, the non-employee director's deferred, vested Common Stock shall be distributed to each such Beneficiary. In the absence of a Beneficiary designation or if no Beneficiary survives the non-employee director, the Beneficiary shall be the non-employee director's estate.

16. AMENDMENT OR TERMINATION OF THE PLAN. The Board of Directors may, at any time amend or terminate the Plan provided, however, that no such amendment, suspension or termination shall impair the rights of directors affected thereby.

17. NO RIGHT TO RENOMINATION. Nothing in the Plan or in any award shall confer upon any director the right to be nominated for reelection to the Board.

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EXHIBIT 10.28

BRUNSWICK CORPORATION
ELECTIVE DEFERRED COMPENSATION PLAN

SECTION 1

GENERAL

1.1. PURPOSE. Brunswick Corporation Elective Deferred Compensation Plan (the "Plan") has been established by Brunswick Corporation (the "Company") so that it, and each of the Related Companies which, with the consent of the Company, adopts the Plan may provide its eligible employees with an opportunity to build additional financial security, thereby aiding such companies in attracting and retaining employees of exceptional ability.

1.2. EFFECTIVE DATE. The "Effective Date" of the Plan is January 1, 1997.

1.3. RELATED COMPANIES AND EMPLOYERS. For purposes of the Plan, the term "Related Company" means (i) any corporation, partnership, joint venture or other entity during any period in which it owns, directly or indirectly, at least 50% of the voting power of all classes of stock of the Company (or successor to the Company) entitled to vote; and (ii) any corporation, partnership, joint venture or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company, by any entity that is a successor to the Company, or by any entity that is a Related Company by reason of clause (i) next above. The Company and each Related Company which, with the consent of the Company, adopts the Plan for the benefit of its eligible employees are referred to below collectively as the "Employers" and individually as an "Employer." A Related Company may adopt the Plan by action of its Board of Directors; provided that a Related Company will be considered to have adopted the Plan for its Eligible Employees (without the need for action by its Board of Directors) if an executive officer of the Related Company announces such adoption to the Eligible Employees.

1.4. OPERATION AND ADMINISTRATION. The authority to control and manage the operation and administration of the Plan shall be vested in the Human Resources and Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"). In controlling and managing the operation and administration of the Plan, the Committee shall have the rights, powers and duties set forth in Section 7. Capitalized terms in the Plan shall be defined as set forth in the Plan.

1.5. PLAN YEAR. The term "Plan Year" means the calendar year.

1.6. APPLICABLE LAW. The Plan shall be construed and administered in accordance with the laws of the State of Illinois to the extent that such laws are not preempted by the laws of the United States of America.

1.7. GENDER AND NUMBER. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

1.8. NOTICES. Any notice or document required to be filed with the Plan Administrator or the Committee under the Plan will be properly filed if delivered or mailed to the Plan Administrator, in care of the Company, at its principal executive offices. The Plan Administrator may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan may be waived by the person entitled to notice.

1.9. FORM AND TIME OF ELECTIONS. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification or revocation thereof, shall be in writing filed with the Plan Administrator at such times, in such form, and subject to such restrictions and limitations as the Plan Administrator shall require.

1.10. BENEFITS UNDER QUALIFIED PLANS. Compensation of any Participant

that is deferred under the Plan, and benefits payable under the Plan, shall be disregarded for purposes of determining the benefits under any plan that is intended to be qualified under section 401(a) of the Internal Revenue Code of 1986.

1.11. OTHER COSTS AND BENEFITS. The Plan is intended to defer, but not to eliminate, payment of compensation to a Participant. Accordingly, if any compensation or benefits that would otherwise be provided to a Participant in the absence of the Plan are reduced or eliminated by reason of deferral under the Plan, the Company shall equitably compensate the Participant for such reduction or elimination. However, no reimbursement will be made for increased taxes resulting from benefits under the Plan (whether resulting from a change in individual income tax rates or otherwise).

1.12. EVIDENCE. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

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1.13 ACTION BY EMPLOYERS. Any action required or permitted to be taken by any Employer shall be by resolution of its board of directors, or by a duly authorized officer of the Employer.

SECTION 2

PARTICIPATION

2.1. PARTICIPANT. Subject to the terms of the Plan, an individual shall be eligible to make deferrals under the Plan during any period he or she is an Eligible Employee. For purposes of the Plan, the term "Eligible Employee" for any period shall mean any employee of any Employer who is designated as an Eligible Employee for that period, either by individual designation by the Committee, or by being a member of a group designated by the Committee.

2.2. DEFERRAL ELECTION. An Eligible Employee shall participate in the Plan by electing to defer payment of all or a portion of his Eligible Compensation pursuant to the terms of a "Deferral Election." An individual's Deferral Election shall be filed at such time and in such form as may be determined by the Committee from time to time. Except as otherwise provided by the Committee, a Participant may not revoke any deferral elections. The Committee may revoke a Participant's Deferral Election as of the date on which the Participant ceases to be an Eligible Employee (provided that this sentence shall not be construed to permit the Committee to revoke a Distribution Election by reason of the Participant ceasing to be an Eligible Employee).

2.3. ELIGIBLE COMPENSATION. For purposes of the Plan, a Participant's "Eligible Compensation" from any Employer for any Plan Year means such amounts as would otherwise be payable to him by the Employer, and which are designated by the Committee as compensation eligible for deferral in accordance with the Plan.

2.4. PLAN NOT CONTRACT OF EMPLOYMENT. The Plan does not constitute a contract of employment, and participation in the Plan will not give any employee the right to be retained in the employ of any Employer nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan.

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SECTION 3

PLAN ACCOUNTING

3.1. ACCOUNTS. The Plan Administrator shall establish an Account for each Participant who has filed a Deferral Election. If a Participant's Eligible Compensation subject to a Deferral Election would otherwise be payable from more than one Employer, a separate Account shall be established for the Participant

with respect to the Eligible Compensation from each such Employer.

3.2. ADJUSTMENT OF ACCOUNTS. Each Account shall be adjusted in accordance with this Section 3 in a uniform manner as of such periodic "Accounting Dates" as may be determined by the Plan Administrator from time to time (which Accounting Dates shall be not less frequent than monthly). As of each Accounting Date, the balance of each Account shall be adjusted as follows:

- (a) FIRST, charge to the Account balance the amount of any distributions under the Plan with respect to that Account that have not previously been charged;
- (b) THEN, adjust the Account balance for the applicable Investment Return Rate(s); and
- (c) THEN, credit to the Account balance the amount to be credited to that Account in accordance with subsection 3.3 that have not previously been credited.

3.3. CREDITING UNDER DEFERRAL ELECTION. The balance of a Participant's Account for any Plan Year shall be credited, in accordance with the provisions of paragraph 3.2(c), with the amount by which his Eligible Compensation for the year is reduced pursuant to a Deferral Election. Such crediting shall occur as of the date on which such Eligible Compensation would otherwise have been paid to the Participant by the Employer were it not for the reduction made pursuant to the Deferral Election or, if such date is not an Accounting Date, as of the first Accounting Date occurring thereafter.

3.4. INVESTMENT RETURN RATES. The "Investment Return Rate(s)" with respect to the Account(s), or portions of the Account(s), of any Participant for any period shall be the Investment Return Rate(s) elected by the Participant in accordance with

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subsection 3.5 from among such investment alternatives (if any) for that period which, in the discretion of the Committee, are offered from time to time under this subsection 3.4.

3.5. SELECTION OF INVESTMENT RETURN RATE. The Investment Return Rate alternatives under the Plan, and a Participant's ability to choose among Investment Return Rate alternatives, shall be determined in accordance with rules established by the Committee from time to time; provided, however, that the Committee may not modify the Investment Return Rate with respect to periods prior to the adoption of the modification.

3.6. STATEMENT OF ACCOUNTS. As soon as practicable after the end of each Plan Year, and at such other times as determined by the Committee or the Chief Executive Officer of the Company, the Company shall provide each Participant having one or more Accounts under the Plan with a statement of the transactions in his Accounts during that year and his Account balances as of the end of the year.

SECTION 4

DISTRIBUTIONS

4.1. GENERAL. Subject to this Section 4 and Section 5 (relating to Change in Control), the balance of a Participant's Account(s) with respect to any year shall be distributed in accordance with the Participant's Distribution Election. In no event shall the amount distributed with respect to any Participant's Account as of any date exceed the amount of the Account balance as of that date.

4.2. DISTRIBUTION ELECTION. A Participant's Deferral Election shall specify the manner (including the time and form of distribution) in which the Participant's Account(s) shall be distributed, subject to such restrictions and limitations as may be imposed by the Committee. Except as provided in subsection 5.1, no distribution may be made under the Plan to the extent that distribution would cause the Participant to have compensation that is not deductible by reason of section 162(m) of the Internal Revenue Code of 1986, and payment of such amounts will be deferred in accordance with the applicable terms of the Company's plans or arrangements relating to such deferral.

4.3. BENEFICIARY. Subject to the terms of the Plan, any benefits payable to a Participant under the Plan that have not been paid at the time of the Participant's death

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shall be paid at the time and in the form determined in accordance with the foregoing provisions of the Plan, to the beneficiary designated by the Participant in writing filed with the Plan Administrator in such form and at such time as the Plan Administrator shall require. A beneficiary designation form will be effective only when the signed form is filed with the Plan Administrator while the Participant is alive and will cancel all beneficiary designation forms filed earlier. If a deceased Participant failed to designate a beneficiary, or if the designated beneficiary of a deceased Participant dies before him or before complete payment of the Participant's benefits, the amounts shall be paid to the legal representative or representatives of the estate of the last to die of the Participant and his designated beneficiary.

4.4. DISTRIBUTIONS TO DISABLED PERSONS. Notwithstanding the provisions of this Section 4, if, in the Plan Administrator's opinion, a Participant or beneficiary is under a legal disability or is in any way incapacitated so as to be unable to manage his financial affairs, the Plan Administrator may direct that payment be made to a relative or friend of such person for his benefit until claim is made by a conservator or other person legally charged with the care of his person or his estate, and such payment shall be in lieu of any such payment to such Participant or beneficiary. Thereafter, any benefits under the Plan to which such Participant or beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of his person or his estate.

4.5. BENEFITS MAY NOT BE ASSIGNED. Neither the Participant nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt of the amounts, if any, payable hereunder, or any part hereof, which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for payment of any debts, judgements, alimony or separate maintenance owed by the Participant or any other person, or be transferred by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency.

4.6. OFFSET. Notwithstanding the provisions of subsection 4.5, if, at the time payments are to be made under the Plan, the Participant or beneficiary or both are indebted or obligated to any Employer or Related Company, then the payments remaining to be made to the Participant or the beneficiary or both may, at the discretion of the Plan Administrator, be reduced by the amount of such indebtedness, or obligation, provided, however, that an election by the Plan Administrator not to reduce

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any such payment shall not constitute a waiver of the claim for such indebtedness or obligation.

SECTION 5

CHANGE IN CONTROL

5.1. DISTRIBUTION ON CHANGE IN CONTROL. Each Deferral Election shall be automatically revoked as of the date on which a Change in Control occurs, and no new Deferral Election shall be accepted for any date after the date of a Change in Control. Upon the occurrence of a Change in Control, each Participant shall receive a lump sum distribution equal to the Participant's Account balances determined as of the date of the Change in Control. Such distributions shall be made to Participants regardless of any elections that may otherwise be applicable to them under the Plan, and shall be made as soon as practicable after the date of such Change in Control, but in no event later than 15 days after the occurrence of such Change in Control. Payments under this subsection 5.1 shall be in lieu of any amounts that would otherwise be payable after the date as of which the Participant's Account balance is determined for purposes of payment under this subsection.

5.2. CHANGE IN CONTROL DEFINITION. For purposes of the Plan, the term "Change in Control" means the occurrence of any of the following events:

- (a) Any Person is or becomes a Beneficial Owner, directly or indirectly, of stock of the Company representing 30% or more of the total voting power of the Company's then outstanding stock, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (d) below.
- (b) A tender offer (for which a filing has been made with the Securities and Exchange Commission ("SEC") which purports to comply with the requirements of Section 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and the corresponding SEC rules) is made for the stock of the Company, which has not been negotiated and approved by the Board of Directors of the Company, then the first to occur of:

- (i) any time during the offer when the Person making the offer owns or has accepted for payment the

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Company's stock with 25% or more of the total voting power of the Company's stock; or

- (ii) three business days before the offer is to terminate unless the offer is withdrawn first if the person making the offer could own, by the terms of the offer plus any shares owned by this person, stock with 50% or more of the total voting power of the Company stock when the offer terminates.
- (c) Individuals who were the Board's nominees for election as directors of the Company immediately prior to a meeting of the stockholders of the Company involving a contest for the election of directors shall not constitute a majority of the Board following the election.
- (d) There is consummated a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 75% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities.
- (e) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same

proportions as their ownership of the Company voting stock immediately prior to such sale.

