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

FORM 10-K

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

For the fiscal year ended **December 31, 2019**
or

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

For the transition period from ______________ to ______________
Commission file number 1-1043

BRUNSWICK
Brunswick Corporation

(Exact name of registrant as specified in its charter)

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

26125 N. Riverwoods Blvd., Suite 500 , Mettawa, IL 60045-3420
(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, par value $0.75 per share	BC	*New York Stock Exchange* *Chicago Stock Exchange*
6.500% Senior Notes due 2048	BC-A	*New York Stock Exchange*
6.625% Senior Notes due 2049	BC-B	*New York Stock Exchange*
6.375% Senior Notes due 2049	BC-C	*New York Stock Exchange*

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting stock of the registrant held by non-affiliates was $3,906,175,936. Such number excludes stock beneficially owned by executive officers and directors. This does not constitute an admission that they are affiliates.

The number of shares of Common Stock ($0.75 par value) of the registrant outstanding as of February 12, 2020 was 79,470,343.

DOCUMENTS INCORPORATED BY REFERENCE
Part III of this Report on Form 10-K incorporates by reference certain information that will be set forth in the Company's definitive Proxy Statement for the Annual Meeting of Shareholders scheduled to be held on May 6, 2020.

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December 31, 2019

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PART I

Item 1. Business

Brunswick Corporation is a Delaware corporation incorporated on December 31, 1907. We are a leading global designer, manufacturer, and marketer of recreational marine products including marine engines, boats, and parts and accessories for those products. Our engine-related products include: outboard, sterndrive, and inboard engines; trolling motors; propellers; engine control systems; electrical components and integrated systems; and marine parts and accessories. The boats we make include fiberglass sport boats, cruisers, sport fishing and center-console, offshore fishing, aluminum and fiberglass fishing, pontoon, utility, deck, inflatable, tow/wake, and heavy-gauge aluminum boats. We manufacture and supply parts and accessories for original equipment manufacturers, aftermarket parts and accessory retailers and distributors, and for internal production. Additionally, we explore, invest in, and develop growth opportunities in key strategically, synergistically, and technologically adjacent markets.

In 2019, we sold our Fitness business, including the active aging, rehabilitation and billiards lines, transitioning to a company focused on the recreational marine industry. We have leading positions in several important marine business lines, including propulsion, parts & accessories, boats, and shared access models. As the global leader in recreational marine, it is our intention to define the future of recreational boating through innovation and inspiration on the water. We will do this through an integrated strategy focused on:

- Introducing exceptional products across our strong array of brands;
- Promoting operational and quality excellence;
- Strengthening our relationships with our channel partners, suppliers, and employees;
- Developing customer-centric innovation in both products and services; and
- Establishing frictionless experience across consumer touchpoints.

Our integrated marine business strategy is supported by a balanced capital strategy that includes allocating capital to organic growth initiatives and strategic acquisition opportunities while also managing debt levels and maturities, maintaining strong cash and liquidity positions, and continuing to return capital to shareholders through dividends and share repurchases. These strategies support our aim to create exceptional experiences for our customers, expand participation in recreational boating, deliver industry transforming technology, and leverage our leading marine businesses to grow earnings and enhance shareholder value.

Consistent with our integrated marine business strategy, the Company is focused on four business pillars - Propulsion, Parts and Accessories (P&A), Boats and Business Acceleration. Effective January 1, 2020, we changed our management reporting and updated our reportable segments to Propulsion, P&A and Boat to align with our strategy. The Propulsion segment will contain both outboard and sterndrive engines, along with controls and riggings, which are closely associated with our propulsion businesses. The P&A segment will contain all other P&A categories, including engine parts and consumables, electrical products, boat parts and systems, and our distribution business. The Boat segment will continue to include Business Acceleration. For this Annual Report on Form 10-K, we are reporting our results according to our historical segments, Marine Engine and Boat.

Refer to **Note 6 – Segment Information** and **Note 3 – Discontinued Operations** in the Notes to Consolidated Financial Statements for additional information regarding our segments and discontinued operations.

Marine Engine Segment

The Marine Engine segment, which had net sales of $3,073.5 million in 2019, consists of the Mercury Marine Group (Mercury Marine). We believe our Marine Engine segment is a world leader in the manufacturing and sale of recreational marine engines and marine parts and accessories.

Mercury Marine manufactures and markets a full range of outboard, sterndrive, and inboard engine and propulsion systems under, among other brand names, Mercury, Mercury MerCruiser, Mercury Racing, and MotorGuide brands. Mercury Marine supplies integrated propulsion systems to the worldwide recreational and commercial marine markets. To promote advanced propulsion systems with improved handling, performance, and efficiency, Mercury Marine also designs, manufactures, and markets advanced boat steering and engine control systems.

Mercury Marine's outboard, sterndrive, and inboard engines are sold to independent boat builders, local, state, and foreign governments, and to Brunswick's Boat segment. In addition, Mercury Marine sells outboard engines through a global network of more than 6,000 marine dealers and distributors, specialty marine retailers, and marine service centers.

Mercury Marine manufactures four-stroke outboard engine models ranging from 2.5 to 450 horsepower. These low-emission engines comply with applicable U.S. Environmental Protection Agency (EPA) requirements. Mercury Marine's four-stroke outboard engines include Verado, a collection of outboards ranging from 250 to 400 horsepower, and Mercury Marine's naturally aspirated four-stroke outboards, ranging from 2.5 to 300 horsepower. Mercury Marine and Mercury Racing manufacture inboard and sterndrive engine models ranging from 115 to 1,750 horsepower. Mercury Marine also manufactures two-stroke, non-DFI engines for certain markets outside the United States. In addition, most of Mercury Marine's sterndrive and inboard engines are available with catalyst exhaust treatment and monitoring systems, and all are compliant with applicable U.S. state and federal environmental regulations. Mercury Marine also makes engines that comply with global emissions and noise regulations.

Mercury Marine continues to develop innovative products and technologies. In 2019, Mercury Marine jointly received the Most Innovative Marine Company Award from Soundings Trade Only media group for its introduction of groundbreaking new products and technologies, as well as its commitment to sustainability and diversity training. Mercury Marine also earned an International Forum Design (iF) award in 2019 in the Product Category for design excellence demonstrated by its V6 outboard line. Additionally in 2019, Wisconsin Manufacturers and Commerce awarded Mercury Marine the 2018 Manufacturer of the Year Award and the North American Die Casting Association awarded Mercury Marine the 2018 Casting of the Year Award for its 4.6-liter V8 outboard engine blocks.

Mercury Marine produces gasoline outboard and sterndrive engines domestically in Fond du Lac, Wisconsin. Mercury Marine manufactures 40, 50 and 60 horsepower four-stroke outboard engines in a facility in China, and produces smaller outboard engines in Japan pursuant to a joint venture with its partner, Tohatsu Corporation. Mercury Marine sources engine components from a global supply base and manufactures additional engine component parts at its Fond du Lac facility and plants in Florida and Mexico. Mercury Marine also operates a remanufacturing business for engines and service parts in Wisconsin.

For the ninth consecutive year, the Wisconsin Sustainable Business Council (Council) awarded Mercury Marine a “Green Masters” designation, a program measuring a broad range of sustainability issues including energy and water conservation, waste management, community outreach, and education. The designation highlights Mercury Marine's commitment to sustainability as discussed in its 2019 Sustainability Report, detailing specific goals related to energy, environment, products, and people, all of which goals Mercury Marine has met or exceeded. In addition, the Council awarded Mercury Marine the 2019 Sustainable Process Award for its responsible stewardship of aluminum. Also in 2019, Mercury Marine declared its Fond du Lac distribution operation as a "Zero Waste to Landfill Facility."

In addition to marine engines and propulsion systems, Mercury Marine manufactures, markets, and supplies parts and accessories for both marine and non-marine markets. These products are designed for and sold to original equipment manufacturers (including Brunswick brands) and aftermarket retailers, distributors, and distribution businesses. Branded propulsion-related parts and accessories include consumables, such as engine oils and lubricants, and propulsion-related parts and accessories such as propellers, controls, and riggings. Branded propulsion-related parts and accessories are sold under the Mercury, Mercury Precision Parts, Quicksilver, and Seachoice brand names.

The Company announced the formation of the Advanced Systems Group on December 10, 2019, which is effective starting on January 1, 2020. The Advanced Systems Group comprises the collection of brands acquired with Power Products in 2018 and certain other parts and accessories brands. The Advanced Systems Group will conduct business under the Ancor, Attwood, BEP, Blue Sea Systems, CZone, DelCity, Garelick, Lenco Marine, Marinco, Mastervolt, MotorGuide, ParkPower, Progressive Industries, ProMariner, and Whale brand names, including marine electronics and control systems, instruments, trolling motors, fuel systems, electrical systems, as well as specialty vehicle, mobile, and transportation aftermarket products.

Mercury Marine's distribution businesses include: Land 'N' Sea, Kellogg Marine Supply, Lankhorst Taselaar, BLA, and Payne's Marine Group. These businesses are leading distributors of marine parts and accessories throughout North America, Europe, and Asia-Pacific, offering same-day or next-day delivery service to a broad array of marine service facilities.

Intercompany sales to Brunswick's Boat segment represented approximately 10 percent of Mercury Marine's sales in2019. Domestic demand for the Marine Engine segment's products is seasonal, with sales generally highest in the second calendar quarter of the year.

Boat Segment

The Boat segment consists of the Brunswick Boat Group (Boat Group), which manufactures and markets the following types of boats: fiberglass sport boats, cruisers, sport fishing and center-console, offshore fishing, aluminum and fiberglass fishing, pontoon, utility, deck, inflatable, tow/wake, and heavy-gauge aluminum. The Boat segment also includes the Company's Business Acceleration group. We believe that the Boat segment, which had net sales of $1,333.8 million during 2019, is a world leader in the manufacturing and sale of pleasure motorboats.

The Boat Group manages Brunswick's boat brands; evaluates and optimizes the Boat segment's boat portfolio; promotes recreational boating services and activities to enhance the consumer experience and dealer profitability, including through its Business Acceleration initiatives; and speeds the introduction of new technologies into boat manufacturing and design processes.

The Boat Group includes the following boat brands: Sea Ray sport boats and cruisers; Bayliner sport cruisers, runabouts, and Heyday wake boats; Boston Whaler fiberglass offshore boats; Lund fiberglass fishing boats; Crestliner, Cypress Cay, Harris, Lowe, Lund, and Princecraft aluminum fishing, utility, pontoon boats, and deck boats; and Thunder Jet heavy-gauge aluminum boats. The Boat Group procures substantially all of its outboard engines, gasoline sterndrive engines, and gasoline inboard engines from Brunswick's Marine Engine segment.

The Boat Group also includes Brunswick boat brands based in Europe and Asia-Pacific, which include Quicksilver, Uttern, and Rayglass (including Protector and Legend), that are typically equipped with Mercury Marine engines and often include other parts and accessories supplied by Mercury Marine.

The Boat Group operates manufacturing facilities in Florida, Indiana, Minnesota, Missouri, Washington, Canada, Mexico, New Zealand, and Portugal. The Boat Group also uses two contract manufacturing facilities in Poland.

The Boat Group sells its products through a global network of nearly 1,300 dealers and distributors, with some dealers operating in more than one location and some dealers carrying more than one of our boat brands. Sales to the Boat Group's largest dealer, MarineMax, Inc., which has multiple locations and carries a number of the Boat Group's product lines, represented approximately 25 percent of Boat Group sales in 2019. Domestic demand for pleasure boats is seasonal, with sales generally highest in the second calendar quarter of the year.

Business Acceleration

Through innovative service models, shared access solutions and emerging technology, Business Acceleration, which is reported in our Boat segment, provides exceptional experiences which attract a wide range of consumers to the marine industry and shape the future of boating through several businesses.

Boating Services Network is our dealer finance and ancillary service business unit that provides floor plan finance through Brunswick Acceptance Company (USA) and Brunswick Commercial Finance (Canada), retail finance through Blue Water Finance and Mercury Repower Finance, retail extended warranties under the Passport and Passport Premier brands through Brunswick Product Protection Corporation, retail insurance through Boater's Choice Insurance, and close to 50 name brand marine dealer service providers through Brunswick Dealer Advantage. Each offering allows us to deliver a more complete line of financial services and product offerings to our boat and marine engine dealers and their customers. See the “Financing Joint Venture” section below for details about our related financing joint venture that operates closely with the Boating Services Network.

On May 21, 2019, Brunswick acquired Freedom Boat Club, the leading boat club network in North America. Freedom Boat Club is made up of over 210 company-owned and franchised boat club locations, primarily in North America, with three franchised locations in France. These locations sell memberships comprised of an initiation fee and ongoing monthly payment in exchange for which members gain shared access to their local club’s diverse fleet of boats and reciprocal privileges at other Freedom Boat Club locations around the world. We believe this boat club membership model provides access to the boating lifestyle in a way that attracts new entrants, keeps disaffected boaters in the fold, and helps grow the broader boating community. We anticipate a portion of boat club members will ultimately transition to boat ownership. The Freedom Boat Club business also provides a channel for sales of our boats, marine engines, parts & accessories, and various other of our services both at company-owned and franchised locations.

NAUTIC-ON, a smart technology and service system that helps boaters stay connected with their boats remotely by monitoring engine, battery and bilge pump status, and providing other advanced features, was launched in 2018 and now comes factory installed on certain Sea Ray and Boston Whaler models.