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- (f) The occurrence of events resulting in an Affiliate (the "Transferred Company") ceasing to satisfy the definition of an "Affiliate" as set forth in this Section 5. However, the circumstances described in this paragraph (f) shall constitute a "Change in Control" only with respect to individuals who are employed at the Transferred Company immediately before the events constituting the Change in Control under this paragraph (f), and then only with respect to individuals who are not employed by the Company or an Affiliate at any time during the 30-day period following the events constituting the Change in Control. For purposes of this paragraph (f), shares of the Company that are beneficially owned by an employee benefit plan (including a fiduciary of such plan) maintained by the Company or an Affiliate shall be treated as not outstanding.
- (g) Substantially all of the business and assets of an Affiliate, or substantially all of the business and assets of any division of the Company (the "Transferred Business") are transferred to a business other than the Company or an Affiliate; provided, however, that the circumstances described in this paragraph (g) shall constitute a "Change in Control" only with respect to individuals who are employed at the Transferred Business immediately before the events constituting the Change in Control under this paragraph (g), and then only with respect to individuals who are not employed by the Company or an Affiliate at any time during the 30-day period following the events constituting the Change in Control.

For purposes of this subsection 5.1:

- (I) The term "Person" shall mean any person (as defined in Section 3(a)(9) of the Exchange Act, as such term is modified in Sections 13(d) and 14(d) of the Exchange Act) other than (1) any employee plan established by the Company, (2) the Company or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly by stockholders of the Company in substantially the same proportions as their ownership of the Company.
- (II) The term "Beneficial Owner" shall mean beneficial owner as defined in Rule 13d-3 under the Exchange Act.

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- (III) The term "Affiliate" means (i) any corporation, partnership, joint venture or other entity during any period in which it owns, directly or indirectly, at least 50% of the voting power of all classes of stock of the Company (or successor to the Company) entitled to vote; and (ii) any corporation, partnership, joint venture or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company, by any entity that is a successor to the Company, or by any entity that is an Affiliate by reason of clause (i) next above.

SECTION 6

SOURCE OF BENEFIT PAYMENTS

6.1. LIABILITY FOR BENEFIT PAYMENTS. Subject to the provisions of this Section 6, an Employer shall be liable for payment of benefits under the Plan with respect to any Participant to the extent that such benefits are attributable to the deferral of compensation otherwise payable by that Employer to the Participant. Any disputes relating to liability of Employers for benefit payments shall be resolved by the Committee.

6.2. NO GUARANTEE. Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Employers whatsoever, including, without limitation, any specific funds, assets, or other property which the Employers, in their sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the amounts, if any, payable under the Plan, unsecured by any assets of the Employers. Nothing contained in the Plan shall constitute a guarantee by any of the Employers that the assets of the Employers shall be sufficient to pay any benefits to any person.

SECTION 7

COMMITTEE

7.1. POWERS OF COMMITTEE. Responsibility for the day-to-day administration of the Plan shall be vested in the Plan Administrator, which shall be the Committee. The authority to control and manage all other aspects of the operation and administration of the Plan shall also be vested in the Committee. The Committee is authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to

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the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan. Except as otherwise specifically provided by the Plan, any determinations to be made by the Committee under the Plan shall be decided by the Committee in its sole discretion. Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

7.2. DELEGATION BY COMMITTEE. The Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Until the Committee takes action to the contrary:

- (a) The Chief Executive Officer of the Company shall be delegated the power and responsibility to take all actions assigned to or permitted to be taken by the Committee under Section 2, Section 3, and Section 4 (other than the powers and responsibility of the Plan Administrator).
- (b) The powers and responsibilities of the Plan Administrator shall be delegated to the Vice President - Human Resources (or his delegate) of the Company, subject to such direction as may be provided to the Vice President - Human Resources or his delegate from time to time by the Committee and the Chief Executive Officer of the Company.

7.3. INFORMATION TO BE FURNISHED TO COMMITTEE. The Employers and Related Companies shall furnish the Committee with such data and information as may be required for it to discharge its duties. The records of the Employers and Related Companies as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment and Eligible Compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the Plan.

7.4. LIABILITY AND INDEMNIFICATION OF COMMITTEE. No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor shall the Employers be liable to any person for any such action unless attributable to fraud or willful

of the Employers. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, shall be indemnified by the Employers against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

SECTION 8

AMENDMENT AND TERMINATION

The Committee may, at any time, amend or terminate the Plan (including the rules for administration of the Plan), subject to the following:

- (a) Subject to the following provisions of this Section 8, no amendment or termination may materially adversely affect the rights of any Participant or beneficiary under the Plan.
- (b) The Committee may revoke the right to defer Eligible Compensation under the Plan; provided, however, that, except as may be approved by the Board, no such revocation shall apply to the Eligible Compensation of any Participant to the extent that the revocation is adopted by the Committee after the date the Eligible Compensation is otherwise required to be credited to the Participant's Account under the Plan.
- (c) The Plan may not be amended to delay the date on which benefits are otherwise payable under the Plan without the consent of each affected Participant. The Committee, with the approval of the Board, may amend the Plan to accelerate the date on which Plan benefits are otherwise payable under the Plan.
- (d) The Committee, with the approval of the Board, may amend the Plan to accelerate the date on which Plan benefits are otherwise payable under the Plan, and eliminate all future deferrals under the Plan, thereby terminating the Plan.

- (e) The Committee may amend the Plan to modify or eliminate any Investment Return Rate alternative, except that any such amendment may not modify the Investment Return Rate with respect to periods prior to the adoption of the amendment.
- (f) Notwithstanding any other provision of the Plan to the contrary, neither the Committee nor the Board may delegate its rights and responsibilities under this Section 8; provided, however, that, the Board of Directors may, from time to time, substitute itself, or another committee of the Board, for the Human Resources and Compensation Committee under this Section 8.

EXHIBIT 10.29

BRUNSWICK CORPORATION
AUTOMATIC DEFERRED COMPENSATION PLAN

SECTION 1

GENERAL

1.1. PURPOSE. Brunswick Corporation Automatic Deferred Compensation Plan (the "Plan") has been established by Brunswick Corporation (the "Company") to provide for the deferral of compensation payable to Covered Executives by the Company and Related Companies that would otherwise be non-deductible by reason of section 162(m) of the Code, and thereby avoid the loss of such deduction, and to compensate the Covered Executives for such deferral.

1.2. CODE. For purposes of the Plan, the term "Code" means the Internal Revenue Code of 1986, as amended. References to sections of the Code also refer to any successor provisions thereof. References in the Plan to an amount being "deductible" refer to its being deductible by the Company or a Related Company for Federal income tax purposes; provided, however, that if deductibility would not be precluded by reason of Code section 162(m), then it shall be deemed to be "deductible" for purposes of the Plan, regardless of whether it is non-deductible for any other reason. If, after the Effective Date, there is a change in the provisions or interpretation of Code section 162(m) which would have a material effect on the benefits to a Covered Executive or the Company, the Company shall revise the Plan in good faith to preserve the benefit of the Plan for the Company, the Related Companies, and the Covered Executives; provided, however, that if any change to the Plan pursuant to this sentence is adverse to a Covered Executive, the Covered Executive shall be provided with reasonable compensation therefore.

1.3. EFFECTIVE DATE. The "Effective Date" of the Plan is July 29, 1997.

1.4. RELATED COMPANIES. The term "Related Company" means any company during any period in which compensation paid to a Covered Executive by such company would be required to be aggregated with compensation paid to the Covered Executive by the Company, in accordance with the affiliated group rules applicable to Code section 162(m). The Company shall enter into such arrangements with the Related Companies as it shall deem appropriate to implement the terms of the Plan, and shall inform the Covered Executive of any material failure to provide for such implementation.

1.5. OPERATION AND ADMINISTRATION. The authority to control and manage the operation and administration of the Plan shall be vested in the Human Resources and Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"). In controlling and managing the operation and administration of the Plan, the Committee shall have the rights, powers and duties set forth in Section 7. Capitalized terms in the Plan shall be defined as set forth in the Plan.

1.6. APPLICABLE LAW. The Plan shall be construed and administered in accordance with the laws of the State of Illinois to the extent that such laws are not preempted by the laws of the United States of America.

1.7. GENDER AND NUMBER. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

1.8. NOTICES. Any notice or document required to be filed with the Committee under the Plan will be properly filed if delivered or mailed to the Human Resources and Compensation Committee, in care of the Company, at its principal executive offices. The Committee may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan may be waived by the person entitled to notice.

1.9. BENEFITS UNDER QUALIFIED PLANS. Compensation of any Covered Executive that is deferred under the Plan, and benefits payable under the Plan, shall be disregarded for purposes of determining the benefits under any plan

that is intended to be qualified under section 401(a) of the Internal Revenue Code of 1986.

1.10. OTHER COSTS AND BENEFITS. The Plan is intended to defer, but not to eliminate, payment of compensation to a Covered Executive. Accordingly, if any compensation or benefits that would otherwise be provided to a Covered Executive in the absence of the Plan are reduced or eliminated by reason of deferral under the Plan, the Company shall equitably compensate the Covered Executive for such reduction or elimination, and the Company shall reimburse the Covered Executive for any increased or additional penalty taxes which he may incur by reason of deferral under the Plan which would not have been incurred in the absence of such deferral, except that no reimbursement will be made for taxes resulting from an increase or decrease in individual income tax rates, or resulting from an increase in the amount of compensation payable to the Covered Executive by reason of the accrual of earnings or any other provision of the Plan.

1.11. EVIDENCE. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

1.12. ACTION BY COMPANY. Any action required or permitted to be taken by any Company shall be by resolution of its board of directors, or by a duly authorized officer of the Company.

SECTION 2

PARTICIPATION

2.1. COVERED EXECUTIVES. Subject to the terms of the Plan, an individual shall be a "Covered Executive" subject to the deferral requirements of the Plan for any year, if, for that year, the individual is a "covered employee" with respect to the Company, as that term is used in Code section 162(m)(3) and Treas. Reg. section 1.162-27(c)(2). The provisions of the Plan shall not apply to any employee to the extent that the employee is subject to an individual agreement with the Company providing for automatic deferral of compensation to avoid non-deductibility of compensation by reason of Code section 162(m).

2.2. PLAN NOT CONTRACT OF EMPLOYMENT. The Plan does not constitute a contract of employment, and participation in the Plan will not give any employee the right to be retained in the employ of the Company nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan.

SECTION 3

AUTOMATIC DEFERRAL

3.1. DEFERRED AMOUNT. If any compensation otherwise payable to a Covered Executive by the Company or any Related Company would be non-deductible by reason of Code section 162(m), such amount shall not be paid to the Covered Executive when otherwise due, but an amount equal to the foregone payment shall instead be credited to the Covered Executive's Automatic Cash Deferral Account or Automatic Stock Deferral Account in accordance with this Section 3. In determining the amounts subject to deferral under this subsection 3.1, the following shall apply:

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- (a) To the extent that the compensation is otherwise payable in cash to a Covered Executive, that cash shall be deferred under the Automatic Cash Deferral Account, in accordance with this Section 3.
- (b) To the extent that the compensation is otherwise payable in common stock of the Company ("Company Stock"), delivery of

those shares shall be deferred under the Automatic Stock Deferral Account, in accordance with this Section 3.

- (c) To the extent necessary in determining whether amounts payable to a Covered Executive would be non-deductible for any year, the Committee shall make the determinations required under this Section 3 based on an estimate of the total compensation to be paid to the Covered Executive for the year (including both cash and non-cash compensation and benefits that would be taken into account in determining whether the limitations of Code section 162(m) are exceeded).
- (d) In estimating a Covered Executive's total compensation for any year, the Committee may request that the Covered Executive forecast whether, for the year, he will be receiving any compensation the timing of which is in the Covered Executive's discretion; provided, however, that such forecast shall not preclude the Covered Executive from taking action that would change the time of receipt of such compensation.
- (e) Nothing in the Plan shall be construed to require a deferral of the salary of a Covered Executive.

3.2. AUTOMATIC CASH DEFERRAL ACCOUNT. The Automatic Cash Deferral Account balance shall be credited with the amount determined in accordance with subsection 3.1(a), as of the date on which such amount would otherwise have been paid to the Covered Executive were it not for deferral under the Plan. The Automatic Cash Deferral Account shall be adjusted from time to time in accordance with the following:

- (a) Unless a Covered Executive makes an advance election to have paragraph (b) next below apply, the Automatic Cash Deferral Account shall be credited as of the last day of each calendar month with interest for that month at a rate equal to the greater of: (a) the

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prime rate in effect at Chase Manhattan Bank on the first day of the month plus four percentage points, or (b) the Company's short-term borrowing rate.