Financing Joint Venture

Through our Brunswick Financial Services Corporation subsidiary, we own a 49 percent interest in a joint venture, Brunswick Acceptance Company, LLC (BAC). Under the terms of the joint venture agreement (JV Agreement), BAC provides secured wholesale inventory floorplan financing to our boat and engine dealers. A subsidiary of Wells Fargo & Company owns the remaining 51 percent.

The JV Agreement runs through December 31, 2022. The JV Agreement contains a financial covenant that conforms to the maximum leverage ratio test in the Credit Facility described in **Note 16 – Debt** in the Notes to Consolidated Financial Statements. The JV Agreement contains provisions allowing for the renewal of the JV Agreement or the purchase of the other party's interest in the joint venture at the end of its term. Alternatively, either partner may terminate the JV Agreement at the end of its term.

Refer to **Note 10 – Financing Joint Venture** in the Notes to Consolidated Financial Statements for more information about our financial services.

Distribution

We utilize independent distributors, dealers, and retailers (Dealers) for the majority of our boat sales and significant portions of our sales of marine engines. We have over 16,000 Dealers serving our business segments worldwide. Our marine Dealers typically carry one or more of the following product categories: boats, engines, and related parts and accessories.

We own Land 'N' Sea, Kellogg Marine Supply, Payne's Marine Group, and Del City, which comprise the primary parts and accessories distribution platforms for our Marine Engine segment in North America. We believe that these businesses, collectively, are the leading distributors of marine parts and accessories throughout North America, with a network of distribution warehouses located throughout the United States and Canada offering same-day or next-day delivery service to a broad array of marine service facilities and Dealers. We also believe we are a leading parts and accessories distributor outside of North America.

Our Dealers are independent companies or proprietors that range in size from small, family-owned businesses to a large, publicly-traded corporation with substantial revenues and multiple locations. Some Dealers sell our products exclusively, while a majority also carry competitor and complementary products. We partner with our boat dealer network to improve quality, service, distribution, and delivery of parts and accessories to enhance the boating customer's experience.

Demand for a significant portion of our products is seasonal, and a number of our Dealers are relatively small and/or highly-leveraged. As a result, many Dealers secure floor plan financing from BAC or other third party finance companies, enabling them to stock product in advance of the peak selling season and provide stable channels for our products. In addition to the financing BAC offers, we may also provide our Dealers with incentive programs, loan guarantees, inventory repurchase commitments, and financing receivable arrangements, under which we are obligated to repurchase inventory or receivables from a finance company in the event of a Dealer's default. We believe that these arrangements are in our best interest; however, these arrangements expose us to credit and business risk. Our business units, along with BAC, maintain active credit operations to manage this financial exposure, and we continually seek opportunities to sustain and improve the financial health of our various distribution channel partners. Refer to **Note 8 – Financing Receivables** and **Note 13 – Commitments and Contingencies** in the Notes to Consolidated Financial Statements for further discussion of these arrangements.

Technology and Innovation

With the 2019 sale of our Fitness business, Brunswick transitioned into a company concentrated on leading the global marine industry with a sharpened focus and clear vision, consistently innovating the future of recreational boating. To support this goal, we have established a strong foundation of cross functional and cross business investments and initiatives to further improve customer interaction with our products and grow boating participation, including Freedom Boat Club, NAUTIC-ON, and VesselView Mobile. We continue to partner with TechNexus Holdings, LLC to identify and incubate innovative start-up ventures with strategic marine applications to help drive long-term growth.

International Operations

Non-U.S. sales are set forth in **Note 6 – Segment Information** and **Note 2 – Revenue Recognition** in the Notes to Consolidated Financial Statements and are also included in the table below, which details our non-U.S. sales by region:

(in millions)	2019	2018	2017
Europe	**$ 516.7**	$ 494.3	$ 420.7
Canada	**279.9**	287.3	288.1
Asia-Pacific	**274.9**	262.0	251.9
Rest-of-World	**165.8**	159.3	165.3
Total	**$ 1,237.3**	$ 1,202.9	$ 1,126.0
Total International Sales as a Percentage of Net Sales	**30%**	29%	29%

We transact a portion of our sales in non-U.S. markets in local currencies, while a meaningful portion of our product costs are denominated in U.S. dollars as a result of our U.S. manufacturing operations. As a result, the strengthening or weakening of the U.S. dollar affects the financial results of our non-U.S. operations.

Marine Engine segment non-U.S. sales represented approximately 74 percent of our non-U.S. sales in 2019. The segment's principal non-U.S. operations include the following:

- Distribution, sales, service, engineering, or representative offices in Australia, Belgium, Brazil, Canada, China, Dubai, Finland, France, Italy, Japan, the Netherlands, New Zealand, Norway, Russia, Singapore, Sweden, and Switzerland;
- Component, parts and accessories manufacturing, and light assembly facilities in Mexico, the Netherlands, New Zealand, and Northern Ireland;
- An outboard engine assembly plant in Suzhou, China; and
- An outboard engine assembly plant operated by a joint venture in Japan.

Boat segment non-U.S. sales comprised approximately 26 percent of our non-U.S. sales in 2019. The Boat Group manufactures or assembles a portion of its products in Canada, Mexico, New Zealand, and Portugal, as well as in boat plants owned and operated by third parties in Poland that perform contract manufacturing for us, which are sold mostly in international markets through Dealers. The Boat Group has sales or import offices in Belgium, Canada, France, Italy, the Netherlands, New Zealand, Norway, Poland, and Sweden. Of our boat sales in Canada and Europe, approximately 33 percent and 91 percent of the units, respectively, were produced in the region.

Raw Materials and Supplies

We purchase a wide variety of raw materials from our supplier base, including commodities such as aluminum, resins, oil, and steel, as well as product parts and components, such as engine blocks and boat windshields. The prices for these raw materials, parts, and components fluctuate depending on market conditions. Significant increases in the cost of such materials would raise our production costs, which could reduce profitability if we did not recoup the increased costs through higher product prices.

Our global procurement operations continue to better leverage purchasing power across our divisions and to improve supply chain and cost efficiencies. We mitigate commodity price risk on certain raw material purchases by entering into fixed priced contracts or derivatives to mitigate exposure related to changes in commodity prices.

Intellectual Property

We have, and continue to obtain, patent rights covering certain features of our products and processes. By law, our patent rights, which consist of patents and patent licenses, have limited lives and expire periodically. We believe that our patent rights are important to our competitive position in all of our business segments. Our trademark rights have indefinite lives, and many are well known to the public and are considered to be valuable assets. Most of our intellectual property is owned by U.S. entities.

In the Marine Engine segment, patent rights principally relate to features of outboard engines and inboard-outboard drives, hybrid drives, and pod drives, including: die-cast powerheads; cooling and exhaust systems; drivetrain, clutch, and gearshift mechanisms; boat/engine mountings; shock-absorbing tilt mechanisms; ignition systems; propellers; marine vessel control systems; fuel and oil injection systems; supercharged engines; outboard mid-section structures; segmented cowls; hydraulic trim, tilt and steering; screw compressor charge air cooling systems; a range of proprietary metal alloys; and airflow silencers.

In the Boat segment, patent rights principally relate to processes for manufacturing fiberglass hulls, decks, and components for boat products, as well as patent rights related to boat design, features and components.

In addition to "Brunswick," the following are our principal trademarks and brands:

Marine Engine Segment: Ancor, Attwood, Axius, BEP, Blue Sea Systems, CZone, Del City, FulTyme RV, Garelick, Kellogg Marine Supply, Land 'N' Sea, Lenco Marine, Marinco, Mariner, Mastervolt, MerCruiser, Mercury, Mercury Marine, Mercury Precision Parts, Mercury Propellers, Mercury Racing, MotorGuide, OptiMax, ParkPower, Power Products, Progressive Industries, ProMariner, Quicksilver, Seachoice, SeaPro, SmartCraft, Sport-Jet, Swivl-Eze, Talamex, Valiant, Verado, VesselView, Whale, and Zeus.

Boat Segment: Bayliner, Boston Whaler, Crestliner, Cypress Cay, Freedom Boat Club, Harris, Heyday, Legend, Lowe, Lund, Master Dealer, NAUTIC-ON, Princecraft, Protector, Quicksilver, Rayglass, Sea Ray, Thunder Jet, and Uttern.

Competitive Conditions and Position

We believe that we have a reputation for quality in each of our highly competitive lines of business. We compete in various markets by: utilizing efficient production techniques; developing and strengthening our leading brands; developing and promoting innovative technological advancements; undertaking effective marketing, advertising, and sales efforts; providing high-quality, innovative products at competitive prices; and offering extensive aftermarket products.

Strong competition exists in each of our product groups, but no single enterprise competes with us in all product groups. In each product area, competitors range in size from large, highly-diversified companies to small, single-product businesses. We also indirectly compete with businesses that offer alternative leisure products or activities.

The following summarizes our competitive position in each segment:

Marine Engine Segment: We believe the Marine Engine segment is a world leader in the manufacture and sale of recreational and commercial marine engines and marine parts and accessories. The marine engine market is highly competitive among several major international companies that comprise the majority of the market, including Japanese-based outboard engine manufacturers, as well as several smaller companies including Chinese manufacturers. Competitive advantage in this segment is a function of product features, technological leadership, quality, service, pricing, performance, manufacturing capabilities, depth of product portfolio, intuitive product controls, and durability, along with effective promotion and distribution. The parts & accessories and distribution market is highly competitive and fragmented. Our competitive advantage in this market includes our product breadth, proprietary parts and technology, nationwide distribution center network, sales team, delivery timing and service.

Boat Segment: We believe that the Boat segment is a world leader in the manufacture and sale of pleasure motorboats. There are several major manufacturers of pleasure and offshore fishing boats, along with hundreds of smaller manufacturers. However, few major manufacturers compete in the breadth of categories or geographies in which our Boat segment competes. Consequently, this business is highly competitive by category but also highly fragmented. In all of our boat operations, we compete on the basis of product features, technology, quality, brand strength, dealer service, pricing, performance, value, durability and styling, along with effective promotion and distribution. In addition, we believe Freedom Boat Club is the largest operator of boat club locations in North America with more than 210 locations, either company-owned or franchised. This operating model providers boaters a unique and lower cost means to participate in boating.

Number of Employees

The number of employees worldwide is shown below by segment:

	December 31, 2019		December 31, 2018	
	Total	Union (domestic)	Total	Union (domestic)
Marine Engine	**7,483**	**2,053**	7,719	2,402
Boat [A]	**5,016**	—	4,996	—
Corporate [B]	**329**	—	369	—
Total[C]	**12,828**	**2,053**	13,084	2,402

(A) Includes Freedom Boat Club employees at company-owned locations for 2019.
(B) Corporate numbers include (i) enterprise information technology employees, which numbered 151 as of December 31, 2019 and 186 as of December 31, 2018, and (ii) shared service employees.
(C) All employee numbers exclude third-party contractor employees supplying temporary labor

We believe that the relationships between our employees, labor unions, and the Company remain stable. The collective bargaining agreement between Mercury Marine and its largest union, the International Association of Machinists and Aerospace Workers (IAM) Lodge 1947, remains in place until August 26, 2023.

Discontinued Operations

Refer to **Note 3 – Discontinued Operations** in the Notes to Consolidated Financial Statements for additional information regarding discontinued operations.

Environmental Requirements

Refer to **Note 13 – Commitments and Contingencies** in the Notes to Consolidated Financial Statements for a description of certain environmental proceedings.

Available Information

Brunswick maintains an Internet website at http://www.brunswick.com that includes links to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, and Proxy Statements (SEC Filings). The SEC Filings are available without charge as soon as reasonably practicable following the time that they are filed with, or furnished to, the SEC. Shareholders and other interested parties may request email notification of the posting of these documents through the Investors section of our website. Brunswick's SEC Filings are also available on the SEC's website at http://www.sec.gov.

Item 1A. Risk Factors

The Company's operations and financial results are subject to certain risks and uncertainties, including those described below, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

Worldwide economic conditions significantly affect our industries and businesses, and economic decline can materially impact our financial results.

In times of economic uncertainty and contraction, consumers tend to have less discretionary income and to defer expenditures for discretionary items, which adversely affects our financial performance. Although we have expanded the portions of our portfolio that are dependent or substantially weighted toward the usage and maintenance of boats and engines versus the sale of new product and therefore less susceptible to economic cycles, a portion of the business remains cyclical and sensitive to personal spending levels.

Deterioration in general economic conditions that in turn diminishes consumer confidence or discretionary income may reduce our sales, or we may decide to lower pricing for our products, thus adversely affecting our financial results, including increasing the potential for future impairment charges. Further, most of our products are used for recreation, and consumers' limited discretionary income in times of economic hardship may be diverted to other activities that occupy their time, such as other forms of recreation, religious, cultural, or community activities. We cannot predict the timing or continued strength of global economies, either worldwide or in the specific markets in which we compete.

Failure to successfully implement our strategic plan and growth initiatives could have a material adverse effect on our business and financial condition.