- (b) If a Covered Executive elects application of this paragraph (b), the Company, after consultation with the Covered Executive, may invest amounts credited to his Automatic Cash Deferral Account in securities and other assets as the Company may determine. The Company and its agents shall not incur any liability by reason of purchasing, or failing to purchase, any security or other asset in good faith. A Covered Executive's Automatic Cash Deferral Account shall be charged or credited as of the last day of each fiscal year of the Company, and at such other times as the balance in the Automatic Cash Deferral Account shall be determined, to reflect (i) dividends, interest or other earnings on any such investments, reduced by the cost of funds (for the period of deferral) for the amount of any taxes incurred by the Company with respect thereto; (ii) any gains or losses (whether or not realized) on such investment; (iii) the cost of funds (for the period of deferral) for the amount of any taxes incurred with respect to net gains realized on any such investments, taking into account any applicable capital loss carryovers and carrybacks, provided that in computing such taxes, capital gains and losses on assets of the Company other than such investments shall be disregarded; and (iv) any direct expenses incurred by the Company in such fiscal year or other applicable period which would not have been incurred but for the investment of amounts pursuant to the provisions of this paragraph (b) (provided that this clause (iv) shall not be construed to

permit a reduction for the cost of taxes).

3.3. AUTOMATIC STOCK DEFERRAL ACCOUNT. Automatic Stock Deferral Account. The Automatic Stock Deferral Account balance shall be credited with the number of share units equal to number of shares of Company Stock as of the date on which such shares would otherwise have been paid to a Covered Executive were it not for deferral under the Plan. The Automatic Stock Deferral Account shall be adjusted from time to time to reflect the deemed reinvestment of dividends in accordance with the terms of the Company's dividend reinvestment program, as in effect from time to time.

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3.4. STATEMENTS. On a quarterly basis, the Committee shall provide the Covered Executive with statements of the Covered Executive's Automatic Cash Deferral Account and Automatic Stock Deferral Account. Upon request of a Covered Executive, the Committee shall provide the computations of amounts under Sections 3 and 4.

SECTION 4

DISTRIBUTIONS

4.1. TIME OF PAYMENT OF DEFERRED AMOUNT. Amounts credited to a Covered Executive's Automatic Cash Deferral Account and Automatic Stock Deferral Account shall be paid or distributed upon the earliest of the following:

- (a) As soon as practicable after the Committee determines that such amounts will be deductible when paid (provided that the Committee reasonably determines that payment of such amounts will not cause other amounts (whether cash or non-cash) to become non-deductible by reason of Code section 162(m)).
- (b) As soon as practicable after the Committee determines that such amounts will not be deductible by the Company when paid, and that further deferral will not result in such amounts becoming deductible.
- (c) As soon as practicable (but not more than 15 days) following the occurrence of a Change in Control.
- (d) As soon as practicable after the January 15 (but not later than January 30) of the first calendar year following the first anniversary of the date the Covered Executive ceases to be employed by the Company and all Related Companies.

Payment shall be made under this subsection 4.1 not later than the date determined under paragraph (d), regardless of whether such payments are deductible by the Company.

4.2. FORM OF PAYMENT OF DEFERRED AMOUNT. To the extent that an amount is payable to or on behalf of a Covered Executive with respect to the Automatic Cash Deferral Account in accordance with subsection 3.2, it shall be paid by the Company in

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a cash lump sum. To the extent that an amount is payable to or on behalf of a Covered Executive with respect to the Automatic Stock Deferral Account in accordance with subsection 3.3, it shall be distributed by the Company in shares of Company Stock in a lump sum.

4.3. BENEFICIARY. Subject to the terms of the Plan, any benefits payable to a Covered Executive under the Plan that have not been paid at the time of the Covered Executive's death shall be paid at the time and in the form determined in accordance with the foregoing provisions of the Plan, to the beneficiary designated by the Covered Executive in writing filed with the Committee in such form and at such time as the Committee shall require. A beneficiary designation form will be effective only when the signed form is filed with the Committee while the Participant is alive and will cancel all

beneficiary designation forms filed earlier. If a Covered Executive fails to designate a beneficiary, or if the designated beneficiary of the deceased Covered Executive dies before the Covered Executive or before complete payment of the Covered Executive's benefits, the amounts shall be paid to the legal representative or representatives of the estate of the last to die of the Covered Executive and his designated beneficiary.

4.4. DISTRIBUTIONS TO DISABLED PERSONS. Notwithstanding the provisions of this Section 4, if, in the Committee's opinion, a Covered Executive or a beneficiary is under a legal disability or is in any way incapacitated so as to be unable to manage his financial affairs, the Committee may direct that payment be made to a relative or friend of such person for his benefit until claim is made by a conservator or other person legally charged with the care of his person or his estate, and such payment shall be in lieu of any such payment to the Covered Executive or the beneficiary. Thereafter, any benefits under the Plan to which the Covered Executive or the beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of his person or his estate.

4.5. BENEFIT MAY NOT BE ASSIGNED. Neither a Covered Executive nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt of the amounts, if any, payable hereunder, or any part hereof, which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for payment of any debts, judgements, alimony or separate maintenance owned by the Covered Executive or any other person, or be transferred by operation of law in the event of the Covered Executive's or any other person's bankruptcy or insolvency. Payments to or on

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behalf of a Covered Executive under the Plan are not subject to reduction or offset for amounts due or alleged to be due from the Company or any Related Company.

SECTION 5

CHANGE IN CONTROL

For purposes of the Plan, the term "Change in Control" means the occurrence of any of the following events:

- (a) Any Person is or becomes a Beneficial Owner, directly or indirectly, of stock of the Company representing 30% or more of the total voting power of the Company's then outstanding stock, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (d) below.
- (b) A tender offer (for which a filing has been made with the Securities and Exchange Commission ("SEC") which purports to comply with the requirements of Section 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and the corresponding SEC rules) is made for the stock of the Company, which has not been negotiated and approved by the Board of Directors of the Company, then the first to occur of:
 - (i) any time during the offer when the Person making the offer owns or has accepted for payment the Company's stock with 25% or more of the total voting power of the Company's stock; or
 - (ii) three business days before the offer is to terminate unless the offer is withdrawn first if the person making the offer could own, by the terms of the offer plus any shares owned by this person, stock with 50% or more of the total voting power of the Company stock when the offer terminates.
- (c) Individuals who were the Board's nominees for election as directors of the Company immediately prior to a meeting of the

stockholders of the Company involving a contest for the election of directors shall not constitute a majority of the Board following the election.

- (d) There is consummated a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation, other

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than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 75% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities.

- (e) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company voting stock immediately prior to such sale.
- (f) The occurrence of events resulting in an Affiliate (the "Transferred Company") ceasing to satisfy the definition of an "Affiliate" as set forth in this Section 5. However, the circumstances described in this paragraph (f) shall constitute a "Change in Control" only with respect to individuals who are employed at the Transferred Company immediately before the events constituting the Change in Control under this paragraph (f), and then only with respect to individuals who are not employed by the Company or an Affiliate at any time during the 30-day period following the events constituting the Change in Control. For purposes of this paragraph (f), shares of the Company that are beneficially owned by an employee benefit plan (including a fiduciary of such plan) maintained by the Company or an Affiliate shall be treated as not outstanding.
- (g) Substantially all of the business and assets of an Affiliate, or substantially all of the business and assets of any division of the Company (the "Transferred Business") are transferred to a business other than the Company or an Affiliate; provided, however, that the circumstances described in this paragraph (g) shall constitute a "Change in Control" only with respect to individuals who are employed at the Transferred Business immediately before the events constituting the Change in Control under this paragraph (g), and then only with respect to individuals who are not employed by the Company or an Affiliate at

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any time during the 30-day period following the events constituting the Change in Control.

For purposes of this Section 5:

- (l) The term "Person" shall mean any person (as defined in Section 3(a)(9) of the Exchange Act, as such term is modified in Sections 13(d) and 14(d) of the Exchange Act) other than (1) any employee plan established by the Company, (2) the Company or any of its

affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly by stockholders of the Company in substantially the same proportions as their ownership of the Company.

(II) The term "Beneficial Owner" shall mean beneficial owner as defined in Rule 13d-3 under the Exchange Act.

(III) The term "Affiliate" means (i) any corporation, partnership, joint venture or other entity during any period in which it owns, directly or indirectly, at least 50% of the voting power of all classes of stock of the Company (or successor to the Company) entitled to vote; and (ii) any corporation, partnership, joint venture or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company, by any entity that is a successor to the Company, or by any entity that is an Affiliate by reason of clause (i) next above.

SECTION 6

SOURCE OF BENEFIT PAYMENTS

The amount of any benefit payable under the Plan shall be paid from the general assets of the Company. Neither a Covered Executive nor any other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Company whatsoever, including, without limiting the generality of the foregoing, any specific funds, assets, or other property which the Company, in its sole discretion, may set aside in anticipation of a liability under the Plan. A covered Executive shall have only a contractual right to the amounts, if any, payable under the Plan, unsecured by any assets of the Company. Nothing contained in the Plan shall constitute a guarantee

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by the Company that the assets of the Company shall be sufficient to pay any benefits to any person.

SECTION 7

COMMITTEE

7.1. **POWERS OF COMMITTEE.** The authority to control and manage all aspects of the operation and administration of the Plan shall be vested in the Committee. The Committee is authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan. Except as otherwise specifically provided by the Plan, any determinations to be made by the Committee under the Plan shall be decided by the Committee in its sole discretion. Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons. The amount to be deferred under Section 3 and the amount that is payable under paragraphs 4.1(a) and 4.1(b) shall be based on such estimates as the Committee determines in good faith to be appropriate.

7.2. **DELEGATION BY COMMITTEE.** The Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

7.3. **INFORMATION TO BE FURNISHED TO COMMITTEE.** The Company and the Related Companies shall furnish the Committee with such data and information as may be required for it to discharge its duties. The records of the Company and the Related Companies as to a Covered Executive's employment, termination of employment, leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Covered Executives and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the Plan.

7.4. LIABILITY AND INDEMNIFICATION OF COMMITTEE. No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor shall the Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company. The Committee, the individual members thereof, and persons acting

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as the authorized delegates of the Committee under the Plan, shall be indemnified by the Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

SECTION 8

AMENDMENT AND TERMINATION

The Committee may, at any time, amend or terminate the Plan, subject to the following:

- (a) Subject to the provisions of subsection 1.2 (relating to changes in the Code), no amendment or termination may materially adversely affect the rights of any Covered Executive or beneficiary under the Plan.
- (b) The Committee, with the approval of the Board, may amend the Plan to accelerate the date on which Plan benefits are otherwise payable under the Plan.
- (c) The Committee, with the approval of the Board, may amend the Plan to accelerate the date on which Plan benefits are otherwise payable under the Plan, and eliminate all future deferrals under the Plan, thereby terminating the Plan.
- (d) Notwithstanding any other provision of the Plan to the contrary, neither the Committee nor the Board may delegate its rights and responsibilities under this Section 8; provided, however, that, the Board may, from time to time, substitute itself, or another committee of the Board, for the Human Resources and Compensation Committee under this Section 8.

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EXHIBIT 10.30

EMPLOYMENT AGREEMENT

AGREEMENT (this "Agreement"), dated as of July 1, 1997, by and between BRUNSWICK CORPORATION ("Brunswick") and AUGUSTINE NIETO II (the "Executive").

RECITALS

A. Brunswick desires to employ the Executive as President of the Brunswick Life Fitness Group and to enter into an employment agreement setting forth the terms of such relationship.

B. The Executive is willing to be employed by Brunswick as President of the Brunswick Life Fitness Group on the terms set forth herein.

ARTICLE I
DEFINITIONS

"AFFILIATE" -- any person or entity of any kind which effectively controls, is effectively controlled by or is under common control with Brunswick, including, without limitation, any and all Subsidiaries.

"ASSET PURCHASE AGREEMENT" -- the Asset Purchase Agreement, dated as of June 3, 1997, between Life Fitness and Brunswick.

"ASSUMED BENEFIT PLANS" -- all "business benefit plans" and "group benefit plans," as defined in Section 4.5 of the Asset Purchase Agreement, to the extent of any liabilities and obligations thereunder assumed by Brunswick pursuant to the Asset Purchase Agreement.

"BOARD" -- the Board of Directors of Brunswick.

"BONUS" -- with respect to a fiscal year, any and all bonuses paid or payable to, or earned by, the Executive, whether under the MBP or otherwise, but excluding payments under the LTIP.