Our ability to continue generating strong cash flow and profits depends partly on the sustained successful execution of our strategic plan and growth initiatives, including optimizing our business and product portfolio, making acquisitions, improving operating efficiency, and expanding into new adjacent markets and customers. To address risks associated with our plan and growth initiatives, we have established processes to regularly review, manage, and modify our plans, and we believe we have appropriate oversight to monitor initiatives and their impact. However, our strategic plan and growth initiatives may require significant capital investment and management attention, which could result in the diversion of these resources from the core business and other business issues and opportunities. Additionally, any new initiative is subject to certain risks, including customer acceptance, competition, the ability to manufacture products on schedule and to specification, the ability to create the necessary supply chain, and/or the ability to attract and retain qualified management and other personnel. There is no assurance that we will be able to develop and successfully implement our strategic plan and growth initiatives in a manner that fully achieves our strategic objectives.

Successfully managing our manufacturing activity is critical to our operating and financial results.

Over the past several years, we have made strategic capital investments in capacity expansion activities to successfully capture growth opportunities and enhance product offerings, including expansions at Mercury Marine in Fond du Lac, Wisconsin and Boston Whaler in Edgewater, Florida. We may also make decisions to reduce our manufacturing footprint in accordance with our business strategy. We have also implemented, or are in the process of implementing, several manufacturing efficiency enhancements that are important to our success. We must carefully manage these capital improvement projects, expansions, efficiency enhancements, and any manufacturing consolidation efforts to ensure they meet cost targets, comply with applicable environmental, safety, and other regulations, and uphold high-quality workmanship.

Moving production to a different plant, expanding capacity at an existing facility, or ceasing production at a facility involves risks, including difficulties initiating production within the cost and timeframe estimated, supplying product to customers when expected, integrating new products, and attracting sufficient skilled workers to handle additional production demands. If we fail to meet these objectives, it could adversely affect our ability to meet customer demand for products and increase the cost of production versus projections, both of which could result in a significant adverse impact on operating and financial results. Additionally, plant consolidation or expansion can result in manufacturing inefficiencies, additional expenses, including higher wages or severance costs, and cost inefficiencies, which could exceed projections and negatively impact financial results.

Changes to U.S. trade policy, tariffs, and import/export regulations may have a material adverse effect on our business, financial condition, and results of operations.

Changes in laws and policies governing foreign trade could continue to adversely affect our business. As a result of recent policy changes, there may be greater restrictions and economic disincentives on international trade. The new tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods, such as aluminum and steel. Although we were granted exclusion from Section 301 tariffs for Mercury Marine 40, 50, and 60 horsepower engines in 2018 effective through the end of 2019, these exclusions were not renewed for 2020 and the denial of exemption requests will negatively affect our business. We continue to be subject to meaningful other tariffs, and there is no assurance that we will be granted similar exclusions for these or other products in the future, or that we will not be subject to additional tariffs. Like many other multinational corporations, we do a significant amount of business that would be affected by changes to the trade policies of the U.S. and foreign countries (including governmental action related to tariffs and international trade agreements). Such changes have the potential to adversely impact the U.S. economy, our industry, and global demand for our products and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

Changes in currency exchange rates can adversely affect our results.

Some of our sales are denominated in a currency other than the U.S. dollar. Consequently, a strong U.S. dollar may adversely affect reported revenues and our profitability. We have hedging programs in place to reduce our risk to currency fluctuations; however, we cannot hedge against all currency risks, especially over the long term. We maintain a portion of our cost structure in currencies other than the U.S. dollar, which partially mitigates the impact of a strengthening U.S. dollar. This includes manufacturing operations for boats in Europe and Canada, and smaller outboard engines manufactured in China and purchased from our joint venture in Japan. We also continue to evaluate the supply chain and cost structure for opportunities to further mitigate foreign currency risks.

We sell products manufactured in the U.S. into certain international markets in U.S. dollars, including to Canada, Europe, and Latin America. Demand for our products in these markets may be diminished by a strengthening U.S. dollar, or we may need to lower prices to remain competitive. Some of our competitors with cost positions based outside the U.S., including Asian-based outboard engine manufacturers and European-based large fiberglass boat manufacturers, may have an improved cost position due to a strengthening U.S. dollar, which could result in pricing pressures on our products. Although these factors have existed for several years, we do not believe they have had a material adverse effect on our competitive position.

Our success depends upon the continued strength of our brands.

We believe that our brands, particularly including Mercury Marine, Sea Ray, Boston Whaler, and Lund significantly contribute to our success, and that maintaining and enhancing these brands is important to expanding our customer base. A failure to adequately promote, protect, and strengthen our brands could adversely affect our business and results of operations. Further, in connection with the divestiture of the bowling and billiards businesses, we licensed certain trademarks and servicemarks, including use of the name "Brunswick," to the acquiring companies. Our reputation may be adversely affected by the purchasers' inappropriate use of the marks or of the name Brunswick, including potential negative publicity, loss of confidence, or other damage to our image due to this licensed use.

Fiscal concerns and policy changes may negatively impact worldwide economic and credit conditions and adversely affect our industries, businesses, and financial condition.

Fiscal policy could have a material adverse impact on worldwide economic conditions, the financial markets, and availability of credit and, consequently, may negatively affect our industries, businesses, and overall financial condition. Customers often finance purchases of our products, particularly boats, and as interest rates rise, the cost of financing the purchase also increases. While credit availability is adequate to support demand and interest rates remain relatively low, there are fewer lenders, tighter underwriting and loan approval criteria, as well as greater down payment requirements than before the global recession. If credit conditions worsen, and adversely affect the ability of customers to finance potential purchases at acceptable terms and interest rates, it could result in a decrease in sales or delay improvement in sales.

Dealer or distributor inability to secure adequate access to capital could adversely affect our sales.

Our dealers require adequate liquidity to finance their operations, including purchasing our products. Dealers are subject to numerous risks and uncertainties that could unfavorably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis on reasonable terms. These financing sources are vital to our ability to sell products through our distribution network, particularly to boat and engine dealers. Entities affiliated with Wells Fargo & Company, including BAC, the Company's 49 percent owned joint venture, finance a significant portion of our boat and engine sales to dealers through floorplan financing to marine dealers.

Many factors continue to influence the availability and terms of financing that our dealer floorplan financing providers offer, including:

- their ability to access certain capital markets, such as the securitization and the commercial paper markets, and to fund their operations in a cost effective manner;
- the performance of their overall credit portfolios;
- their willingness to accept the risks associated with lending to marine dealers;
- the overall creditworthiness of those dealers; and
- the overall aging and level of pipeline inventories.

Our sales could be adversely affected if financing terms change unfavorably or if BAC were to be terminated. This could require dealers to find alternative sources of financing, including our direct financing to dealers, which could require additional capital to fund the associated receivables.

Our financial results could be adversely affected if we are unable to maintain effective distribution.

We rely on third-party dealers and distributors to sell most of our products. Maintaining a reliable network of dealers is essential to our success. We face competition from other manufacturers in attracting and retaining distributors and independent boat dealers. A significant deterioration in the number or effectiveness of our dealers and distributors could have a material adverse effect on our financial results.

Although at present we believe dealer health to be generally favorable, weakening demand for marine products could hurt our dealers' financial performance. In particular, reduced cash flow from decreases in sales and tightening credit markets may impair dealers' ability to fund operations. Inability to fund operations can force dealers to cease business, and we may be unable to obtain alternate distribution in the vacated market. An inability to obtain alternate distribution could unfavorably affect our net sales through reduced market presence. If economic conditions deteriorate, we anticipate that dealer failures or voluntary market exits would increase, especially if overall retail demand materially declines.

Adverse economic, credit, and capital market conditions could have a negative impact on our financial results.

We may rely on short-term capital markets to meet our working capital requirements, fund capital expenditures, pay dividends, or fund employee benefit programs and we maintain short-term borrowing facilities that can be used to meet these capital requirements. In addition, over the long term, we may determine that it is necessary to access the capital markets to refinance existing long-term indebtedness or to raise capital for other initiatives.

Adverse global economic conditions, market volatility, and regulatory uncertainty could lead to volatility and disruptions in the capital and credit markets. This could adversely affect our ability to access capital and credit markets or increase the cost to do so, which could have a negative impact on our business, financial results and competitive position.

In addition, our variable rate indebtedness and financing programs, including wholesale financing arrangements through BAC, may use LIBOR as a benchmark for establishing the rate. As announced in July 2017, LIBOR is expected to be phased out by the end of 2021. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely impact the availability and cost of borrowings.

Adverse weather conditions, climate events, or regulatory policies can have a negative effect on revenues.

Changes in seasonal weather conditions can have a significant effect on our operating and financial results. Sales of our marine products are typically stronger just before and during spring and summer, and favorable weather during these months generally has had a positive effect on consumer demand. Conversely, unseasonably cool weather, excessive rainfall, or drought conditions during these periods can reduce or change the timing of demand. Climate change could have an impact on longer-term natural weather trends, resulting in environmental changes including, but not limited to, increases in severe weather, changing sea levels, changes in sea, land and air temperatures, poor water conditions, or reduced access to water, could disrupt or negatively affect our business. Many of our customers use our products for fishing and related recreational activities. Regulatory or commercial policies and practices impacting access to water, including availability of slip locations and/or the ability to transfer boats among different waterways, access to fisheries, or the ability to fish in some areas could negatively affect demand for our products.

Catastrophic events, including natural and environmental disasters, could have a negative effect on our operations and financial results.

Hurricanes, floods, earthquakes, storms, and catastrophic natural or environmental disasters could disrupt our distribution channel, operations, or supply chain and decrease consumer demand. If a catastrophic event takes place in one of our major sales markets, our sales could be diminished. Additionally, if such an event occurs near our business locations, manufacturing facilities or key suppliers' facilities, business operations and/or operating systems could be interrupted. We could be uniquely affected by a catastrophic event due to the location of certain of our boat facilities in coastal Florida and the size of the manufacturing operation in Fond du Lac, Wisconsin.

Loss of key customers could harm our business.

In each segment, we have important relationships with key customers, such as White River Marine Group, LLC and MarineMax, Inc., and, from time to time, contracts with these customers come up for renewal. We cannot be certain we will renew such contracts, or renew them on favorable terms. If we lose a key customer, or a significant portion of its business, we could be adversely affected. In addition, certain customers could try to negotiate more favorable pricing of our products, which could depress earnings. In an effort to mitigate the risk associated with reliance on key customer accounts, we continually monitor such relationships and maintain a complete and competitive product lineup.

Our business and operations are dependent on the expertise of our key contributors, our successful implementation of succession plans, and our ability to attract and retain management employees and skilled labor.

The talents and efforts of our employees, particularly key managers, are vital to our success. Our management team has significant industry experience and would be difficult to replace. We may be unable to retain them or to attract other highly qualified employees. Failure to hire, develop, and retain highly qualified and diverse employee talent and to develop and implement an adequate succession plan for the management team could disrupt our operations and adversely affect our business and our future success. Although we cannot ensure that all transitions will be implemented successfully, we perform an annual review of management succession plans with the Board of Directors, including reviewing executive officer and other important positions to substantially mitigate the risk associated with key contributor transitions.

In 2019, we reorganized several of our operations and streamlined functions as part of the transformation to a marine-focused enterprise. Our ability to continue to execute our growth strategy could potentially be adversely affected by the effectiveness of these organizational changes or other, currently unanticipated executive or management changes that may be disruptive to, or cause uncertainty in, our business and future strategic direction. Any such disruption or uncertainty could have a material adverse impact on our business, results of operations, and financial condition.

Much of our future success depends on, among other factors, our ability to attract and retain skilled labor. If we are not successful in these efforts, we may be unable to meet our operating goals and plans, which may impact our financial results. We continually invest in automation and improve our efficiency, but with unemployment rates at low levels in many of the geographic areas in which we manufacture or distribute goods, availability of skilled hourly workers remains critical to our operations. In order to manage this risk, we regularly monitor and make improvements to wages and benefit programs, as well as develop and improve recruiting and training programs to attract and retain an experienced and skilled workforce.

A significant portion of our revenue is derived from international sources, which creates additional uncertainty.

We intend to continue to expand our international operations and customer base as part of our growth strategy. Sales outside the United States, especially in emerging markets, are subject to various risks, including government embargoes or foreign trade restrictions, foreign currency effects, tariffs, customs duties, inflation, difficulties in enforcing agreements and collecting receivables through foreign legal systems, compliance with international laws, treaties, and regulations, and unexpected changes in regulatory environments, disruptions in distribution, and dependence on foreign personnel and unions, economic and social instability, and public health crises, including the outbreak of pandemic or contagious disease, such as the novel coronavirus. In addition, there may be tax inefficiencies in repatriating cash from non-U.S. subsidiaries, or tax laws that affect this process may change.

Instability, including, but not limited to, political events, civil unrest, and an increase in criminal activity, in locations where we maintain a significant presence could adversely impact our manufacturing and business operations. Decreased stability poses a risk of business interruption and delays in shipments of materials, components, and finished goods, as well as a risk of decreased local retail demand for our products.

In addition, global political and economic uncertainty and shifts pose risks of volatility in global markets, which could affect our operations and financial results. Changes in U.S. policy regarding foreign trade or manufacturing may create negative sentiment about the U.S. among non-U.S. customers, employees, or prospective employees, which could adversely affect our business, sales, hiring, and employee retention. If we continue to expand our business globally, our success will depend, in part, on our ability to anticipate and effectively manage these and other risks, which could materially impact international operations or the business as a whole.

Additionally, on January 31, 2020, the United Kingdom ("UK") officially withdrew from the EU ("Brexit"), subject to a transition period until December 31, 2020, which could be extended up to two years under certain conditions (the "Brexit Transition Period"). There is uncertainty as to the scope, nature and terms of the relationship between the UK and the EU after the Brexit Transition Period. This uncertainty could adversely impact customer and investor confidence, result in additional market volatility, legal uncertainty and divergent national laws and regulations.

An impairment in the carrying value of goodwill, trade names, and other long-lived assets could negatively affect our consolidated results of operations and net worth.

Goodwill and indefinite-lived intangible assets, such as our trade names, are recorded at fair value at the time of acquisition and are not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. In evaluating the potential for impairment of goodwill and trade names, we make assumptions regarding future operating performance, business trends, and market and economic conditions. Such analyses further require us to make certain assumptions about sales, operating margins, growth rates, and discount rates. Uncertainties are inherent in evaluating and applying these factors to the assessment of goodwill and trade name recoverability. We could be required to evaluate the recoverability of goodwill or trade names prior to the annual assessment if we experience business disruptions, unexpected significant declines in operating results, a divestiture of a significant component of our business, or declines in market capitalization.

We also continually evaluate whether events or circumstances have occurred that indicate the remaining estimated useful lives of our definite-lived intangible assets and other long-lived assets may warrant revision or whether the remaining balance of such assets may not be recoverable. We use an estimate of the related undiscounted cash flow over the remaining life of the asset in measuring whether the asset is recoverable.

As of December 31, 2019, the balance of total goodwill and indefinite lived intangible assets was $580 million, which represents approximately 16 percent of total assets. If the future operating performance of either the Company or individual operating segments is not sufficient, we could be required to record non-cash impairment charges. Impairment charges could substantially affect our reported earnings in the periods such charges are recorded. In addition, impairment charges could indicate a reduction in business value which could limit our ability to obtain adequate financing in the future.

Our business operations could be negatively impacted by an outage or breach of our information technology systems, operational technology systems, or a cybersecurity event.

We manage our global business operations through a variety of information technology (IT) and operational technology systems which we continually enhance to increase efficiency and security. We depend on these systems for commercial transactions, customer interactions, manufacturing, branding, employee tracking, and other applications. Some of the systems are based on legacy technology and operate with a minimal level of available support, and recent acquisitions using other systems have added to the complexity of our IT infrastructure. In addition, the Fitness business sale has required the separation of previously unified business and IT systems, and new systems, which process is ongoing. New system implementations across the enterprise also pose risks of outages or disruptions, which could affect our suppliers, commercial operations, and customers. We are working to upgrade, streamline, and integrate these systems and have invested in strategies to prevent a failure or breach but, like those of other companies, our systems are susceptible to outages due to natural disasters, power loss, computer viruses, security breaches, hardware or software vulnerabilities, disruptions, and similar events. If a legacy system or another of the Company's key systems were to fail or if our IT systems were unable to communicate effectively, this could result in missed or delayed sales or lost opportunities for cost reduction or efficient cash management.

We exchange information with hundreds of trading partners across all aspects of our commercial operations through our IT systems. A breakdown, outage, malicious intrusion, breach, random attack, or other disruption of communications could result in erroneous or fraudulent transactions, disclosure of confidential information, loss of reputation and confidence, and may also result in legal claims or proceedings, penalties and remediation costs. We have numerous e-commerce and e-marketing portals and our systems may contain personal information of customers or employees; therefore, we must continue to be diligent in protecting against malicious cyber attacks. We have been the target of attempted cyber attacks and other security threats and we may be subject to breaches of our IT systems. We have programs in place that are intended to detect, contain, and respond to data security incidents and that provide employee awareness training regarding phishing, malware and other cyber risks. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect, we may be unable to anticipate these techniques or implement adequate preventive measures. If our security measures are breached or fail, unauthorized persons may be able to obtain access to or acquire personal or other confidential data. Depending on the nature of the information compromised, we may also have obligations to notify consumers and/or employees about the incident, and we may need to provide some form of remedy, such as a subscription to a credit monitoring service, for the individuals affected by the incident. This could negatively affect our relationships with customers or trading partners, lead to potential claims against the Company, and damage our image and reputation.

We rely on third parties for computing, storage, processing, and similar services. Any disruption of or interference with our use of these third-party services could have an adverse effect on our business, financial condition, and operating results.

Certain of our business system reside on third-party outsourced cloud infrastructure providers. We are therefore vulnerable to service interruptions experienced by these providers and could experience interruptions, delays, or outages in service availability in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, hosting disruptions, and capacity constraints. While we have mitigation and service redundancy plans in place, outages and/or capacity constraints could still arise from a number of causes such as technical failures, natural disasters, fraud, or internal or third-party security attacks which could negatively impact our ability to manufacture and operate our business.

We collect, store, process, share, and use personal information, and rely on third parties that are not directly under our control to do so as well, which subjects us to legal obligations, laws and regulations related to security and privacy, and any actual or perceived failure to meet those obligations could harm our business.

We are subject to various data protection and privacy laws and regulations in the countries where we operate because we collect, store, process, share, and use personal information, and we rely on third parties that are not directly under our control to do so as well. The General Data Protection Regulation (GDPR) in the European Union (EU) went into effect in May 2018 and the California Consumer Privacy Act (CCPA) became effective January 1, 2020. Although we have implemented plans to comply with the laws, GDPR, CCPA, and future law and regulations could impose an even greater compliance burden and risk with respect to privacy and data security than prior laws. The EU (through the GDPR) and a growing number of legislative and regulatory bodies elsewhere in the world have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of personal information. These breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs, require significant management time and attention, and increase negative publicity surrounding any incident that compromises personal information.

Inventory reductions by major dealers, retailers, and independent boat builders could adversely affect our financial results.

The Company and our dealers, retailers, and other distributors could decide to reduce the number of units they hold, particularly if demand trails forecasted levels or if new product introductions are expected to replace existing products. Such efforts tend to result in wholesale sales reductions in excess of retail sales reductions and would likely result in lower production levels of certain of our products, potentially causing lower rates of absorption of fixed costs in our manufacturing facilities and lower margins. While we have processes in place to help manage dealer inventories at appropriate levels, potential inventory reductions remain a risk to our future sales and results of operations.

We may be required to repurchase inventory or accounts of certain dealers.

We have agreements with certain third-party finance companies to provide financing to our customers, enabling them to purchase our products. In connection with these agreements, we may either have obligations to repurchase our products from the finance company or have recourse obligations. These obligations may be triggered if our dealers default on their payment or other obligations to the finance companies.

Our maximum contingent obligation to repurchase inventory and our maximum contingent recourse obligations on customer receivables are less than the total balances of dealer financings outstanding under these programs, because our obligations under certain of these arrangements are subject to caps, or are limited based on the age of product. Our risk related to these arrangements is partially mitigated by the proceeds we receive on the resale of repurchased product to other dealers, or by recoveries on receivables purchased under the recourse obligations.

Our inventory repurchase obligations relate primarily to the inventory floorplan credit facilities of our boat and engine dealers. Our actual historical repurchase experience related to these arrangements has been substantially less than our maximum contractual obligations. If dealers default on their obligations, file for bankruptcy, or cease operations, however, we could incur losses associated with the repurchase of our products. In addition, our net sales and earnings may be unfavorably affected due to reduced market coverage and an associated decline in sales.

Declines in marine industry demand could cause an increase in future repurchase activity, or could require us to incur losses in excess of established reserves. In addition, our cash flow and loss experience could be adversely affected if repurchased inventory is not successfully distributed to other dealers in a timely manner, or if the recovery rate on the resale of the product declines. The finance companies could require changes in repurchase or recourse terms that would result in an increase in our contractual contingent obligations.

Our financial results may be adversely affected by our third party suppliers' increased costs or inability to meet required production levels due to tariff impacts or defects or disruption of supply of raw materials, parts, and product components.

We rely on third parties to supply raw materials used in the manufacturing process, including oil, aluminum, copper, steel, and resins, as well as product parts and components. The prices for these raw materials, parts, and components fluctuate depending on market conditions and, in some instances, commodity prices or trade policies. Substantial increases in the prices of raw materials, parts, and components would increase our operating costs, and could reduce our profitability if we are unable to recoup the increased costs through higher product prices. Similarly, if a critical supplier were to close its operations, cease manufacturing, or otherwise fail to deliver an essential component necessary to our manufacturing operations, that could detrimentally affect our ability to manufacture and sell our products, resulting in an interruption in business operations and/or a loss of sales.

In addition, some components used in our manufacturing processes, including certain engine components, furniture, upholstery, and boat windshields, are available from a sole supplier or a limited number of suppliers. Operational and financial difficulties that these or other suppliers may face in the future could adversely affect their ability to supply us with the parts and components we need, which could significantly disrupt our operations. It may be difficult to find a replacement supplier for a limited or sole source raw material, part, or component without significant delay or on commercially reasonable terms. In addition, an uncorrected defect or supplier's variation in a raw material, part, or component, either unknown to us or incompatible with our manufacturing process, could jeopardize our ability to manufacture products.

Some additional supply risks that could disrupt our operations, impair our ability to deliver products to customers, and negatively affect our financial results include:

- financial pressures on our suppliers due to a weakening economy or unfavorable conditions in other end markets;
- a deterioration of our relationships with suppliers;
- events such as natural disasters, power outages or labor strikes;
- an outbreak of disease or similar public health threat, such as the existing threat of coronavirus, particularly as it may impact our operations and supply chain in China;
- supplier manufacturing constraints and investment requirements; or
- labor disruption at major global ports and shipping hubs.

These risks are exacerbated in the case of single-source suppliers, and the exclusive supplier of a key component potentially could exert significant bargaining power over price, quality, warranty claims, or other terms.

We continue to increase production; consequently, our need for raw materials and supplies continues to increase. Our suppliers must be prepared to ramp up operations and, in many cases, hire additional workers and/or expand capacity in order to fulfill our orders and those of other customers. Cost increases, defects, or sustained interruptions in the supply of raw materials, parts, or components due to delayed start-up periods our suppliers experience as they increase production efforts create risks to our operations and financial results. The Company experienced periodic supply shortages and increases in costs to certain materials, such as aluminum, in 2019. We continue to address these issues by identifying alternative suppliers for key materials and components, working to secure adequate inventories of critical supplies, and continually monitoring the capabilities of our supplier base. In the future, however, we may experience shortages, delayed delivery, and/or increased prices for key materials, parts, and supplies that are essential to our manufacturing operations.

Higher energy and fuel costs can affect our results.

Higher energy and fuel costs increase operating expenses at our manufacturing facilities and the cost of shipping products to customers. In addition, increases in energy costs can adversely affect the pricing and availability of petroleum-based raw materials such as resins and foam that are used in many of our marine products. Higher fuel prices may also have an adverse effect on demand for our parts and accessories businesses, as they increase the cost of boat ownership and possibly affect product use.

Either inadequate intellectual property protection that could allow others to use our technologies and impair our ability to compete, or failure to successfully defend against patent infringement claims could have a material adverse effect on our financial condition and results of operations.

We regard much of the technology underlying our products as proprietary. We rely on a combination of patents, trademark, copyright, and trade secret laws; employee and third-party non-disclosure agreements; and other contracts to establish and protect our technology and other intellectual property rights. However, we remain subject to risks, including:

- the steps we take to protect our proprietary technology may be inadequate to prevent misappropriation of our technology;
- third parties may independently develop similar technology;

- agreements containing protections may be breached or terminated;
- we may not have adequate remedies for breaches;
- existing patent, trademark, copyright, and trade secret laws may afford limited protection;
- a third party could copy or otherwise obtain and use our products or technology without authorization; or
- we may be required to litigate to enforce our intellectual property rights, and we may not be successful.

Policing unauthorized use of our intellectual property is difficult, particularly outside the U.S., and litigating intellectual property claims may result in substantial cost and divert management's attention.

In addition, we may be required to defend our products against patent or other intellectual property infringement claims or litigation. In addition to defense expenses and costs, we may not prevail in such cases, forcing us to seek licenses or royalty arrangements from third parties, which we may not be able to obtain on reasonable terms, or subjecting us to an order or requirement to stop manufacturing, using, selling, or distributing products that included challenged intellectual property, which could harm our business and financial results.

We have a fixed cost base that can affect our profitability in a declining sales environment.

The fixed cost levels of operating production facilities can put pressure on profit margins when sales and production decline. We have maintained discipline over our fixed cost base during the economic recovery, and improvements in gross margin can help mitigate the risks related to a fixed cost base. However, our profitability is dependent, in part, on our ability to absorb fixed costs over an increasing number of products sold and shipped. Decreased demand or the need to reduce inventories can lower our production levels and impact our ability to absorb fixed costs, consequently materially impacting our results.

An inability to identify and complete targeted acquisitions could negatively impact financial results.

Our growth initiatives include making strategic acquisitions, which depend on the availability of suitable targets at acceptable terms and our ability to complete the transactions. In managing our acquisition strategy, we conduct rigorous due diligence, involve various functions, and continually review target acquisitions, all of which we believe mitigates some of our acquisition risks. However, we cannot assure that suitable acquisitions will be identified or consummated or that, if consummated, they will be successful. Acquisitions include a number of risks, including our ability to project and evaluate market demand, potential synergies, and cost savings, and our ability to make accurate accounting estimates, as well as diversion of management attention. Uncertainties exist in assessing the value, risks, profitability, and liabilities associated with certain businesses or assets, negotiating acceptable terms, obtaining financing on acceptable terms, and receiving any necessary regulatory approvals. As we continue to grow, in part, through acquisitions, our success depends on our ability to anticipate and effectively manage these risks. Any failure to do so could have a material adverse effect on our financial condition and results of operations.