"BRUNSWICK BUSINESS" -- at any relevant time, the active exercise businesses then being conducted by Brunswick and its Subsidiaries.

"CAUSE" -- the commission by the Executive of (a) a non-traffic offense indictable as a felony or (b) a willful and material breach of this Agreement which is not cured by the Executive within 15 days after receipt of notice from Brunswick.

"CEO" -- the Chief Executive Officer of Brunswick.

"CHANGE IN CONTROL" -- the occurrence of any of the following events:

(a) any Person is or becomes a Beneficial Owner, directly or indirectly, of stock of Brunswick representing 30% or more of the total voting power of Brunswick's then outstanding stock and securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (d) below; or

(b) if a tender offer is made for the stock of Brunswick (for which a filing has been made with the Securities and Exchange Commission ("SEC") which purports to comply with the requirements of Section 14(d) of the Securities Exchange Act of 1934 and the corresponding SEC rules), which tender offer has not been negotiated and approved by the Board, then the first to occur of

(i) any time during the offer when the Person making the offer owns or has accepted for payment Brunswick stock representing 25% or more of the total voting power of Brunswick stock and securities, or

(ii) three business days before the offer is to terminate, unless the offer is withdrawn first, if the Person making the offer could own, by the terms of the offer plus any shares owned by this Person, stock representing 50% or more of the total voting power of Brunswick's then outstanding stock and securities when the offer terminates; or

(c) individuals who were the Board's nominees for election as Directors immediately prior to a meeting of the stockholders of Brunswick involving a contest for the election of Directors shall not constitute a majority of the Board following the election; or

(d) there is consummated a merger or consolidation of Brunswick (or any direct or indirect subsidiary of Brunswick) with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of Brunswick outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 75% of the combined voting power of the stock and securities of Brunswick or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of Brunswick (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of stock and securities of Brunswick representing more than 25% of the combined voting power of Brunswick's then outstanding stock and securities; or

(e) the stockholders of Brunswick approve a plan of complete liquidation or dissolution of Brunswick or there is consummated an agreement for the sale or disposition by Brunswick of all or substantially all of Brunswick's assets, other than a sale or disposition by Brunswick of all or substantially all of Brunswick's assets to an entity at least 75% of the combined voting power of the stock and securities which is owned by

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Persons in substantially the same proportions as their ownership of Brunswick voting stock immediately prior to such sale.

"Person" shall mean any person (as defined in Section 3(a)(9) of the Securities Exchange Act (the "Exchange Act"), as such term is modified in Sections 13(d) and 14(d) of the Exchange Act) other than (1) any employee plan established by Brunswick, (2) Brunswick or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly, by stockholders of Brunswick in substantially the same proportions as their ownership of Brunswick.

"Beneficial Owner" shall mean beneficial owner as defined in Rule 13d-3 under the Exchange Act.

"CLOSING DATE" -- the date indicated in, or determined pursuant to, Section 3 of the Asset Purchase Agreement.

"CODE" -- the Internal Revenue Code of 1986, as amended, and any successor thereto.

"COMMENCEMENT DATE" -- as defined in Section 2.2.

"CONFIDENTIAL INFORMATION" -- all information respecting the Brunswick Business, including, without limitation, the terms and provisions of this Agreement, clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware, computer software programs, marketing plans, financial information, methodologies, practices, processes, approaches, projections, forecasts, formats, systems, data gathering methods or strategies and know-how; provided, however, that Confidential Information shall not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of the Executive's breach of Section 6.1) or that is lawfully disclosed to the Executive by a third party (other than as a

consequence of the Executive's performance of his duties and responsibilities hereunder).

"DATE OF TERMINATION" -- the date on which the Executive's employment hereunder is terminated in accordance with this Agreement.

"DIRECTOR(S)" -- a member (or members) of the Board.

"DISABILITY" -- the Executive's inability to render the services required hereunder by reason of a physical or mental disability reasonably expected to last for more than six months after the date such disability is first diagnosed, as determined by the written medical opinion of an independent medical physician reasonably acceptable to the Executive and Brunswick, and at the end of such six-month period there is no reasonable probability that the Executive can properly resume his duties and discharge his responsibilities hereunder.

"EMPLOYMENT TERM" -- as defined in Section 2.2.

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"EXCISE TAX" -- the aggregate amount of taxes, interest and penalties imposed under Section 4999 of the Code (or any successor provision) and/or similar provisions of state or local law with respect to payments owing to the Executive hereunder, including payments under a Specified Plan, by reason of any such payment or payments being considered "contingent on a change in ownership or control" of Brunswick within the meaning of Section 280G of the Code (or any successor provision) or any similar provision of state or local law.

"FISCAL YEAR" -- the fiscal year now being used by Brunswick, which is the calendar year.

"GENERAL APPLICATION PLANS" -- the plans and programs listed in Exhibit A.

"GOOD REASON" -- shall be deemed to exist if, without the Executive's prior written consent, any of the following events occur and is not cured by Brunswick within 15 days after receipt of notice from the Executive (except that Executive will not be required to give notice and Brunswick will have no opportunity to cure with respect to events described in clause (d) or (h) below): (a) the Executive's rate of Base Salary is reduced; (b) the Executive's benefits (or amounts payable to the Executive) under a Specified Plan are reduced or the terms of a Specified Plan are changed in a manner that is material and adverse to the Executive; (c) the Executive's benefits under the General Application Plans are in the aggregate materially reduced (unless such reduction is part of a plan or program implementing a general reduction in such benefits for all of Brunswick's senior executives or unless reasonably comparable benefits are substituted); (d) there is a sale by Brunswick of all or substantially all the assets of the LF Group, or there is a sale of all or substantially all the assets of Brunswick to a purchaser who does not assume Brunswick's obligations under this Agreement; (e) the Executive is assigned to a principal employment location that increases his commuting distance, as of the date of this Agreement, by more than 25 miles; (f) there is a material reduction or other material adverse change in the nature or scope of the Executive's duties, responsibilities or authority as set forth in Section 3.1 or a failure to maintain the Executive in the position of being the officer in charge of the LF Group; (g) Brunswick or any successor thereto is in breach of a material term of this Agreement; or (h) there is a Change in Control of Brunswick, and the Executive elects in his discretion to terminate his employment hereunder during the one-year period commencing 90 days after the occurrence of such Change in Control.

"LF GROUP" -- a newly formed division of Brunswick, to be known as the Brunswick Life Fitness Group, which will conduct the Life Fitness business and operations of the Predecessor Employer, together with any assets, businesses or operations acquired by or added to such division after the Closing Date.

"LTIP" -- the Long Term Incentive Plan dated as of July 1, 1997, as adopted by Brunswick (together with any agreements entered into thereunder by Brunswick and the Executive), pursuant to which the Executive (and certain

other key employees of the LF Group) will receive deferred bonuses based on the performance of the LF Group during the period beginning on the Closing Date and ending on December 31, 2002. A copy of the LTIP is attached as Exhibit B.

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"MBP" -- the Management Bonus Plan dated as of July 1, 1997, as adopted by Brunswick (together with any agreements entered into thereunder by Brunswick and the Executive), pursuant to which the Executive (and certain other key employees of the LF Group) will receive a bonus, based on specified criteria, for the remainder of fiscal year 1997 and each fiscal year thereafter through 2002. A copy of the Management Bonus Plan is attached as Exhibit C.

"PREDECESSOR EMPLOYER" -- Life Fitness, a New York general partnership, and The Life Fitness Companies L.P., a Delaware limited partnership and the principal general partner of Life Fitness, and the subsidiaries of Life Fitness, including Life Fitness Asia Pacific Limited, a Hong Kong corporation, Life Fitness Atlantic B.V., a Dutch corporation, Life Fitness China Limited, a Hong Kong corporation, Life Fitness Europe GmbH, a German corporation, Life Fitness Holdings B.V.B.A., a Belgian corporation, Life Fitness Italia S.r.l., an Italian corporation, and Life Fitness (UK) Limited, an English corporation.

"PRO RATA BONUS" -- the bonus earned by the Executive under the MBP for the period from the Commencement Date through December 31, 1997.

"ROP" -- the Roll-Over Plan dated as of July 1, 1997, as adopted by Brunswick (together with any agreements entered into thereunder by Brunswick and the Executive), pursuant to which the Executive (and certain other key employees of the LF Group) will be deemed to own an equity interest in the LF Group which reflects the net value, as of the Closing Date, of their options to acquire equity interests in the Predecessor Employer. A copy of the ROP is attached as Exhibit D.

"SOA" -- (a) a Stock Option Agreement dated as of July 1, 1997 between Brunswick and the Executive, providing, among other things, for the grant to the Executive, pursuant to the SOP, of options to purchase 134,000 shares of Brunswick common stock, and (b) all similar agreements entered into by Brunswick and the Executive after the date hereof. A copy of the SOA is attached as Exhibit E.

"SOP" -- the 1991 Stock Plan of Brunswick. A copy of the SOP is attached as Exhibit F.

"SPECIFIED PLANS" -- the MBP, the ROP, the LTIP and the SOP.

"SUBSIDIARY" -- any corporation (other than Brunswick) in which Brunswick has a direct or indirect legal or beneficial ownership interest, but only if Brunswick owns or controls, directly or indirectly, stock possessing at least 20% of the total combined voting power of all classes of stock in such corporation.

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ARTICLE II EMPLOYMENT

2.1 GENERAL. Subject to the terms of this Agreement, Brunswick agrees to employ the Executive as the President of the LF Group, and the Executive hereby accepts such employment.

2.2 TERM. The term of employment under this Agreement shall commence as of the Closing Date (the "Commencement Date") and, unless earlier terminated by Brunswick or the Executive pursuant to Article V, shall continue until December 31, 2002 (the "Employment Term"). Notwithstanding the foregoing, in the absence of a prior termination pursuant to Article V, this Agreement and the Employment Term shall be automatically extended for additional one-year periods, unless and until either party hereto notifies the other party in writing, at least 90 days prior to the end of the then current Employment Term,

of such party's desire not to extend this Agreement.

ARTICLE III POSITIONS, RESPONSIBILITIES AND DUTIES

3.1 POSITIONS AND DUTIES. During the Employment Term, the Executive shall be employed and shall serve as the President of the LF Group with such duties, responsibilities and authority as are commensurate with being the officer in charge of the LF Group as determined from time to time by the Board. The Executive shall serve under the direction and supervision of the Board and the CEO and shall report to the CEO. Notwithstanding the foregoing, the Executive shall not be required to perform any duties or responsibilities which would result in a noncompliance with, or violation of, any applicable law.

3.2 ATTENTION TO DUTIES AND RESPONSIBILITIES. During the Employment Term, the Executive shall, except as provided in the following sentence, devote his full business time to the business and affairs of the LF Group, and shall use his best efforts to perform his duties and responsibilities hereunder. The Executive shall be allowed, to the extent such activities do not substantially interfere with his performance of his duties and responsibilities hereunder, to (a) manage his personal affairs, (b) serve on boards or committees of civic or charitable organizations or trade associations and (c) serve on the board of directors (or comparable body) of any corporation (or other business entity), provided, however, that the Executive shall give the Board advance written notice of any such corporate directorship subject to this clause (c) and, if requested by the Board, the Executive shall demonstrate, to the Board's reasonable satisfaction, that such directorship does not detract from his performance of his duties and responsibilities under this Agreement.

ARTICLE IV COMPENSATION AND OTHER BENEFITS

4.1 BASE SALARY. During the Employment Term, the Executive shall receive a base salary of \$365,000 per annum ("Base Salary"), payable in accordance with Brunswick's normal

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payroll practices. Such Base Salary shall be subject to periodic review and possible increase (but not decrease) in accordance with Brunswick's normal compensation review procedures for senior executives as in effect on the Commencement Date. It is understood that the first such compensation review shall occur no later than December 31, 1998.

4.2 PLANS. The Executive shall participate in, and shall be entitled to receive all benefits as provided in, the Specified Plans. In addition, the Executive shall be entitled to participate in, and shall be entitled to receive all benefits as provided in, those General Application Plans described in Exhibit A and/or in which the Executive becomes eligible to participate after the date hereof.

4.3 VACATION; OTHER. During the Employment Term, (a) the Executive shall be entitled to paid vacation and sick leave in accordance with Brunswick's policies, as from time to time in effect, provided, however, that Executive shall be entitled to paid vacation of at least 4 weeks per year, and provided further that Brunswick shall assume the obligations of the Predecessor Employer to the Executive for vacation accrued as of the Closing Date; (b) Brunswick shall reimburse the Executive for expenditures incurred by him in connection with his performance of his duties and responsibilities hereunder, in accordance with Brunswick's reimbursement policy, as from time to time in effect; and (c) the Executive shall receive an automobile allowance of \$10,000 per year until December 31, 1998, but not thereafter.