There can be no assurance that strategic divestitures or restructurings will provide business benefits.

As part of our strategy, we continuously evaluate our portfolio of businesses. Recent results of this evaluation include the sale of the Fitness business, the discontinuation of Sea Ray Sport Yacht and Yacht models, and winding down yacht production. We have previously and may in the future make other changes to our portfolio as well, which may be material. Divestitures involve risks, including difficulties in the separation of operations, services, products and personnel, disruption in our operations or businesses, finding a suitable purchaser, the diversion of management's attention from our other businesses, the potential loss of key employees, adverse effects on relationships with our dealer or supplier partners or their businesses, the erosion of employee morale or customer confidence, and the retention of contingent liabilities related to the divested business. If we do not successfully manage the risks associated with divestitures, our business, financial condition, and results of operations could be adversely affected as the potential strategic benefits may not be realized or may take longer to realize than expected.

The completed Fitness business separation could be disruptive to the business and our operations, and there can be no assurance that it will provide all of the anticipated business benefits.

On June 27, 2019, the Company completed the sale (Sale) of the Fitness business to KPS Capital Partners, LP (KPS), which Sale included a transition services arrangement. Like any business separation, the Sale involves risks, including difficulties associated with the separation of operations, services, and personnel, disruption in our operations or businesses, the potential loss of key employees, and adverse effects on relationships with business partners. In addition, we have incurred, and continue to incur, expenses in connection with the separation, and the completion of the transition services arrangement requires time and effort by the Company's management team, which may divert management's attention from other aspects of our business operations. Also, in connection with the Sale, we agreed to indemnify KPS for certain specified matters, including product liability and regulatory matters. If we do not successfully manage these risks, our business, financial condition, and results of operations could be adversely affected. Furthermore, the Sale may not achieve the intended results, or results may take longer to realize than expected. The anticipated benefits of the Sale are based on a number of factors that we cannot predict.

The inability to successfully integrate acquisitions, including the Global Marine & Mobile Business of Power Products, could negatively impact financial results.

On August 9, 2018, Brunswick acquired the Global Marine & Mobile business of Power Products, which includes the global marine, specialty vehicle, mobile, industrial power, and transportation aftermarket products businesses. Additionally, on May 21, 2019, Brunswick acquired 100 percent of Freedom Boat Club, a leading boat club operator based in Florida. Acquisitions pose risks, such as our ability to project and evaluate market demand; maximize potential synergies and cost savings; make accurate accounting estimates; and achieve anticipated business objectives. The Power Products and Freedom Boat Club acquisitions and other, future acquisitions, present these and other integration risks, including:

- disruptions in core, adjacent, or acquired businesses that could make it more difficult to maintain business and operational relationships, including customer and supplier relationships;
- the possibility that the expected synergies and value creation will not be realized or will not be realized within the expected time period;
- the risk that unexpected costs will be incurred;
- diversion of management attention; and
- difficulties retaining employees.

If we fail to timely and successfully integrate new businesses, including Power Products and Freedom Boat Club, into existing operations, we may see higher costs, lost sales, or otherwise diminished earnings and financial results.

The franchise business model of Freedom Boat Club presents risks.

Our franchisees are an integral part of our Freedom Boat Club business and its growth strategies. We may be unable to successfully implement the growth strategies if our franchisees do not participate in the implementation of those strategies or if we are unable to attract a sufficient number of qualified franchisees.

While our franchisees are required to comply with our franchise and related agreements, our franchisees are independent and manage their boat clubs as independent businesses, responsible for all day-to-day operations of their boat clubs. If these franchisees fail to maintain or act in accordance with applicable brand standards; experience service, safety or other operational problems, including any data breach involving club member information; or project a brand image inconsistent with ours, our image and reputation could suffer, which in turn could hurt our business and operating results.

The timing and amount of our share repurchases are subject to a number of uncertainties.

The Board of Directors has authorized the Company’s discretionary repurchase of outstanding common stock, to be systematically completed in the open market or through privately negotiated transactions. In 2019, we repurchased $400 million of shares, and we plan to continue share repurchases in 2020 and beyond. The amount and timing of share repurchases are based on a variety of factors. Important considerations that could cause us to limit, suspend, or delay future stock repurchases include:

- unfavorable market and economic conditions;
- the trading price of our common stock;
- the nature and magnitude of other investment opportunities available to us from time to time; and
- the availability of cash.

Delaying, limiting, or suspending our stock repurchase program may negatively affect performance versus earnings per share targets, and ultimately our stock price.

Our profitability may suffer as a result of competitive pricing and other pressures.

The introduction of lower-priced alternative products or services by other companies can hurt our competitive position in all of our businesses. We are constantly subject to competitive pressures in which predominantly international manufacturers may pursue a strategy of aggressive pricing, particularly during periods when their local currency weakens versus the U.S. dollar. Such pricing pressure may limit our ability to increase prices for our products in response to raw material and other cost increases and negatively affect our profit margins.

In addition, our independent boat builder customers may react negatively to potential competition for their products from Brunswick's own boat brands, which can lead them to purchase marine engines, boat systems, and marine engine supplies from competing marine engine manufacturers and may negatively affect demand for our products.

Our ability to remain competitive depends on successfully introducing new products and services that meet customer expectations.

We believe that our customers look for and expect quality, innovation, and advanced features when evaluating and making purchasing decisions about products and services in the marketplace. Our ability to remain competitive and meet our growth objectives may be adversely affected by difficulties or delays in product development, such as an inability to develop viable new products or customer solutions, gain market acceptance of new products, generate sufficient capital to fund new product development, or obtain adequate intellectual property protection for new products. To meet ever-changing consumer demands, both timing of market entry and pricing of new products are critical. As a result, we may not be able to introduce new products that are necessary to remain competitive in all markets that we serve. Furthermore, we must continue to meet or exceed customers' expectations regarding product quality and after-sales service.

We manufacture and sell products that create exposure to potential claims and litigation.

Our manufacturing operations and the products we produce could result in product quality, warranty, personal injury, property damage, and other issues, thereby increasing the risk of litigation and potential liability, as well as regulatory fines. To manage this risk, we have established a global, enterprise-wide program charged with the responsibility for addressing, reviewing, and reporting on product integrity issues. Historically, the resolution of such claims has not had a materially adverse effect on our business, and we maintain what we believe to be adequate insurance coverage to mitigate a portion of these risks. However, we may experience material losses in the future, incur significant costs to defend claims or issue product recalls, experience claims in excess of our insurance coverage or that are not covered by insurance, or be subjected to fines or penalties. Our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products. We record accruals for known potential liabilities, but there is the possibility that actual losses may exceed these accruals and therefore negatively impact earnings.

Compliance with environmental, health, safety, zoning, and other laws and regulations may increase costs and reduce demand for our products.

We are subject to federal, state, local, and foreign laws and regulations, including product safety, environmental, health and safety, privacy, and other regulations. While we believe that we maintain the requisite licenses and permits and that we are in material compliance with applicable laws and regulations, a failure to satisfy these and other regulatory requirements could result in fines or penalties, and compliance could increase the cost of operations. The adoption of additional laws, rules, and regulations, including stricter emissions standards, could increase our manufacturing costs, require additional product development investment, increase consumer pricing, and reduce consumer demand for our products or boat club operations.

Environmental restrictions, boat plant emission restrictions, and permitting and zoning requirements can limit production capacity, access to water for boating and marinas, and storage space. While future licensing requirements, including any licenses imposed on recreational boating, are not expected to be unduly restrictive, they may deter potential customers, thereby reducing our sales. Furthermore, regulations allowing the sale of fuel containing higher levels of ethanol for automobiles, which is not appropriate or intended for use in marine engines, may nonetheless result in increased warranty, service costs, customer dissatisfaction with products, and other claims against the Company if boaters mistakenly use this fuel in marine engines, causing damage to and the degradation of components in their marine engines.

Our manufacturing processes involve the use, handling, storage and contracting for recycling or disposal of hazardous or toxic substances or wastes. Accordingly, we are subject to regulations regarding these substances, and the misuse or mishandling of such substances could expose us to liabilities, including claims for property, personal injury, or natural resources damages, or fines. We are also subject to laws requiring the cleanup of contaminated property, including cleanup efforts currently underway. If a release of hazardous substances occurs at or from one of our current or former properties or another location where we have disposed of hazardous materials, we may be held liable for the contamination, regardless of knowledge or whether we were at fault, and the amount of such liability could be material.

Additionally, we are subject to laws governing our relationships with employees, including, but not limited to, employment obligations as a federal contractor and employee wage, hour, and benefits issues, such as pension funding and health care benefits. Compliance with these rules and regulations, and compliance with any changes to current regulations, could increase the cost of our operations.

Changes in income tax laws or enforcement could have a material adverse impact on our financial results.

Although domestic tax reform legislation in the form of the Tax Cuts and Jobs Act (TCJA), signed into law on December 22, 2017, has had an overall positive impact on our financial statements, the impact of the legislation could change as we analyze and apply additional regulations or guidance issued by the government. In addition, other changes in international and domestic tax laws, including the reaction by states to the corporate tax changes in the TCJA, and changes in tax law enforcement, could negatively impact our tax provision, cash flow, and/or tax related balance sheet amounts, including our deferred tax asset values. Changes in U.S. tax law will likely have broader implications, including impacts to the economy, currency markets, inflation environment, consumer behavior, and/or competitive dynamics, which are difficult to predict, and may positively or negatively impact the Company and our results.

Certain activist shareholder actions could cause us to incur expense and hinder execution of our strategy.

We actively engage in discussions with our shareholders regarding further strengthening our Company and creating long-term shareholder value. This ongoing dialogue can include certain divisive activist tactics, which can take many forms. Some shareholder activism, including potential proxy contests, could result in substantial costs, such as legal fees and expenses, and divert management's and our Board's attention and resources from our businesses and strategic plans. Additionally, public shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with dealers, distributors, or customers, make it more difficult to attract and retain qualified personnel, and cause our stock price to fluctuate based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. These risks could adversely affect our business and operating results.

Some of our operations are conducted by joint ventures that are not operated solely for our benefit.

We share ownership and management responsibilities with jointly owned companies such as BAC and Tohatsu Marine Corporation. These joint ventures may not have the same goals, strategies, priorities, or resources as the Company because they are intended to be operated for the benefit of all co-owners, rather than for our exclusive benefit. If such a conflict occurred, it could negatively impact our sales or financial results.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our headquarters are in Mettawa, Illinois. We have numerous manufacturing plants, distribution warehouses, sales offices, and product test sites around the world. Research and development facilities are primarily located at manufacturing sites.

We believe our facilities are suitable and adequate for our current needs and are well maintained and in good operating condition. Most plants and warehouses are of modern, single-story construction, providing efficient manufacturing and distribution operations. We believe our manufacturing facilities have the capacity, or we are investing to increase capacity, to meet current and anticipated demand. We own most of our principal plants.

The principal facilities used in our operations are in the following locations:

Marine Engine Segment
Leased facilities include: Fresno, California; Old Lyme, Connecticut; Lake Suzy, Largo, Miramar, Pompano Beach, and Stuart, Florida; Lowell, Michigan; St. Paul Park, Minnesota; Reno, NV; Bellingham and Kent, WA; Menomonee Falls, WI; Brisbane and Melbourne, Australia; Palcoa, Brazil; Toronto, Ontario, Canada; Juarez, Mexico; Auckland, New Zealand; Bangor, Northern Ireland; Amsterdam and Heerenveen, Netherlands; and Singapore.

Owned facilities include: Panama City and St. Cloud, Florida; Atlanta, Georgia; Brookfield, Fond du Lac, and Oshkosh, Wisconsin; Petit Rechain, Belgium; Victoria and Burnaby, British Columbia, Canada; Milton and Oakville, Ontario, Canada; Suzhou, China; and Juarez, Mexico.

Boat Segment
Leased facilities include: Greeneville and Knoxville, Tennessee; and Auckland, New Zealand.

Owned facilities include: Edgewater and Merritt Island, Florida; Fort Wayne, Indiana; New York Mills, Minnesota; Lebanon, Missouri; Vonore, Tennessee; Clarkston, Washington; Petit Rechain, Belgium; Princeville, Quebec, Canada; Reynosa, Mexico; and Vila Nova de Cerveira, Portugal.

Item 3. Legal Proceedings

Refer to **Note 13 – Commitments and Contingencies** in the Notes to Consolidated Financial Statements for information about the Company's legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

Information About Our Executive Officers

Brunswick's Executive Officers are listed in the following table:

Officer Name	Present Position	First Became an Executive Officer	Age
David M. Foulkes	Chief Executive Officer	2018	58
William L. Metzger	Senior Vice President and Chief Financial Officer	2013	58
Huw S. Bower	Vice President and President - Brunswick Boat Group	2016	45
Christopher F. Dekker	Vice President, General Counsel and Secretary	2014	51
Christopher D. Drees	Vice President and President - Mercury Marine	2019	51
Brenna D. Preisser	Vice President and Chief Human Resources Officer and President - Business Acceleration	2016	42
Randall S. Altman	Vice President and Controller	2019	48

The executive officers named above have been appointed to serve until their successors are chosen and qualified or until the executive officer's earlier resignation or removal. Each of our executive officers has held the position set forth in the table above or has served Brunswick in various executive or administrative capacities at Brunswick for at least five years.