ARTICLE V TERMINATION

5.1 TERMINATION DUE TO DEATH OR DISABILITY. During the Employment Term, Brunswick or the Executive may terminate the Executive's employment hereunder due to Disability upon at least 30 days' prior written notice to the other party. In the event of the Executive's death or a termination of the

Executive's employment pursuant to the preceding sentence, the Employment Term shall thereupon end and the Executive, his estate or other legal representative, as the case may be, shall be entitled to:

(a) Base Salary and Bonus continuation for a 12-month period commencing on the Date of Termination, payable, in the case of Base Salary, at the rate in effect on the Date of Termination, and in the case of Bonus, in an amount equal to (i) the Bonus paid or payable to, or earned by, the Executive for the prior Fiscal Year or (ii) if the Date of Termination occurs on or before December 31, 1998, the sum of \$150,000 plus the Pro Rata Bonus;

(b) any Base Salary accrued to the Date of Termination and any prior Fiscal Year Bonus earned, but not yet paid, as of the Date of Termination as well as a pro rata share of any bonus earned under the MBP for the year of termination to be paid after the performance level is determined;

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(c) reimbursement (under Section 4.3(b)) for all expenses incurred, but not yet paid, as of the Date of Termination;

(d) (i) continuation of welfare benefits of the Executive and his eligible dependents (as described in Exhibit A or in applicable plan documents) at the level in effect on the Date of Termination for the one-year period commencing on the Date of Termination (or, if such continuation is not permitted by applicable law or the Board so determines in its discretion, Brunswick shall provide the economic equivalent in lieu thereof), and (ii) all other compensation and benefits payable as provided in Assumed Benefit Plans and applicable General Application Plans except for any severance plans or arrangements; and

(e) payment of the value of the Executive's interest under the ROP, determined as of the Date of Termination.

In addition to the foregoing, and notwithstanding anything to the contrary in the LTIP and the SOA: (x) the Executive's rights with respect to awards made to the Executive, prior to the Date of Termination, under the LTIP shall continue in full force and effect, and the Executive shall be entitled to receive payment of such awards as provided in the LTIP (but without regard to any applicable service requirements); and (y) the Executive's rights with respect to options granted to the Executive, prior to the Date of Termination, under the SOP and SOA, shall continue in full force and effect and shall be exercisable (without regard to any applicable service requirements) until December 31 of the year following the Fiscal Year in which the Date of Termination occurs, but only to the extent such options have vested as of the end of the Fiscal Year in which the Date of Termination occurs.

5.2 TERMINATION BY EXECUTIVE FOR GOOD REASON OR BY BRUNSWICK AT THE END OF THE EMPLOYMENT TERM OR WITHOUT CAUSE. During the Employment Term, Brunswick may terminate the Executive's employment hereunder without Cause, upon at least 30 days' prior written notice to the Executive, or the Executive may, subject to Section 5.6, terminate his employment hereunder for Good Reason, upon at least 30 days' prior written notice to Brunswick. If the Executive's employment is terminated pursuant to the preceding sentence, or if Brunswick terminates the Executive's employment at the end of the then current Employment Term, then in any such event, the Employment Term shall thereupon end and the Executive shall be entitled to:

(a) Base Salary and Bonus continuation for a 24-month period commencing on the Date of Termination, payable, in the case of Base Salary, at the rate in effect on the Date of Termination, and in the case of Bonus, in an amount equal to (i) the Bonus paid or payable to, or earned by, the Executive for the prior Fiscal Year or (ii) if the Date of Termination occurs on or before December 31, 1998, the sum of \$150,000 plus the Pro Rata Bonus;

(b) any Base Salary accrued and any prior Fiscal Year Bonus earned, but not yet paid, as of the Date of Termination as well as a pro rata share of any bonus earned

under the MBP for the year of termination to be paid after the performance level is determined;

(c) reimbursement (under Section 4.3(b)) for all expenses incurred, but not yet paid, as of the Date of Termination;

(d) (i) continuation of the welfare benefits of the Executive and his eligible dependents (as described in Exhibit A or in applicable plan documents) at the level in effect on the Date of Termination for the 24-month period commencing on the Date of Termination (or, if such continuation is not permitted by applicable law or if the Board so determines in its discretion, Brunswick shall provide the economic equivalent in lieu thereof), and (ii) all other compensation and benefits payable as provided in Assumed Benefit Plans and applicable General Application Plans except for any severance plans or arrangements; and

(e) payment of the value of the Executive's interest under the ROP, determined as of the Date of Termination.

In addition to the foregoing, and notwithstanding anything to the contrary in the LTIP and the SOA: (x) the Executive's rights with respect to awards made to the Executive, prior to the Date of Termination, under the LTIP shall continue in full force and effect, and the Executive shall be entitled to receive payment of such awards as provided in the LTIP (but without regard to any applicable service requirements); and (y) the Executive's rights with respect to options granted to the Executive, prior to the Date of Termination, under the SOP and SOA, shall continue in full force and effect and shall be exercisable (without regard to any applicable service requirements) through the end of the continuation period set forth in clause (a) above, but only to the extent such options have vested as of the end of the Fiscal Year in which the Date of Termination occurs.

5.3 TERMINATION BY BRUNSWICK FOR CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON. During the Employment Term, Brunswick may, subject to Section 5.6, terminate the Executive's employment hereunder for Cause upon at least 30 days' prior written notice to the Executive, or the Executive may terminate this Agreement without Good Reason upon at least 30 days' prior written notice to Brunswick. If the Executive's employment is terminated pursuant to the preceding sentence, the Employment Term shall thereupon end and the Executive shall be entitled to:

(a) Base Salary up to and including the Date of Termination;

(b) any prior Fiscal Year Bonus earned, but not yet paid, as of the Date of Termination;

(c) reimbursement (under Section 4.3(b)) for all expenses incurred, but not yet paid, as of the Date of Termination;

(d) all other compensation and benefits payable as provided in Assumed Benefit Plans and applicable General Application Plans except for any severance plans or arrangements;

(e) payment of the value of the Executive's interest under the ROP, determined as of the Date of Termination.

In addition to the foregoing, and notwithstanding anything to the contrary in the LTIP and the SOA: (x) the Executive's rights with respect to awards made to the Executive in Fiscal Years prior to the Fiscal Year in which the Date of Termination occurs, under the LTIP shall continue in full force and effect, and the Executive shall be entitled to receive payment of such awards as provided in the LTIP; and (y) the Executive's rights with respect to options granted to the Executive, prior to the Date of Termination, under the SOP and SOA, shall continue in full force and effect and shall be exercisable for 30 days

following the Date of Termination, but only to the extent such options have vested as of the end of the Fiscal Year immediately preceding the Fiscal Year in which the Date of Termination occurs.

5.4 GROSS-UP PAYMENTS. Following a change in control of Brunswick, if any payment or payments owing to, or any exercise of options under the SOP or SOA by, the Executive under the other Sections of this Agreement, including pursuant to a Specified Plan (but excluding payments made under the ROP), give rise to an Excise Tax (the "Base Excise Tax"), Brunswick shall indemnify and hold harmless the Executive against such Base Excise Tax by making an additional payment or payments (collectively, a "Gross-Up Payment") to the Executive. The Gross-Up Payment shall be in an amount such that, after payment by the Executive of all taxes (including Excise Tax and any interest and penalties on such taxes) imposed on the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Base Excise Tax. Brunswick shall also indemnify and hold harmless the Executive, on an after-tax basis, against any costs incurred by him at Brunswick's direction in contesting the imposition of Excise Tax, and Brunswick shall be entitled, at its election and expense, to assume control of any such contest. The Executive shall pay to Brunswick, the after-tax amount of any refund of Excise Tax (including any interest received with such refund) with respect to which the Executive previously received a Gross-Up Payment from Brunswick.

5.5 NO MITIGATION OR OFFSET. In the event of any termination of employment under this Article V, the Executive shall be under no obligation to seek other employment, and there shall be no offset against any amounts due the Executive under this Agreement on account of the remuneration attributable to any subsequent employment that the Executive may obtain. Any amounts due under this Article V are in the nature of severance payments, or liquidated damages, or both, and are not in the nature of a penalty.

5.6 NOTICE OF TERMINATION. All notices of termination required under this Article V in connection with a termination of the Executive's employment shall be given to the appropriate party in accordance with Section 7.6. In the case of a termination by Brunswick for Cause, Brunswick shall give such notice within 60 days after a Director (excluding, if applicable, the

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Executive) has actual knowledge of the events giving rise to such purported Cause; and in the case of a termination by the Executive for Good Reason, the Executive shall give such notice within 60 days of the Executive's having actual knowledge of the events giving rise to such purported Good Reason (or in the event of a Change in Control of Brunswick, during the time period indicated in clause (h) of the definition of Good Reason). A notice of termination shall (a) identify the specific termination provision in this Agreement relied upon, (b) set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so identified, and (c) indicate the Date of Termination.

5.7 PAYMENT. Except as otherwise provided in this Agreement, any payments to which the Executive shall be entitled to under this Article V, including, without limitation, any economic equivalent of any benefit, shall be made, to the extent practicable, within five business days following the Date of Termination.

5.8 STATEMENTS BY THE EXECUTIVE OR BRUNSWICK. The Executive agrees that he will not make any disparaging statements about Brunswick or the directors, officers or employees of Brunswick; provided that this Section 5.8 shall not apply to truthful testimony as a witness, compliance with other legal obligations, or truthful assertion of or defense against any claim of breach of this Agreement, or to the Executive's truthful statements or disclosures to officers or directors of Brunswick, and shall not require the Executive to make false statements or disclosures. Brunswick agrees that neither the directors nor the officers of Brunswick nor any spokesperson for Brunswick shall make any disparaging statements about the Executive; provided that this Section 5.8 shall not apply to truthful testimony as a witness, compliance with other legal obligations, truthful assertion of or defense against any claim of breach of this Agreement, or truthful statements or disclosures to the Executive, and shall not require false statements or disclosures to be made.

ARTICLE VI
CONFIDENTIAL INFORMATION AND NONCOMPETITION

6.1 CONFIDENTIAL INFORMATION. During the Employment Term and at any time thereafter, the Executive, without the prior written consent of the Board, shall not personally (and shall not personally cause others to) use any Confidential Information, or divulge, disclose or make available or accessible any Confidential Information to any person, firm, partnership, corporation, trust or other entity (other than when required to do so in good faith to perform the Executive's duties and responsibilities hereunder or when required to do so by a lawful order of a court of competent jurisdiction). The Executive shall proffer to the CEO no later than the Date of Termination, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, records, data, customer lists, marketing plans and strategies, and any other documents (including diaries and notes) to the extent consisting of or containing any Confidential Information that are in the Executive's possession or subject to his control at such time. In addition, during the Employment Term and for two years following the Date of Termination, the Executive shall immediately notify the Board if he

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becomes aware of any unauthorized use or disclosure of any Confidential Information by any third party, shall cooperate fully in any attempts by Brunswick or any Affiliate to obtain any relief or remedy in respect of such unauthorized use or disclosure and shall use his best efforts to safeguard any Confidential Information in the Executive's possession or under his control.

6.2 NONCOMPETITION. As an inducement to Brunswick to enter into the Asset Purchase Agreement and in consideration for Brunswick's undertakings hereunder, including, without limitation, the payment of benefits described in Article V, the Executive agrees that during the Employment Term and for two years following the Date of Termination for any reason, the Executive shall not, without the prior written consent of the Board, directly or indirectly, within the United States of America, engage in any capacity in any business or activity that competes to a material extent with the Brunswick Business. Executive shall not be deemed to be in violation of this Agreement (i) with respect to any investment in any entity made with the prior approval of the CEO or (ii) merely by reason of being the owner of up to 1% of the outstanding stock (or other form of equity interest) in any publicly traded corporation (or other entity), provided the Executive does not have the power to control or direct the management or affairs of such corporation or other entity or is not otherwise associated with it.

6.3 NONSOLICITATION. In consideration for Brunswick's undertakings hereunder, including, without limitation, the payment of benefits described in Article V, the Executive agrees that during the Employment Term and for two years following the Date of Termination, the Executive shall not personally (and shall not personally cause others to) (a) take any action to solicit or divert any material business or customers away from the LF Group, (b) induce customers, potential customers, suppliers, agents or other persons under contract or otherwise associated or doing business with the LF Group to terminate, reduce or alter any such association or business, or (c) induce any person employed by the LF Group to (i) terminate such employment arrangement, (ii) accept employment with anyone other than Brunswick or a Subsidiary, or (iii) interfere with the customers or suppliers or otherwise with the LF Group in any manner.

6.4 INJUNCTIVE RELIEF. The Executive acknowledges and agrees that: (a) Brunswick will have no adequate remedy at law, and would be irreparably harmed, if the Executive breaches or threatens to breach any of the provisions of this Article VI; (b) Brunswick shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Article VI, and to specific performance of each of the terms of this Article VI, in addition to any other legal or equitable remedies that Brunswick may have; and (c) the Executive shall not, in any equity proceeding relating to the enforcement of the terms of this Article VI, raise the defense that Brunswick has an adequate remedy at law.

6.5 SEVERABILITY. The provisions of this Article VI are intended to be

separate and divisible and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Article VI shall thereby be affected. The parties to this Agreement intend that the potential restrictions on the Executive's future employment imposed by this Article VI be reasonable in duration and geographic scope

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and in all other respects. If, for any reason, any court of competent jurisdiction shall find any provision of this Article VI to be unreasonable in duration or geographic scope or otherwise, the Executive and Brunswick agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

ARTICLE VII MISCELLANEOUS

7.1 EFFECT OF AGREEMENT. This Agreement shall not become effective until the Closing on the Closing Date.

7.2 SUCCESSORS. This Agreement is personal to the Executive and, without the prior written consent of the Board, shall not be assignable by the Executive, except that the Executive's rights to receive any compensation or benefits hereunder may be transferred or disposed of pursuant to testamentary disposition, intestate succession or pursuant to a qualified domestic relations order. This Agreement shall inure to the benefit of and be enforceable by the Executive's heirs, beneficiaries and/or legal representatives. This Agreement shall also inure to the benefit of and be binding upon Brunswick and its successors and assigns.

7.3 INDEMNIFICATION. The Executive shall be entitled to liability and expense indemnification by Brunswick, to the fullest extent allowed under Delaware law, as from time to time amended. The provisions of this Section 7.3 shall survive any termination of this Agreement or the Employment Term.

7.4 APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to principles of conflict of laws.

7.5 AMENDMENT/WAIVER. This Agreement may not be amended, waived or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. No waiver by any party of any breach of this Agreement by the other party shall be deemed a waiver of any similar or dissimilar breach at the same time, or at any prior or subsequent time.

7.6 NOTICES. All notices and other communications hereunder shall be in writing and shall be given to the other party by hand delivery, by facsimile transmission, by overnight courier, or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Augustine Nieto II
Life Fitness
10601 West Belmont Avenue
Franklin Park, Illinois 60131
Phone: (847) 288-3456
Fax: (847) 288-3458

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With a copy to: Latham & Watkins
5800 Sears Tower
Chicago, Illinois 60606

Phone: (312) 876-7652
Fax: (312) 993-9767
Attn: Stephen S. Bowen

If to Brunswick: Brunswick Corporation
1 N. Field Court
Lake Forest, Illinois 60045-4811
Phone: (847) 735-4822
Fax: (847) 735-4425
Attn: Chief Executive Officer

With a copy to: Phone: (847) 735-4305
Fax: (847) 735-4050
Attn: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

7.7 WITHHOLDING. Brunswick may withhold from any amounts payable under this Agreement such taxes as shall be required to be withheld pursuant to any applicable law or regulation.

7.8 SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

7.9 CAPTIONS. The captions used herein are not provisions of this Agreement and shall have no force or effect.

7.10 ENTIRE AGREEMENT. This Agreement, the Specified Plans, the SOA, the General Application Plans and the Assumed Benefit Plans contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto. In the event of any inconsistency or conflict between provision(s) of this Agreement and provision(s) of a Specified Plan or the SOA, the provision(s) of this Agreement shall control.

7.11 SURVIVAL. The respective rights and obligations of the parties shall survive any termination of this Agreement or the Employment Term to the extent necessary to the intended preservation of such rights and obligations.

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7.12 RELEASE. The Executive hereby releases and waives as to Brunswick all of Executive's rights under all agreements, plans and arrangements with all Predecessor Employers except for rights under the General Application Plans.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

/S/ Augustine Nieto

Augustine Nieto II

BRUNSWICK CORPORATION

By: /s/ Mary D. Allen

Its Vice President and General Counsel

EXHIBIT A

GENERAL APPLICATION PLANS

1. General American Life Insurance Company Preferred Provider Organization (PPO) Medical Plan
2. General American Life Insurance Company Point-of-Service (POS) Medical Plan
3. General American Life Insurance Company Indemnity Dental Plan
4. First Commonwealth Managed Care Dental Plan
5. Vision Service Plan Vision Plan
6. General American Life Insurance Company Flexible Spending Account (FSA) Plan
7. Guarantee Life Insurance Company Basic Life, Accidental Death and Dismemberment and Optional Life Plan
8. Guarantee Life Long-Term Disability Plan
9. Guarantee Life Voluntary/Dependent Life Plan
10. Life Fitness Profit Sharing Retirement Savings Plan
11. Life Fitness Health and Welfare Benefit Plans
12. DrugCard Outpatient Prescription Plan
13. Archeus Employee Assistance Program
14. Life Fitness Strength Division LifeGuard HMO Plan
15. Brunswick Employee Stock Ownership Plan

EXHIBIT B

LIFE FITNESS LONG TERM INCENTIVE PLAN

1. PURPOSE. The purpose of the Life Fitness Long Term Incentive Plan (the "Plan") of Brunswick Corporation ("Brunswick") is to attract, retain, reward and provide incentives for a select group of senior executives of Brunswick's Life Fitness business (the "Business") to achieve specified earnings goals for the Business for the period from July 1, 1997 to December 31, 2002 (the "Performance Period").

2. ELIGIBILITY. Initially only those executives who are participants in the Life Fitness Option Roll-Over Plan will participate in the Plan. The President of the Business may designate additional proposed participants based

on their potential to contribute significantly to the long term success of the Business. These additional participants are subject to the approval of the Chief Executive of Brunswick.

3. POOLS.

(a) BASE POOL. An aggregate \$6,000,000 base pool (the "Base Pool") may be earned by the participant group as a whole for the Performance Period. If actual cumulative earnings before interest, taxes, depreciation and amortization ("EBITDA") of the Business for the Performance Period are less than 90% of the cumulative EBITDA target shown on the attached Schedule 1 (I.E., \$248.4 million at the end of the Performance Period), none of the Base Pool will be earned; if 90% of the target is achieved, 50% of the Base Pool will be earned; if 100% of the target is achieved, 100% of the Base Pool will be earned; and if between 90% and 100% of the target is earned, the Base Pool will be prorated.

(b) BONUS POOL. If actual cumulative EBITDA of the Business for the Performance Period exceed the cumulative EBITDA target shown on Schedule 1 for the Performance Period, there will be an additional bonus pool ("the Bonus Pool") equal to \$6,000,000 multiplied by 2.5

times the percentage by which actual EBITDA of the Business for the Performance Period exceeded the cumulative EBITDA target (I.E., \$248.4 million) for the Performance Period. For example, if actual EBITDA exceeded the EBITDA target by 10%, there would be a Bonus Pool of \$1,500,000 ($\$6,000,000 \times 25\%$).

4. PARTICIPATION. (a) Prior to each period or year set forth on Schedule 1, each participant will be assigned a goal amount, expressed in dollars, as his or her share of the Base Pool for each such period and year (a "Goal Amount"). The Base Pool for each period or year and the corresponding aggregate Goal Amounts assigned to all participants for each period or year will be \$1,000,000. The Goal Amount for each participant will be proposed by the President of the Business and approved by the Chief Executive Officer of Brunswick.

(b) Schedule 2 establishes a service period requirement for each participant with respect to his or her Goal Amounts for each year. Any participant whose employment by the Business or Brunswick (or any entity that is an affiliate of Brunswick either (a) by being so designated by Brunswick or (b) by reason of Brunswick's direct or indirect ownership of at least a 51%

equity interest) terminates during a service period shall forfeit that portion (indicated on Schedule 2) of his or her assigned Goal Amounts for the year of termination and any subsequent years. For example, a participant who receives a \$50,000 Goal Amount for 1998 and whose employment terminates on September 15, 1999 would retain a \$25,000 Goal Amount (based on his employment during all of 1998) and would forfeit the remaining \$25,000 Goal Amount (because he failed to serve during all of 1999). Exceptions from the foregoing service requirement may be made in the sole discretion of the Chief Executive Officer of Brunswick and shall be made for a participant to the extent expressly provided in his or her employment agreement with the Business or Brunswick. Forfeited Goal Amounts for a Base Pool year shall

be reallocated to those other participants having Goal Amounts in such year who satisfy (or who are deemed, pursuant to an employment agreement with the Business or Brunswick, to have satisfied) 100% of the applicable service period requirements for such year in proportion to their respective Goal Amounts for such year.

5. DISTRIBUTIONS. A participant's distribution under the Plan will equal:

(a) the product of (i) all of his or her Goal Amounts (including any Goal Amounts reallocated pursuant to the last sentence of Section 4(b)), multiplied by (ii) a fraction, the numerator of which is the Base Pool earned by all participants in accordance with Section 3(a) and the denominator of which is \$6,000,000, plus

(b) the product of (i) the Bonus Pool earned multiplied by (ii) a fraction, the numerator of which is the participant's Goal Amounts earned (as determined pursuant to Section 5(a)) and the denominator of which is the aggregate of all Goal Amounts earned by all participants.

All distributions under the Plan will be made in a lump sum and shall be paid not more than thirty (30) days after the EBITDA for the year ended December 31, 2002 have been determined. Notwithstanding anything to the contrary in this Section 5, no participant shall receive (i) any distribution under the Plan if such participant shall have disqualified himself or herself under the Plan in the manner contemplated by Section 11, or (ii) any distribution from the Bonus Pool if such participant shall not have satisfied his or her service period requirements pursuant to Section 4(b) for the shorter

of: (x) twelve full calendar quarters after his or her first Goal Amount award (treating, for this purpose, all Goal Amounts awarded in the first forty-five (45) days after the adoption of the Plan as having been awarded before the calendar quarter beginning July 1, 1997), (y) the period from the date of his or her first Goal Amount award to the date of his or her retirement from employment with Brunswick on or after his or her 65th

birthday, or (z) the period from the date of his or her first Goal Amount award to the date of the termination of the Plan. Any amounts not received by any participant as a result of the preceding sentence shall be reallocated among other participants in the discretion of the President of the Business, subject to the approval of the Chief Executive Officer of Brunswick.

6. TAXES. All payments under the Plan will be subject to, and net of, all required withholding taxes.

7. NO EMPLOYMENT RIGHTS. Nothing in the Plan shall interfere or limit in any way the right of Brunswick to terminate any participant's employment at any time, nor confer upon any participant any right to continue in the employ of Brunswick for any period of time or to continue his or her present or any other rate of compensation.

8. ADMINISTRATION. The Plan shall be administered by the Chief Executive Officer of Brunswick or his designee. All EBITDA calculations shall be confirmed by Brunswick's independent auditors.

9. AMENDMENT OF PLAN. The Board of Directors of Brunswick may amend the Plan at any time, but no such amendment shall impair the rights of any participant affected thereby, it being agreed that no agreed-upon adjustment contemplated by footnote 2 of Schedule 1 shall be deemed to be an amendment of the Plan.

10. TERMINATION OF PLAN UPON A CHANGE IN CONTROL. If an event (an "Event") shall occur with respect to either Brunswick or the Business such that the "Change in Control" provisions in Brunswick's 1991 Stock Plan are applicable (or would be applicable if such provisions applied to the acquisition of the Business), a lump sum cash payment shall be made to the participants immediately prior to such Event (or as soon as practicable after all necessary EBITDA calculations have been determined), and the Plan shall terminate upon such payment. Such

payment shall be determined and made in accordance with the provisions of Sections 3, 4 and 5 above, except that:

(i) the Base Pool shall be the sum of (x) the product of (A) \$1,000,000 multiplied by (B) the number of full calendar years of service (treating the period of July 9, 1997 through December 31, 1997 as a full calendar year) that had been completed on or before the date of such Event and (y) the product of (A) \$250,000 multiplied by (B) the number of full calendar quarters of service that had been completed on or before the date of such Event during the calendar year of the Event;

(ii) the cumulative EBITDA target shall be reduced from \$248.4 million to the sum of (x) the aggregate of the EBITDA targets shown on Schedule 1 for such elapsed full calendar years and (y) a prorated portion of the EBITDA target for the calendar year of the Event based on the number of full calendar quarters of service that had been completed on or before the date of such Event;

(iii) the Bonus Pool shall be calculated in accordance with Section 3(b), except that the amount determined under clause (i) above shall be substituted for the \$6,000,000 amount, and the amount calculated under clause (ii) shall be substituted for the \$248.4 million amount, set forth in Section 3(b);

(iv) for purposes of satisfying a participant's service period requirements for prior calendar years, such participant's service from the beginning of the calendar year to the date of the Event shall be considered to be service for the full calendar year of the Event;

(v) the Base Pool for each year or quarter shall be allocated among the participants in accordance with Section 4 (treating a participant's service from the beginning of the calendar year of the Event through the date of the Event as service for a full calendar year for purposes of the participant's service requirements for the year of the Event); and

(vi) any Bonus Pool (as calculated under clause (iii) above) shall be allocated among the participants based on their respective Goal Amounts earned in accordance with Section 5 above and this Section 10.