PART II

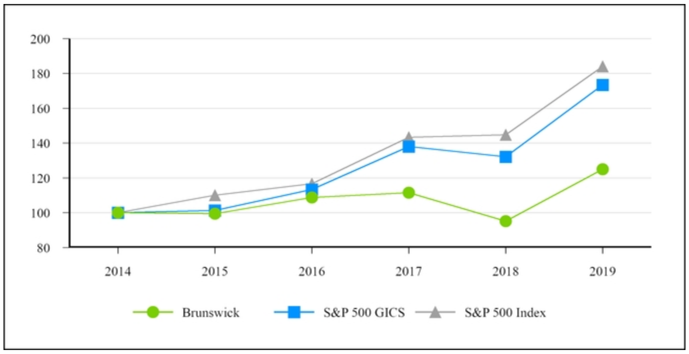
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Brunswick's common stock is traded on the New York and Chicago Stock Exchanges under the symbol "BC". As of February 12, 2020, there were 7,444 shareholders of record of the Company's common stock.

Brunswick expects to continue to pay quarterly dividends at the discretion of the Board of Directors, subject to continued capital availability and a determination that cash dividends continue to be in the best interest of the Company's shareholders. Brunswick's dividend and share repurchase policies may be affected by, among other things, the Company's views on future liquidity, potential future capital requirements and restrictions contained in certain credit agreements.

Performance Graph

Comparison of Five-Year Cumulative Total Shareholder Return among Brunswick, S&P 500 Index and S&P 500 Global Industry Classification Standard (GICS) Consumer Discretionary Index



	2014	2015	2016	2017	2018	2019
Brunswick	100.00	99.55	108.76	111.49	95.22	124.96
S&P 500 GICS Consumer Discretionary Index	100.00	101.41	113.40	137.98	132.16	173.42
S&P 500 Index	100.00	110.12	116.69	143.34	144.71	184.06

The basis of comparison is a $100 investment at December 31,2014 in each of: (i) Brunswick, (ii) the S&P 500 GICS Consumer Discretionary Index and (iii) the S&P 500 Index. All dividends are assumed to be reinvested. The S&P 500 GICS Consumer Discretionary Index encompasses industries including automotive, household durable goods, textiles and apparel and leisure equipment. Brunswick believes the companies included in this index provide the most representative sample of enterprises that are in primary lines of business that are similar to Brunswick's.

Issuer Purchases of Equity Securities

The Company has executed share repurchases against authorizations approved by the Board of Directors in 2014, 2016 and 2019. In 2019, the Company repurchased $400.0 million of stock under these authorizations and as of December 31, 2019, the remaining authorization was $234.8 million.

During the three months ended December 31, 2019, the Company repurchased the following shares of its common stock:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Amount of Dollars that May Yet Be Used to Purchase Shares Under the Program
September 29 to October 26	939,938	$ 53.60	939,938	
October 27 to November 23	1,071,300	59.38	1,071,300	
November 24 to December 31	926,156	59.37	926,156	
Total	2,937,394	$ 57.53	2,937,394	$ 234,788,743

Item 6. Selected Financial Data

The selected historical financial data presented below as of and for the years ended December 31,2019, 2018 and 2017 has been derived from, and should be read in conjunction with, the historical consolidated financial statements of the Company, including the notes thereto, and Item 7 of this report, including the **Matters Affecting Comparability** section. The selected historical financial data presented below as of and for the years ended December 31,2016 and 2015 has been derived from the consolidated financial statements of the Company for those years and are not included in this Annual Report Form 10-K.

(in millions, except per share data)	2019 (A)	2018 (A)	2017	2016	2015
Results of operations data					
Net sales	**$ 4,108.4**	$ 4,120.9	$ 3,802.2	$ 3,508.1	$ 3,311.1
Restructuring, exit, integration, and impairment charges	**18.8**	54.8	48.6	2.9	12.4
Operating earnings	**471.0**	355.5	330.3	356.3	306.0
Pension settlement charge	**292.8**	—	96.6	55.1	82.3
Earnings before interest and income taxes	**183.4**	358.9	236.7	292.7	219.0
Earnings before income taxes	**110.7**	310.7	212.9	267.0	193.4
Net earnings from continuing operations	**30.4**	253.4	101.3	188.4	143.5
Net (loss) earnings from discontinued operations, net of tax	**(161.4)**	11.9	45.1	87.6	97.9
Net (loss) earnings	**$ (131.0)**	$ 265.3	$ 146.4	$ 276.0	$ 241.4
Basic earnings (loss) per common share					
Earnings from continuing operations	**$ 0.36**	$ 2.89	$ 1.13	$ 2.07	$ 1.54
Net (loss) earnings from discontinued operations, net of tax	**(1.90)**	0.14	0.51	0.96	1.06
Net (loss) earnings	**$ (1.54)**	$ 3.03	$ 1.64	$ 3.03	$ 2.60
Average shares used for computation of basic earnings per share	**85.2**	87.6	89.4	91.2	93.0
Diluted earnings (loss) per common share					
Earnings from continuing operations	**$ 0.36**	$ 2.87	$ 1.12	$ 2.05	$ 1.52
Net (loss) earnings from discontinued operations, net of tax	**(1.89)**	0.14	0.50	0.95	1.04
Net (loss) earnings	**$ (1.53)**	$ 3.01	$ 1.62	$ 3.00	$ 2.56
Average shares used for computation of diluted earnings per share	**85.6**	88.2	90.1	92.0	94.3

(A) Refer to **Note 22 – Quarterly Data (unaudited)**, for further details on certain non-recurring items which impacted 2019 and 2018 results.

(in millions, except per share and other data)	2019	2018	2017	2016	2015
Balance sheet data					
Total assets	**$ 3,564.4**	$ 4,291.5	$ 3,371.1	$ 3,311.3	$ 3,153.0
Debt					
Short-term	**$ 41.3**	$ 41.3	$ 5.6	$ 5.9	$ 6.0
Long-term	**1,068.0**	1,179.5	431.8	436.5	442.5
Total debt	**1,109.3**	1,220.8	437.4	442.4	448.5
Common shareholders' equity	**1,300.9**	1,582.6	1,482.9	1,440.1	1,281.3
Total capitalization	**$ 2,410.2**	$ 2,803.4	$ 1,920.3	$ 1,882.5	$ 1,729.8
Cash flow data					
Net cash provided by operating activities of continuing operations	**$ 475.3**	$ 274.5	$ 308.2	$ 309.6	$ 331.3
Depreciation and amortization	**138.7**	124.0	87.1	83.8	94.6
Capital expenditures	**232.6**	180.2	178.0	157.9	177.0
Investments	**2.4**	(8.8)	(3.2)	5.1	5.1
Cash dividends paid	**73.4**	67.8	60.6	55.4	5.4
Other data					
Dividends declared per share	**$ 0.87**	$ 0.78	$ 0.685	$ 0.615	$ 0.525
Book value per share	**16.34**	18.23	16.95	16.13	14.11
Return on beginning shareholders' equity	**(8.3)%**	17.9%	10.2%	21.5%	20.6%
Effective tax rate from continuing operations	**72.5 %**	18.4%	52.4%	29.4%	25.8%
Debt-to-capitalization rate	**46.0 %**	43.5%	22.8%	23.5%	25.9%
Number of employees	**12,828**	13,084	12,262	11,522	10,398
Number of shareholders of record	**7,484**	7,823	8,247	8,683	9,009
Common stock price (NYSE)					
High	**$ 62.23**	$ 69.82	$ 63.82	$ 56.30	$ 56.63
Low	**41.02**	41.92	48.04	36.05	46.08
Close (last trading day)	**59.98**	46.45	55.22	54.54	50.51

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in Management's Discussion and Analysis are based on non-GAAP financial measures. GAAP refers to generally accepted accounting principles in the United States. For example, the discussion of the Company's cash flows includes an analysis of free cash flows and total liquidity; the discussion of the Company's net sales includes a discussion of net sales on a constant currency basis and excluding acquisitions and Sport Yacht and Yacht operations; the discussion of the Company's earnings includes a presentation of operating earnings and operating margin, as adjusted, excluding restructuring, exit, impairment and other charges, Sport Yacht and Yacht operations, purchase accounting amortization and acquisition-related costs; gross margin, as adjusted, excluding Sport Yacht and Yacht operations and purchase accounting amortization; and diluted earnings per common share, as adjusted. A "non-GAAP financial measure" is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the consolidated statements of operations, balance sheets or statements of cash flows of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Non-GAAP financial measures do not include operating and statistical measures.

The Company includes non-GAAP financial measures in Management's Discussion and Analysis and elsewhere in this Annual Report on Form 10-K, as Brunswick's management believes that these measures and the information they provide are useful to investors because they permit investors to view Brunswick's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. In order to better align Brunswick's reported results with the internal metrics used by the Company's management to evaluate business performance as well as to provide better comparisons to prior periods and peer data, non-GAAP financial measures exclude the impact of purchase accounting amortization related to the Power Products and Freedom Boat Club acquisitions.

Certain statements in this Management's Discussion and Analysis are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates, and projections about Brunswick's business and by their nature address matters that are, to different degrees, uncertain. Words such as "may," "could," "expect," "anticipate," "intend," "target," "plan," "seek," "estimate," "believe," "predict," "project," "outlook," "goal," and similar expressions are intended to identify forward-looking statements. Forward looking statements are not guarantees of future performance and involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this Annual Report on Form 10-K. These risks include, but are not limited to, those set forth under Item 1A of this Annual Report on Form 10-K. Forward-looking statements speak only as of the date on which they are made and Brunswick does not undertake any obligation to update them to reflect events or circumstances after the date of this Annual Report.

Brunswick does not provide forward-looking guidance for certain financial measures on a GAAP basis because it is unable to predict certain items contained in the GAAP measures without unreasonable efforts. These items may include pension settlement charges, restructuring, exit, integration and impairment costs, special tax items, acquisition-related costs, and certain other unusual adjustments.

Overview and Outlook

Discontinued Operations

On June 27, 2019, the Company completed the sale of its Fitness business. This business, which was previously reported as the Company's Fitness segment, is being reported as discontinued operations for all periods presented.

The Company's results for all periods presented, as discussed in Management's Discussion and Analysis, are presented on a continuing operations basis, unless otherwise noted. Refer to **Note 3 – Discontinued Operations** in the Notes to Consolidated Financial Statements for further information.

Presentation of Sea Ray Results

In December 2017, the Board of Directors authorized the Company to exit its Sea Ray business, including the Meridian brand, and as a result, reclassified the assets and liabilities as held for sale on the Consolidated Balance Sheets and presented the results of the business as discontinued operations on the Consolidated Statements of Operations in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017. In June 2018, the Board of Directors authorized the Company to end the sale process for its Sea Ray business and once again report the results of the business within continuing operations beginning in the second quarter of 2018. As part of this action, the Company decided to restructure the businesses, including discontinuing Sea Ray Sport

Yacht and Yacht models and winding down yacht production, while reinventing Sea Ray Sport Boat and Sport Cruiser operations. Refer to the Form 8-K filed with the Securities and Exchange Commission (SEC) on July 19, 2018 for further information.

The Company largely completed the wind down of its Sea Ray Sport Yacht and Yacht operations during 2018. Non-GAAP figures exclude the results of Sport Yacht and Yacht operations in 2018 and 2017, and certain amounts in 2019 related to changes in estimated liabilities.

Acquisition of Power Products

On August 9, 2018, the Company completed its acquisition of the Global Marine Business of Power Products Holdings, LLC (Power Products) for $909.6 million in cash, on a cash-free, debt-free basis. For further discussion regarding the acquisition, refer to **Note 5 – Acquisitions** in the Notes to Consolidated Financial Statements.

Overview

The Company's 2019 results represent the tenth consecutive year of growth, resulting from strong operating performance. The Company looked to achieve the following financial objectives in 2019:

- Deliver revenue growth.
- Increase earnings before income taxes, as well as deliver improvements in both gross margin and operating margin percentages, excluding non-recurring charges.
- Continue to generate strong free cash flow and execute against the Company's capital strategy.

Achievements against the Company's financial objectives in 2019 were as follows:

Deliver revenue growth:

Ended the year with a slight decrease in net sales when compared with 2018 due to the following:

- The decrease in GAAP net sales included a benefit of 4.1 percent relating to recent acquisitions, negative impacts from foreign exchange rate of 1 percent, and negative impact from the exit of Sport Yacht and Yacht operations of 1 percent.
- The U.S. engine and boat operations experienced total industry powerboat retail unit declines of 5 percent in 2019 versus an expectation at the beginning of the year of a low-to-middle single digit percent increase, reflecting a challenging retail environment during the first half of the year with volumes stabilizing in the second half. Outboard engine retail units were up slightly year-over-year.
- The Marine Engine segment reported sales increases as the addition of Power Products and continued gains in higher horsepower outboard engine categories were partially offset by reductions in outboard engines 150 horsepower and below, as well as lower sales of sterndrive engines.
- Boat segment net sales decreased as a result of planned reductions in wholesale unit shipments of value pontoons and aluminum fish products. Saltwater fishing sales were affected by challenging comparisons between years at Boston Whaler due to leaning pipelines in advance of upcoming major product launches. Sales declines were partially offset by gains in other premium offerings, including Sea Ray Sport Boats and Cruisers.
- International sales for the Company increased 3 percent in 2019 when compared with 2018 on a GAAP basis and increased 4 percent on a constant currency basis, excluding the impact of acquisitions and Sport Yacht and Yacht operations; the increase was driven by Europe, Asia-Pacific and Rest-of-World regions, partially offset by weakness in Canada.