For example, if such an Event were to occur on September 15, 1999, the Base Pool would be \$2,500,000; the Bonus Pool would be determined by reference to the actual cumulative EBITDA of the Business as of June 30, 1999; participants employed through the date of the Event will be deemed to have satisfied their 1999 service period requirements for their Goal Amounts for 1997, 1998 and 1999; the Base Pool for each of 1997, 1998 and 1999 would be allocated among the

participants in accordance with Section 4 above; and the Bonus Pool would be allocated in accordance with Section 5 above.

11. DISQUALIFICATION BY A PARTICIPANT. Notwithstanding anything to the contrary in the Plan or in any employment or other agreement between a

participant and Brunswick, the following actions or activities undertaken by a participant, after such participant's termination of employment with Brunswick, without the prior written consent of Brunswick, shall disqualify such participant from any and all distributions under the Plan:

(i) making material, disparaging statements about the Business or the directors, officers or employees of Business to the press or by other means intended or reasonably expected to have wide circulation and distribution to the public or within the industries in which Brunswick does business; provided that this Section 11(a) shall not apply to truthful testimony as a witness, compliance with other legal obligations or truthful assertion of or defense against any claim of breach of the Plan or any agreement between such participant and Brunswick, or to the participant's truthful statements or disclosures to officers or directors of Brunswick, and shall not require the participant to make false statements or disclosures;

(ii) personally taking (or personally causing others to take) any action to use material confidential information of the Business, or divulge, disclose or make available or accessible any material confidential information of the Business to any person, firm, partnership, corporation, trust or other entity (other than when required to do so by a lawful order of a court of competent jurisdiction);

(iii) at any time during the three-year period beginning with the date of the participant's termination of employment with Brunswick, being employed by, or otherwise participating or engaging in any capacity in, any business or activity that competes to a material extent with the Business (in the locations where, and in the nature that, the Business was operated on the date of such participant's termination of employment by Brunswick); provided that a participant shall not be deemed to be in violation of this clause merely by reason of being the owner of up to 5% of the outstanding stock (or other form of equity interest) in any corporation or entity, provided the participant does not have the power to control or direct the management or affairs of such corporation or entity; or

(iv) at any time during the three-year period beginning with the date of the participant's termination of employment with Brunswick, personally taking (or personally causing others to take) any action to (a) solicit or divert any material business or customers away from the Business, (b) induce material customers,

potential customers, suppliers, agents or other persons under contract or otherwise associated or doing business with the Business to terminate, reduce or alter any such association or business, or (c) induce any key executive of the Business to (x) terminate employment with Brunswick or (y) accept employment with anyone other than Brunswick or a subsidiary or affiliate of Brunswick.

The provisions of this Section 11 are intended to be separate and divisible, and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Section 11 or the Plan shall thereby be affected. Brunswick and the participants intend that, if this Section 11 is considered to have created any potential restrictions on the participant's future employment, such restrictions be reasonable in duration and geographic scope and in all other respects. If, for any reason, any court of competent jurisdiction shall find

any provision of this Section 11 to be unreasonable in duration or geographic scope or otherwise, the participant and Brunswick agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

If senior management of Brunswick or the Business become aware of any actions or activities by any participant that would form the basis for a disqualification of such participant under this Section 11, Brunswick will provide such participant (a) reasonably prompt notice of such activities and of their effect on such participant's qualification for distributions under the Plan, (b) a reasonable period to cure such activities or the impact of such activities (if such a cure is possible under the circumstances, such as by the prompt sale of an equity interest in excess of 5%), and (c) reasonably prompt notice of its determination that a disqualification under this Section 11 has occurred. Any such determination shall be made by the President of the Business, subject to the approval of the Chief Executive Officer of Brunswick, and shall be final and binding on the participant and Brunswick.

EXHIBIT C

LIFE FITNESS MANAGEMENT BONUS PLAN

1. PURPOSE. The purpose of the Life Fitness Management Bonus Plan (the "Plan") of Brunswick Corporation ("Brunswick") is to motivate and reward senior executives and other management employees of Brunswick's Life Fitness Business (the "Business") for the achievement of specified annual financial and personal goals.

2. ELIGIBILITY. Initially for the period ending December 31, 1997, all executives who participated under the prior Life Fitness annual bonus plan are eligible to participate in the Plan. The President of the Business may designate additional participants for full or prorated participation by July 1 of each year subject to the approval of the Chief Executive Officer of Brunswick.

3. PARTICIPATION LEVELS. Participation levels will be as follows:

<TABLE>
<CAPTION>

	Total	Personal Objectives	Financial Objectives
<S>	<C>	<C>	<C>
President	50% of base salary at target	20%	80%

Exec. V.P.	40% of base salary at target	20%	80%
V.P.	30-40% of base salary	20%	80%
Director	20-30% of base salary at target	up to 50%	at least 50%

</TABLE>

Base salary is defined as a participant's salary at the beginning of the year of the performance period.

4. MEASUREMENT OF TARGETS. The plan will have two sets of objectives: financial and personal.

The Financial Objective will be a specified amount of annual earnings before interest, taxes, depreciation and amortization ("EBITDA") of the Business as established and approved by the Brunswick Human Resource and Compensation Committee and as adjusted pursuant to Section 5 below.

The following relationship applies to the portion of the annual bonus earned for Financial Objective:

<TABLE>
<CAPTION>

Performance Result	Final Payout of the Financial Objective
-----	-----
<S> 90%	<C> 50%
95%	80%
100% - target	100%
105%	125%
110%	150%
115%	175%
120% and above	200%

</TABLE>

The Personal Objective will consist of organizational goals set by and evaluated by the Chief Executive Officer of Brunswick (or his designee). At least 90% of the financial target must be achieved before any amount can be earned for Personal Objectives.

For 1997, there shall be no Personal Objectives, so that the entire bonus for the year shall be based solely on Financial Objectives (with increases or decreases from target based on performance against such Financial Objectives calculated as if 80% of such bonus were the entire bonus payable).

5. ADJUSTMENTS TO EBITDA. The following adjustment will be considered in determining the EBITDA performance for purposes of this Plan:

a. EBITDA calculations shall exclude purchase accounting for the Life Fitness acquisition and the cost of the Bonus Pool earned for the Life Fitness

Long Term Incentive Plan.

b. Acquisitions, working capital increases, and capital investments in excess of core plan will require agreed-upon adjustments to the EBITDA targets.

c. No charge will be made to EBITDA for amounts accrued under the Life Fitness Option Roll-Over Plan.

6. PAYMENT. All Bonus payments hereunder shall be paid in a lump sum and not more than thirty (30) days after the EBITDA for the relevant year have been determined. No Bonus payments shall be made to any participant who is not employed by the Business or Brunswick as of December 31st of the year for which the Bonus payment is made; provided, however, that a holder of Rights who (x) prior to December 31st of any such year, leaves employment by the Business or Brunswick and promptly thereafter commences employment by any entity that is an affiliate of Brunswick either (A) by being so designated by Brunswick or (B) by reason of Brunswick's direct or indirect ownership of at least a 51% equity interest and (y) remains employed by such entity on December 31st of such year, shall be paid a prorated Bonus.

7. ADMINISTRATION. The Plan will be administered by the Chief Executive Officer of Brunswick or his designee. All EBITDA calculations shall be confirmed by Brunswick's independent auditors.

8. TAXES. All payments under the Plan will be subject to, and net of, all required withholding taxes.

9. NO EMPLOYMENT RIGHTS. Nothing in the Plan shall interfere or limit in any way the right of Brunswick to terminate any participant's employment at any time, nor confer upon any participant any right to continue in the employ of Brunswick for any period of time or to continue his or her present or any other rate of compensation.

10. AMENDMENT OF PLAN. The Board of Directors of Brunswick may amend the Plan, but no such amendment shall impair the rights of any participant affected thereby, it being agreed that no agreed-upon adjustment contemplated by Section 5(b) shall be deemed to be an amendment of the Plan. Nothing in this Section 10 shall prevent the Board of Directors of Brunswick from terminating the Plan for any future year.

1. This is the Life Fitness Option Roll-Over Plan (the "Plan") of Brunswick Corporation ("Brunswick").

2. ELIGIBILITY AND RIGHTS. The participants in the Plan are the employees of Brunswick's Life Fitness Business (the "Business") identified on Schedule 1 hereto who have agreed, at Brunswick's request, to waive exercise of certain options (the "Waived Options") to purchase partnership interests in The Life Fitness Companies, L.P., a Delaware limited partnership ("LFC"). In consideration for such waivers, such employees will receive a number of Brunswick Life Fitness Participation Rights ("Rights") equal to the number of partnership interests purchasable upon exercise of such Waived Options less a number equal to the aggregate exercise price of such Waived Options divided by the Initial Right Value (as hereinafter defined).

3. VALUE OF RIGHTS. (a) The initial value of each Right ("Initial Right Value") at any time prior to June 30, 1998 will be (i) the Implicit Purchase Price determined as provided on Schedule 2 hereto divided by (ii) 11,081,380. The value of each Right at any time after June 29, 1998 and prior to December 31, 2003 will be the cumulative earnings before interest, taxes, depreciation and amortization ("EBITDA") of Brunswick's Life Fitness business for the four most recently completed calendar quarters then ended, divided by 1,108,138.

(b) In addition, after the first calendar year in which EBITDA is at least \$31,000,000, the value of each Right will be increased by an amount equal to (a) the Final Adjusted Purchase Price determined as provided on Schedule 2 hereto reduced by ten times the earnings before interest, taxes, depreciation, amortization and non-business related expenses listed on Schedule 3 hereto (subject to final verification of such amounts listed on Schedule 3 by Arthur Andersen

LLP) of Life Fitness, a New York general partnership, for the twelve months ended June 30, 1997, as finally verified by Arthur Andersen LLP, divided by (b) 11,081,380.

(c) Any holder of Rights may irrevocably elect, on or prior to July 1, 2002, to have the value of each of his or her outstanding Rights determined by reference to the aggregate EBITDA of the Business for the fiscal years ended December 31, 2002 and 2003. In such case, the value of such rights shall be such aggregate EBITDA for such years divided by 2,216,276.

(d) If an event (an "Event") shall occur with respect to the

Business or Brunswick such that the "Change in Control" provisions in Brunswick's 1991 Stock Plan would be applicable (or would be applicable if such provisions applied to the acquisition of the Business) prior to the termination of the Plan, any holder of Rights may elect to be paid the value of all of his or her Rights at the time of such Event. In such case, the value of each such Right shall be (i) the EBITDA of the Business for the four most recently completed calendar quarters divided by 1,108,138 or (ii) if the Event is with respect to the Business (and not with respect to Brunswick), the aggregate consideration received by Brunswick for the Business divided by 11,081,380; PROVIDED; HOWEVER, that clause (ii) shall only apply if (x) such calculation produces a higher amount than under clause (i) above and (y) the aggregate consideration received by Brunswick for the Business is greater than Brunswick's purchase price for the Business.

(e) The following parameters shall be followed when computing EBITDA for any period:

1. EBITDA calculations shall exclude purchase accounting for the Life Fitness acquisition and the cost of the Bonus Pool earned for the Life Fitness Long Term Incentive Plan.

2. Acquisitions, working capital increases and capital investments in excess of core plan will require agreed-upon adjustments.

3. No charge will be made to EBITDA for amounts accrued or payable under the Life Fitness Option Roll-Over Plan.

4. PAYMENT FOR RIGHTS. (a) At any time after July 1, 2000, each holder of Rights may elect to be paid the value of up to 50% of his or her Rights based on EBITDA for the prior four most recently completed calendar quarters. Upon receipt of such payment, a corresponding portion of such holder's outstanding Rights shall be canceled.

(b) Each holder will receive the value of all of his or her outstanding Rights (i) as contemplated by Section 5 of the Plan in the event of an early termination of employment, (ii) if the holder has not made either of the elections contemplated by Sections 3(c) or (d), after the date on which the EBITDA for the fiscal year ended December 31, 2002 are determined; (iii) if the holder has made the election contemplated by Section 3(c), after the date on which the EBITDA for the fiscal year ended December 31, 2003 are determined; or (iv) if the holder has made the election contemplated by Section 3(d), on the date of the Event.

(c) All payments hereunder for Rights will be paid in a lump sum no

later than the later of (i) thirty (30) days after (x) the date of his or her election under Section 4(a) or (y) the applicable date under Section 4(b), or (ii) ten (10) days after the applicable EBITDA have been determined.

5. **DISABILITY, RETIREMENT, DEATH OR TERMINATION.** (a) A holder of Rights who dies, who retires after attaining age 65, who becomes permanently disabled, or who has an employment agreement with the Business or Brunswick and terminates employment with the Business or Brunswick for Good Reason (as defined in such employment agreement) or whose employment is terminated by the Business or Brunswick without cause prior to July 9, 1998 will be paid the full value of his or her Rights determined in accordance with Section 3 at the time of his or her death, retirement, disability, or termination of employment. A holder of Rights whose employment with

the Business or Brunswick is terminated for any other reason prior to July 9, 1998 will forfeit all of his or her Rights. A holder of Rights whose employment with the Business or Brunswick is terminated on or after July 9, 1998 will be paid the full value of his or her Rights determined in accordance with Section 3 at the time of termination. For purposes of the preceding two sentences, a holder of Rights who (x) prior to July 9, 1998, leaves employment by the Business or Brunswick and promptly thereafter commences employment by any entity that is an affiliate of Brunswick either (A) by being so designated by Brunswick or (B) by reason of Brunswick's direct or indirect ownership of at least a 51% equity interest and (y) remains employed by such entity on July 9, 1998, shall be deemed to have terminated employment with the Business or Brunswick on July 10, 1998.

(b) Any Rights forfeited by a holder pursuant to the second sentence of Section 5(a) shall be reallocated among the employees of the Business by the President of the Business, subject to the approval of the Chief Executive Officer of Brunswick.

6. **NON-TRANSFERABILITY OF RIGHTS.** Except with respect to transfers to estates, conservators, guardians, other legal representatives, or except as otherwise consented to by Brunswick, or except as otherwise provided herein, the Rights and rights to payment therefor cannot be transferred, assigned, pledged or hypothecated in any way whether by operation of law or otherwise. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any Rights shall be null and void.

7. ADMINISTRATION. The Plan will be administered by the Chief Executive Officer of Brunswick or his designee. All EBITDA calculations shall be confirmed by Brunswick's independent auditors.

8. TAXES. All payments under the Plan will be subject to, and net of, all required withholding taxes.

9. NO EMPLOYMENT RIGHTS. Nothing in the Plan shall interfere or limit in any way the right of Brunswick to terminate any participant's employment at any time, nor confer upon any participant any right to continue in the employ of Brunswick for any period of time or to continue his or her present or any other rate of compensation.

10. AMENDMENT OF PLAN. The Board of Directors of Brunswick may amend the Plan, but no such amendment of the Plan shall impair the rights of any participant affected thereby, it being agreed that no agreed-upon adjustment contemplated by Section 3(e)(2) shall be deemed to be an amendment of the Plan.

Dated as of July 1, 1997

EXHIBIT 12

BRUNSWICK CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (DOLLARS IN MILLIONS)

<TABLE>
 <CAPTION>

	YEAR ENDED DECEMBER 31,						
	1997	1996	1995	1994	1993		
	----	----	----	----	----		
	<C>	<C>	<C>	<C>	<C>		
EARNINGS AS ADJUSTED							
Earnings from continuing operations before extraordinary item and cumulative effect of accounting changes		151.2	185.8	133.6	127.1	53.8	
Income tax provision	85.0	104.5	73.2	68.2	31.6		
Interest expense	51.3	33.4	32.5	28.5	27.2		
Interest portion of rent expense	10.7	9.8	7.2	7.1	7.5		
Equity in earnings of less-than 50% owned affiliates		0.2	-	0.1	-	0.2	
Dividends received from less-than 50% owned affiliates		-	-	-	-	-	
	-----	-----	-----	-----	-----		
	298.4	333.5	246.6	230.9	120.3		
	-----	-----	-----	-----	-----		
	-----	-----	-----	-----	-----		
FIXED CHARGES							
Interest expense	51.3	33.4	32.5	28.5	27.2		
Interest portion of rent expense	10.7	9.8	7.2	7.1	7.5		
Capitalized interest	-	-	-	-	0.4		
	-----	-----	-----	-----	-----		
	62.0	43.2	39.7	35.6	35.1		
	-----	-----	-----	-----	-----		
	-----	-----	-----	-----	-----		
RATIO OF EARNINGS TO FIXED CHARGES (a)			4.8x	7.7x	6.2x	6.5x	3.4x
	-----	-----	-----	-----	-----		

</TABLE>

(a) For computation of the ratio of earnings to fixed charges, "earnings" have been calculated by adding fixed charges (excluding capitalized interest) to earnings from continuing operations before income taxes and then deducting the undistributed earnings of affiliates. Fixed charges consist of interest expense, estimated interest portion of rental expense and capitalized interest.

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

The following corporations are direct or in-direct wholly-owned subsidiaries of Brunswick Corporation:

	Place of Incorporation -----
American Outdoor Recreation, Inc.	Delaware
Appletree Ltd.	Bermuda
Baja Marine Corporation	Delaware
Bayliner Marine Corporation	Delaware
Boston Whaler, Inc.	Delaware
Brunswick AG	Switzerland
Brunswick Bowling & Billiards Corporation	Delaware
Brunswick Bowling & Billiards Mexico, S.A. de C.V.	Mexico
Brunswick Bowling & Billiards (U.K.) Limited	England
Brunswick Bowling e Billiards Industria e Comercia Ltda.	Brazil
Brunswick Bowling GmbH	West Germany
Brunswick Bowling Pin Corporation	Delaware
Brunswick Centres, Inc.	Ontario
Brunswick GmbH	West Germany
Brunswick International (Canada) Limited	Ontario
Brunswick International GmbH	West Germany
Brunswick International Holdings, Inc.	Delaware
Brunswick International Limited	Delaware
Brunswick International Sales Corporation	U.S. Virgin Islands
Brunswick Technology Corporation	Delaware
Centennial Assurance Company, Ltd.	Bermuda
DBA Products Co., Inc.	Illinois
Escort Trailer Corporation	Washington
Igloo Holdings Inc.	Delaware
Igloo Products Corp.	Delaware
Jupiter Marine, Inc.	Delaware
Leiserv, Inc.	Delaware
Life Fitness (U.K.) Limited	United Kingdom
Marine Power Australia Pty. Limited	Australia
Marine Power Europe, Inc.	Delaware
Marine Power International Limited	Delaware
Marine Power International Pty. Limited	Delaware
Marine Power Italia S.p.A.	Italy
Marine Power New Zealand Limited	Delaware
Marine Xpress Corporation	Delaware
Mercury Marine Limited	Ontario
Mercury Marine Sdn Bhd	Malaysia

	Place of Incorporation -----
Normalduns B.V.	Netherlands
OBC International Holdings Inc.	Delaware
Productos Marine de Mexico, S.A. de C.V.	Mexico
Quality Bowling Corporation	California
Ray Industries, Inc.	Arizona
SBC International Holdings Inc.	Delaware
Sea Ray Boats Europe B.V.	Netherlands
Sea Ray Boats, Inc.	Arizona
Sea Ray Boats, Inc.	Florida
Skokie Investment Corporation	Delaware
Starcraft Power Boats Corp.	Delaware
Wintergreen Finance, Inc.	Delaware
Zebco Corporation	Delaware
Zebco Sales Corporation	Delaware

Zebco Sports Deutschland GmbH
Zebco Sports France S.A.

Germany
France

In addition, Brunswick Corporation owns 50% of the outstanding stock of Nippon Brunswick Kabushiki Kaisha, a Japanese corporation.

The names of a number of subsidiaries have been omitted. Such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

EXHIBIT 24.1

POWER OF ATTORNEY

The undersigned director and officers of Brunswick Corporation, a Delaware corporation (the "Company"), do hereby nominate, constitute and appoint Peter B. Hamilton and Victoria J. Reich and each of them individually, the true and lawful attorney or attorneys of the undersigned, with power to act with or without the others and with full power of substitution and resubstitution, to execute in the name and on behalf of the undersigned as directors and officers of the Company, the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 1997 and any and all amendments thereto; and each of the undersigned hereby ratifies and approves all that said attorneys or any of them shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney in one or more counterparts on the date set opposite his name.

<TABLE>

<CAPTION>

Capacity -----	Signature -----	Date ----
<S>	<C>	<C>
Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and Director	/s/ Peter N. Larson ----- Peter N. Larson	February 10, 1998
Senior Vice President and Chief Financial Officer (Principal Financial Officer)	/s/ Peter B. Hamilton ----- Peter B. Hamilton	February 10, 1998
Vice President and Controller (Principal Accounting Officer)	/s/ Victoria J. Reich ----- Victoria J. Reich	February 10, 1998
Director	/s/ Nolan D. Archibald ----- Nolan D. Archibald	February 10, 1998
Director	/s/ Jeffrey L. Bleustein ----- Jeffrey L. Bleustein	February 10, 1998
Director	/s/ Michael J. Callahan ----- Michael J. Callahan	February 10, 1998

</TABLE>

<TABLE>

<CAPTION>

Capacity -----	Signature -----	Date ----
<S>	<C>	<C>
Director	/s/ Manuel A. Fernandez ----- Manuel A. Fernandez	February 10, 1998
Director	/s/ Peter Harf ----- Peter Harf	February 10, 1998
Director	/s/ George D. Kennedy -----	February 10, 1998

George D. Kennedy

Director	<u>/s/ Jay W. Lorsch</u> Jay W. Lorsch	February 10, 1998
Director	<u>/s/ Rebecca P. Mark</u> Rebecca P. Mark	February 25, 1998
Director	<u>/s/ Bettye Martin Musham</u> Bettye Martin Musham	February 10, 1998
Director	<u>/s/ Jack F. Reichert</u> Jack F. Reichert	February 10, 1998
Director	<u>/s/ Kenneth Roman</u> Kenneth Roman	February 10, 1998
Director	<u>/s/ Roger W. Schipke</u> Roger W. Schipke	February 25, 1998

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<EPS-DILUTED>	1.50

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<TABLE> <S> <C>

<ARTICLE> 5

<RESTATED>

<MULTIPLIER> 1,000

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<PERIOD-END>	JUN-30-1997	SEP-30-1997	DEC-31-1996	DEC-31-1996	DEC-31-1995
<CASH>	110,800	81,800	238,500	344,300	
<SECURITIES>	0	0	3,600	11,200	
<RECEIVABLES>	527,900	481,400	344,100	270,100	
<ALLOWANCES>	18,500	19,200	17,200	16,900	
<INVENTORY>	535,400	582,900	444,900	386,600	
<CURRENT-ASSETS>	1,380,500	1,392,900	1,241,800	1,248,100	
<PP&E>	1,375,400	1,426,000	1,306,300	1,177,000	
<DEPRECIATION>	636,700	656,100	620,900	594,100	
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<BONDS>	458,600	653,600	455,400	312,800	
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<OTHER-SE>	1,248,600	1,221,000	1,120,800	966,200	
<TOTAL-LIABILITY-AND-EQUITY>	2,930,500	3,238,400	2,802,400	2,334,100	
<SALES>	1,849,800	2,726,300	3,160,300	2,906,300	
<TOTAL-REVENUES>	1,849,800	2,726,300	3,160,300	2,906,300	
<CGS>	1,307,000	1,934,600	2,285,000	2,099,200	
<TOTAL-COSTS>	1,307,000	1,934,600	2,285,000	2,099,200	
<OTHER-EXPENSES>	311,400	578,900	570,500	588,800	
<LOSS-PROVISION>	0	0	0	0	
<INTEREST-EXPENSE>	21,400	35,600	33,400	32,500	
<INCOME-PRETAX>	216,900	187,300	290,300	206,800	
<INCOME-TAX>	81,300	68,800	104,500	73,200	
<INCOME-CONTINUING>	135,600	118,500	185,800	133,600	
<DISCONTINUED>	0	0	0	600	
<EXTRAORDINARY>	0	0	0	7,000	
<CHANGES>	0	0	0	0	
<NET-INCOME>	135,600	118,500	185,800	127,200	
<EPS-PRIMARY>	1.37	1.20	1.89	1.33	
<EPS-DILUTED>	1.36	1.18	1.88	1.32	

</TABLE>