Increase earnings before income taxes, as well as deliver improvements in both gross margin and operating margin percentages, excluding non-recurring charges:

- Reported earnings before income taxes of $110.7 million in 2019 compared with earnings before income taxes of $310.7 million in 2018; adjusted earnings before income taxes were $465.2 million in 2019 versus $461.7 million in 2018
- Gross margin improved 190 basis points when compared with 2018 and reflected the absence of Sport Yacht and Yacht operations and purchase accounting amortization associated with the Power Products acquisition, both of which negatively impacted 2018. Gross margin, as adjusted, improved 50 basis points as benefits from the Power Products acquisition and favorable changes in sales mix in the Marine Engine segment outweighed the impact of lower sales, tariffs and unfavorable changes in foreign exchange rates
- Operating margin improved by 290 basis points when compared with the prior year due to the factors affecting gross margin percentage discussed above, as well as reduced restructuring, exit, impairment and other charges and acquisition-related costs. Operating margin, as adjusted, was up 50 basis points compared with 2018
- Earnings before income taxes included a pre-tax, non-cash charge of $292.8 million relating to the exit of its remaining defined benefit pension plans during the year

Continue to generate strong free cash flow and execute against the Company's capital strategy:

- Generated free cash flow of $250.4 million in 2019, and had cash flow from discontinued operations of $440.6 million including proceeds from the sale of Fitness, enabling the Company to continue executing its capital strategy as follows:
  - Funded investments in growth:
    - Organically through capital expenditures and research and development, which included investments in new products as well as capacity expansions, primarily within the Marine Engine segment
    - Through the acquisition of Freedom Boat Club for $64.1 million
  - Retired $300.0 million of near-term debt including the retirement of the Company's 4.625 percent senior notes due 2021 and refinancing of acquisition-related debt
  - Completed the exit from the Company's qualified defined benefit pension plans
  - Enhanced shareholder returns in 2019 by repurchasing $400.0 million of common stock under the Company's share repurchase program and increased cash dividends paid to shareholders to $73.4 million
- Ended the year with $332.7 million of cash and marketable securities

Net earnings from continuing operations decreased to $30.4 million in 2019 from $253.4 million in 2018, and included an after-tax, non-cash charge of $310.3 million related to pension settlement costs as well as a net tax benefit of $17.2 million primarily related to favorable rate change impacts on state deferred tax assets as well as a reassessment of the state valuation allowance. The 2018 results reflect an income tax provision of $57.3 million and included a net benefit of $4.8 million primarily related to 2017 U.S. tax reform updates.

Outlook for 2020

Reportable Segment Changes

The Company has refocused its strategy on four business pillars - Propulsion, Parts and Accessories (P&A), Boats and Business Acceleration. Effective January 1, 2020, the Company changed its management reporting and updated its reportable segments to Propulsion, P&A and Boat (inclusive of Business Acceleration) to align with its strategy. Outlook statements included in this discussion will reflect these new segments.

For further information, refer to the Company's Current Report on Form 8-K filed with the SEC on January 30, 2020 and **Note 23 – Subsequent Events** in the Notes to Consolidated Financial Statements.

Outlook

The Company is projecting 2020 to be another year of strong growth and operating performance, with free cash flow generation in excess of $325 million. The Company is targeting growth in the range of 6 percent to 8 percent.

The Company projects U.S. marine industry powerboat retail unit demand for 2020 to be flat to slightly up versus 2019. Our efforts to manage pipeline inventory levels in the back half of 2019 put us in a favorable position entering 2020, as wholesale boat sales are expected to more closely match retail sales for the year resulting in top-line growth versus 2019. We anticipate continued growth and share gains in higher horsepower engine categories bolstered by our completed capacity expansion efforts. Boat segment sales in 2020 will also benefit from significant new product introductions as well as the Company's continued focus on product with more technology features and content. The Propulsion and Boat segments will experience more challenging wholesale revenue comparisons early in the year, with more favorable comparisons in the second-half, as a result of the timing of wholesale activity in 2019, including the impact of second-half reductions in wholesale shipments and pipeline inventories. The P&A segment should benefit from more normal seasonal conditions for boating activity.

The Company is planning to deliver higher earnings before income taxes in2020 resulting from planned sales increases and continued margin growth resulting from improved operating efficiency. However, as a result of the expiration and non-renewal of the tariff exemption related to 40 to 60 horsepower engines assembled in China, the Company now anticipates the full impact of tariffs on its 2020 pre-tax earnings to be between $30 to $35 million, or an incremental $10 to $15 million over 2019. In addition, the Company expects foreign currency exchange rates to negatively impact 2020 earnings growth by one percent to two percent.

The Company is planning for its effective tax rate in2020 to be approximately 21 percent to 22 percent based on existing tax law.

Matters Affecting Comparability

Certain events occurred during 2019, 2018 and 2017 that the Company believes affect the comparability of the results of operations. The tables below summarize the impact of changes in currency exchange rates, the impact of recent acquisitions and the impact of Sport Yacht and Yacht operations on the Company's net sales:

	Net Sales		2019 vs. 2018			
(in millions)	2019	2018	GAAP	Currency Impact	Acquisition Impact	Sport Yacht and Yacht Impact
Marine Engine	**$ 3,073.5**	$ 2,993.6	2.7%	(1.3)%	4.2%	—
Boat	**1,333.8**	1,471.3	(9.3)%	(0.6)%	1.1%	(3.2)%
Marine eliminations	**(298.9)**	(344.0)				
Total	**$ 4,108.4**	$ 4,120.9	(0.3)%	(1.2)%	4.1%	(1.2)%

	Net Sales		2018 vs. 2017			
(in millions)	2018	2017	GAAP	Currency Impact	Acquisition Impact	Sport Yacht and Yacht Impact
Marine Engine	**$ 2,993.6**	$ 2,631.8	13.7%	0.1%	4.0%	—
Boat	**1,471.3**	1,490.6	(1.3)%	0.5%	—	(7.5)%
Marine eliminations	**(344.0)**	(320.2)				
Total	**$ 4,120.9**	$ 3,802.2	8.4%	0.3%	2.8%	(3.1)%

Sport Yacht and Yacht Wind-down. The results of Sport Yacht and Yacht operations are summarized in the table below.

(in millions)	2019	2018	2017
Net sales (A)	**$ (0.7)**	$ 49.4	$ 151.6
Gross margin	**(6.4)**	(39.7)	(12.4)
Restructuring, exit and impairment charges	**—**	49.4	23.3
Operating loss	**(7.8)**	(107.8)	(55.2)

(A) During 2019, results included $(0.7) million of charges within Net sales related to estimated retail sales incentives to support the sale of sport yachts and yachts currently in the dealer pipeline. During 2018, results included $16.0 million of charges within Net sales to support the sale of sport yachts and yachts in the dealer pipeline at that time. There were no comparable charges in 2017.

Acquisitions. The Company completed acquisitions during 2019, 2018 and 2017 that affect the comparability of net sales. The impacts on consolidated and segment sales comparisons are reflected above. Refer to **Note 5 – Acquisitions** in the Notes to Consolidated Financial Statements for further information.

Changes in foreign currency rates. Percentage changes in net sales expressed in constant currency reflect the impact that changes in currency exchange rates had on comparisons of net sales. To determine this information, net sales transacted in currencies other than U.S. dollars have been translated to U.S. dollars using the average exchange rates that were in effect during the comparative period. The percentage change in net sales expressed on a constant currency basis better reflects the changes in the underlying business trends, excluding the impact of translation arising from foreign currency exchange rate fluctuations. Approximately 22 percent of the Company's annual net sales are transacted in a currency other than the U.S. dollar. The Company's most material exposures include sales in Euros, Canadian dollars, Australian dollars and Brazilian reais.

Additionally, operating earnings comparisons were negatively affected by foreign exchange rates by approximately $15 million in 2019 when compared with 2018, and were positively affected by foreign exchange rates by approximately $1 million in 2018 when compared with 2017. These estimates include the impact of translation on all sales and costs transacted in a currency other than the U.S. dollar and the impact of hedging activities.

Restructuring, exit and impairment charges. The Company recorded restructuring, exit and impairment charges during 2019, 2018 and 2017. The following table summarizes these charges by cash charges and non-cash charges.

(in millions)	2019	2018	2017
Cash charges:			
Boat (A)	**$ 6.1**	$ 27.5	$ 5.4
Marine Engine	**4.7**	—	—
Corporate	**4.5**	0.7	—
Total cash charges	**15.3**	28.2	5.4
Non-cash charges:			
Boat (A)	**3.5**	26.6	43.2
Total restructuring, exit and impairment charges	**18.8**	54.8	48.6
Other cash charges (B)	**2.2**	—	—
Total restructuring, exit, impairment and other charges	**$ 21.0**	$ 54.8	$ 48.6

(A) Restructuring, exit and impairment activities within the Boat segment primarily related to the wind-down of Sport Yacht and Yacht operations. As the wind-down was substantially completed by the end of 2019.
(B) During 2019, the Company recorded $2.2 million of charges within Corporate related to IT transformation project costs resulting from the Fitness business sale.

See **Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further details on charges and initiatives.

Purchase accounting amortization. As part of purchase accounting for the Freedom Boat Club and Power Products acquisitions, the Company recognized definite-lived intangible assets as well as a fair value adjustment to inventory for Power Products, both of which are amortized over their useful lives. During 2019 and 2018, the Company recorded $29.5 million and $12.0 million, respectively, of purchase accounting amortization within Selling, general and administrative expense. During 2018, the Company also recorded $9.2 million of purchase accounting amortization within Cost of sales.

Acquisition-related costs. In connection with the Freedom Boat Club and Power Products acquisitions in 2019 and 2018, respectively, the Company recorded $2.6 million and $13.8 million, respectively, of acquisition-related costs within Selling, general and administrative expense. As part of the financing of the Power Products acquisition, the Company recorded $5.1 million of Transaction financing charges to secure the 364-Day Senior Unsecured Bridge Facility as described in **Note 16 – Debt** in the Notes to Consolidated Financial Statements.

Pension settlement charges. During 2019, the Company fully exited its remaining defined benefit pension plans and recorded a pretax pension settlement charge of $292.8 million. There were no pension settlement charges in 2018. In the fourth quarter of 2017, the Company recognized $96.6 million of charges related to actions taken to settle a portion of its pension obligations. These actions included transferring certain plan obligations to a third party by purchasing annuities on behalf of plan participants and making lump-sum payments directly to certain plan participants, as applicable. These costs are reflected in Pension settlement charge on the Consolidated Statements of Operations. See **Note 17 – Postretirement Benefits** in the Notes to Consolidated Financial Statements for further details.

Adoption of new revenue standard. On January 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers, (new revenue standard) using the modified retrospective method. As a result of applying the new revenue standard, the Company reported higher Net sales and Operating earnings of $5.4 million during the year ended December 31, 2018 when compared with 2017, which was reported under previous GAAP.

Tax items. The 2019 results include an income tax provision of $80.3 million and includes a net charge of $17.5 million related to the settlement of the Company's qualified defined benefit plans. The tax impact of this action consisted of a tax benefit of $73.9 million from the pension settlement charge, which was netted against a tax charge of $91.4 million resulting from the release of disproportionate tax effects in Accumulated Other Comprehensive Income. Additionally, the income tax provision for 2019 included a net benefit of $17.2 million primarily related to favorable rate change impacts on state deferred tax assets as well as a reassessment of the state valuation allowance. The 2018 income tax provision of $57.3 million included a net benefit of $4.8 million primarily related to 2017 U.S. tax reform updates. The 2017 results reflected an income tax provision of $111.6 million, which included net charges of $64.3 million mostly relating to the impact of U.S. tax reform, including the impact on deferred tax balances from the reduction in the statutory rate from 35 percent to 21 percent, along with an estimate of taxes payable on deemed unrepatriated foreign earnings.

See **Note 12 – Income Taxes** in the Notes to Consolidated Financial Statements for further details.

Results of Operations

Consolidated

The following table sets forth certain amounts, ratios and relationships calculated from the Consolidated Statements of Operations for 2019, 2018 and 2017:

				2019 vs. 2018		2018 vs. 2017	
(in millions, except per share data)	**2019**	**2018**	**2017**	**$**	**%**	**$**	**%**
Net sales	**$ 4,108.4**	$ 4,120.9	$ 3,802.2	$ (12.5)	(0.3)%	$ 318.7	8.4 %
Gross margin (A)	**1,121.0**	1,047.0	948.6	74.0	7.1 %	98.4	10.4 %
Restructuring, exit, integration and impairment charges	**18.8**	54.8	48.6	(36.0)	(65.7)%	6.2	12.8 %
Operating earnings	**471.0**	355.5	330.3	(31.3)	32.5 %	25.2	(16.9)%
Pension settlement charge	**292.8**	—	96.6	292.8	— %	(96.6)	(100.0)%
Transaction financing charges	**—**	(5.1)	—	5.1	NM	(5.1)	NM
Net earnings from continuing operations	**30.4**	253.4	101.3	(223.0)	(88.0)%	152.1	150.1 %
Diluted earnings per share from continuing operations	**$ 0.36**	$ 2.87	$ 1.12	$ (2.51)	(87.5)%	$ 1.75	156.3 %
Expressed as a percentage of Net sales:							
Gross margin	**27.3 %**	25.4 %	24.9 %		190 bpts		50 bpts
Selling, general and administrative expense	**12.4 %**	12.5 %	12.0 %		(10) bpts		40 bpts
Research and development expense	**3.0 %**	2.9 %	2.9 %		10 bpts		0 bpts
Operating margin	**11.5 %**	8.6 %	8.7 %		290 bpts		(10) bpts

NM = not meaningful
bpts = basis points

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

2019 vs. 2018

Net sales decreased slightly during 2019 when compared with 2018. Refer to the Marine Engine segment and Boat segment discussions for further details on the drivers of net sales changes.

Gross margin percentage increased, reflecting benefits from the absence of the Sea Ray Sport Yacht and Yacht operations in 2019, which had a negative gross margin impact in 2018, as well as improvements in the Marine Engine segment including benefits from the Power Products acquisition as well as favorable changes in sales mix. These positive factors exceeded the impact of lower sales, tariffs and unfavorable changes in foreign exchange rates. Additionally, the gross margin percentage reflected favorable comparisons versus the prior year due to unfavorable plant efficiencies associated with production ramp-up for new products and warehouse management integration in the first half of 2018.

Selling, general and administrative expense (SG&A) decreased and included purchase accounting amortization, acquisition-related costs, and the impacts of Sport Yacht and Yacht operations. Excluding these items, operating expenses were relatively flat on a percentage of net sales basis as lower variable compensation expense and benefits from cost reduction programs were offset by a full year of Power Products results and the acquisition of Freedom Boat Club. Research and development expense was relatively consistent in 2019 versus 2018, reflecting continued investment in new products in both the Marine Engine and Boat segments.

During 2019, the Company recorded restructuring, exit and impairment charges of $18.8 million compared with $54.8 million in 2018. See **Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further details.

The Company recognized equity earnings of $7.3 million and $7.7 million in 2019 and 2018, respectively, which were mainly related to the Company's marine joint ventures. Equity earnings in 2018 included a $2.3 million gain on the sale of an equity investment as discussed in **Note 9 – Investments** in the Notes to Consolidated Financial Statements.

In 2019, the Company recorded $292.8 million of charges related to pension settlement actions as discussed in **Note 17 – Postretirement Benefits** in the Notes to Consolidated Financial Statements. There were no pension settlement actions in 2018.

The Company recognized $(2.1) million and $(4.3) million in 2019 and 2018, respectively, in Other expense, net. Other expense, net primarily includes pension and other postretirement benefit costs, the amortization of deferred income related to a trademark licensing agreement with AMF Bowling Centers, Inc. as discussed in **Note 1 - Significant Accounting Policies** in the Notes to Consolidated Financial Statements, as well as remeasurement gains and losses resulting from changes in foreign currency rates.

Net interest expense increased $29.6 million to $72.7 million in 2019 compared with 2018 primarily due to recent debt activity as discussed in **Note 16 – Debt** in the Notes to Consolidated Financial Statements.

Transaction financing charges of $5.1 million in 2018 related to the 364-Day Senior Unsecured Bridge Facility which was secured in connection with the Power Products acquisition as discussed in **Note 16 – Debt** in the Notes to Consolidated Financial Statements.

Income tax provision for 2019 was $80.3 million and includes a net charge of $17.5 million related to the settlement of the Company's qualified defined benefit plans. The tax impact of this action consisted of a tax benefit of $73.9 million from the pension settlement charge, which was netted against a tax charge of $91.4 million resulting from the release of disproportionate tax effects in Accumulated Other Comprehensive Income. Additionally, the income tax provision for 2019 included a net benefit of $17.2 million, primarily related favorable rate change impacts on state deferred tax assets as well as a reassessment of the state valuation allowance. The 2018 results reflect an income tax provision of $57.3 million which included a net benefit of $4.8 million primarily related to 2017 U.S. tax reform updates. The effective tax rate for 2019 and 2018 was 72.6 percent and 18.5 percent, respectively.

The Company's effective tax rate also reflects the benefit of having earnings from foreign entities that are in jurisdictions that have lower statutory tax rates than the U.S. with the most significant impact related to China and Poland, which have applicable statutory tax rates of 15 percent and 19 percent, respectively.

See **Note 12 – Income Taxes** in the Notes to Consolidated Financial Statements for further details on the impacts of the Tax Cuts and Jobs Act as well as a reconciliation of the Company's effective tax rate and statutory Federal income tax rate.

Due to the factors described in the preceding paragraphs, operating earnings increased, while net earnings from continuing operations and diluted earnings per common share from continuing operations decreased during 2019. Diluted earnings per common share from continuing operations benefited from common stock repurchases in both years.

Adjusted diluted earnings per common share from continuing operations increased in 2019. The following table is a summary of the factors described in the preceding paragraphs and their impact on diluted earnings per common share from continuing operations:

(in millions, except per share data)	2019	2018
Diluted earnings per common share from continuing operations	**$ 0.36**	$ 2.87
Restructuring, exit, impairment and other charges (A)	**0.23**	0.47
Pension settlement charge	**3.62**	—
Purchase accounting amortization	**0.22**	0.19
Sport Yacht & Yachts	**0.07**	0.51
Acquisition-related costs	**0.02**	0.17
Loss on early extinguishment of debt	**0.01**	—
Gain on sale of equity investment	**—**	(0.02)
Special tax items	**(0.20)**	(0.06)
Diluted earnings per common share from continuing operations, as adjusted	**$ 4.33**	$ 4.13

(A) Includes IT transformation costs of $0.02 in 2019.

2018 vs. 2017

Net sales increased during 2018 when compared with 2017. Refer to the Marine Engine segment and Boat segment discussions for further details on the drivers of net sales changes.

Gross margin percent increased in 2018 when compared with 2017, reflecting favorable items including volume benefits and a favorable impact from changes in sales mix, resulting from new products. Partially offsetting these factors were the wind-down of the Sport Yacht and Yacht operations as well as purchase accounting amortization.

Selling, general and administrative expense and Research and development expense increased during 2018 when compared with 2017. Selling, general and administrative expense in 2018 included purchase accounting amortization associated with the Power Products acquisition and acquisition-related costs. Excluding these items, both line items reflected planned spending increases to support new product promotion and development, primarily in the Marine Engine segment.

During 2018, the Company recorded restructuring, exit and impairment charges of $54.8 million compared with $48.5 million in 2017. See**Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further details.

The Company recognized equity earnings of $7.7 million and $6.1 million in 2018 and 2017, respectively, which were mainly related to the Company's marine joint ventures. In the fourth quarter of 2018, the Company sold its 36 percent equity investment in Bella-Veneet Oy (Bella), a Finnish boat manufacturer, which had previously been fully impaired due to significant declines in profitability that were deemed other than temporary. As a result, the Company recorded a gain of $2.3 million within Equity earnings on the Consolidated Statements of Operations, which was equal to the proceeds from the sale.

In 2017, the Company recorded $96.6 million of charges related to pension settlement payments as discussed in**Note 17 – Postretirement Benefits** in the Notes to Consolidated Financial Statements.

The Company recognized $(4.3) million and $(3.1) million in 2018 and 2017, respectively, inOther expense, net.

Net interest expense increased $19.3 million to $43.1 million in 2018 compared with 2017 as a result of debt activity in 2018 as discussed in**Note 16 – Debt** in the Notes to Consolidated Financial Statements.

The Company recognized an income tax provision of $57.3 million in 2018, which included a net benefit of $4.8 million primarily related to 2017 U.S. tax reform updates. The Company recognized an income tax provision of $111.6 million in 2017, which included net charges of $64.3 million mostly relating to the impact of U.S. tax reform, including the impact on deferred tax balances from the reduction in the statutory rate from 35 percent to 21 percent, along with an estimate of taxes payable on deemed unrepatriated foreign earnings. The effective tax rates for 2018 and 2017 were 18.5 percent and 52.4 percent, respectively. See **Note 12 – Income Taxes** in the Notes to Consolidated Financial Statements for further details.

Operating earnings, Net earnings from continuing operations and Diluted earnings per common share from continuing operations increased in 2018 when compared with 2017, primarily due to the factors discussed in the preceding paragraphs. Diluted earnings per common share from continuing operations benefited from common stock repurchases during both years.

Adjusted diluted earnings per common share from continuing operations increased in 2019. The following table is a summary of the factors described in the preceding paragraphs and their impact on diluted earnings per common share from continuing operations:

(in millions, except per share data)	**2019**	**2018**
Diluted earnings per common share from continuing operations	**$ 2.87**	$ 1.12
Restructuring, exit, impairment and other charges	**0.47**	0.36
Pension settlement charge	**—**	0.69
Purchase accounting amortization	**0.19**	—
Sport Yacht & Yachts	**0.51**	0.22
Acquisition-related costs	**0.17**	—
Gain on sale of equity investment	**(0.02)**	—
Special tax items	**(0.06)**	0.72
Diluted earnings per common share from continuing operations, as adjusted	**$ 4.13**	$ 3.11

Segments

The Company has two reportable segments: Marine Engine and Boat. Refer to **Note 6 – Segment Information** in the Notes to Consolidated Financial Statements for details on the segment operations.

Marine Engine Segment

The following table sets forth Marine Engine segment results for the years ended December 31, 2019, 2018 and 2017:

				2019 vs. 2018		2018 vs. 2017	
(in millions)	**2019**	**2018**	**2017**	**$**	**%**	**$**	**%**
Net sales	**$ 3,073.5**	$ 2,993.6	$ 2,631.8	$ 79.9	2.7 %	$ 361.8	13.7 %
Restructuring, exit and impairment charges (A)	**4.7**	—	—	4.7	NM	—	NM
Operating earnings (B)	**497.1**	454.4	411.3	42.7	9.4 %	43.1	10.5 %
Operating margin	**16.2 %**	15.2 %	15.6 %		100 bpts		(40) bpts

NM = not meaningful
bpts = basis points

(A) See **Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further details.
(B) Includes $28.7 million and $21.2 million in 2019 and 2018, respectively, of purchase accounting amortization and $13.8 million of acquisition-related costs in 2018.

2019 vs. 2018

The Marine Engine segment reported net sales increases in 2019, including benefits from the Power Products acquisition, which had an accretive impact of 5 percentage points to the segment's revenue growth rate. The propulsion business benefited from continued robust demand for higher horsepower engines, particularly in the 175 to 300 horsepower categories introduced in 2018 and the 400 and 450 horsepower engines released in 2019, but overall sales performance declined due to lower sales of outboard engines 150 horsepower and below and sterndrive engines. The marine parts and accessories business continued its steady performance in the year 2019. International net sales were 31 percent of the segment's net sales in 2019 and international net sales, excluding Power Products, were up 6 percent versus the prior year on a GAAP basis as well as on a constant currency basis and excluding the impact of the Power Products acquisition. International net sales increases were driven by Europe, Asia-Pacific and Rest-of-World regions, partially offset by declines in Canada.

Marine Engine segment operating earnings for the year increased as a result of benefits from the Power Products acquisition, favorable changes in sales mix, described above, and cost control measures. Additionally, the operating earnings increase included favorable comparisons versus the prior year due to unfavorable plant efficiencies associated with production ramp-up for new products, warehouse management integration in the first half of 2018, and acquisition-related costs related to the Power Products acquisition in 2018. Partially offsetting these positive factors were the impact of tariffs, unfavorable changes in foreign exchange rates and volume declines.

2018 vs. 2017

Marine Engine segment net sales benefited from significant growth in both the propulsion and marine parts and accessories businesses. Propulsion benefited from organic growth as a result of robust demand for new, higher horsepower outboard products. The marine parts and accessories business benefited from contributions from Power Products as well as steady organic growth in both the products and distribution businesses. Acquisitions completed in 2018 and 2017 accounted for approximately 4 percentage points of the Marine Engine segment's overall revenue growth rate in 2018. International net sales were 30 percent of the segment's net sales in 2018 and increased 13 percent from the prior year on a GAAP basis. On a constant currency basis and excluding acquisitions, international net sales increased 6 percent in 2018, which included gains in all international regions.

The Marine Engine segment reported increased operating earnings in 2018 when compared with the prior year as a result of strong operating performance including higher net sales, favorable impacts from changes in sales mix and contributions from the acquisition of Power Products. Partially offsetting these factors were the impacts of purchase accounting amortization and acquisition-related costs. Additionally, the first half of the year included unfavorable impacts of plant efficiencies associated with production ramp-up for new products and the integration of new warehouse management systems as well as planned spending increases for product promotion and development.

Boat Segment

The following table sets forth Boat segment results for the years ended December 31,2019, 2018 and 2017:

				2019 vs. 2018		2018 vs. 2017	
(in millions)	**2019**	**2018**	**2017**	**$**	**%**	**$**	**%**
Boat segment:							
Net sales (A)	**$ 1,333.8**	$ 1,471.3	$ 1,490.6	$ (137.5)	(9.3)%	$ (19.3)	(1.3)%
Restructuring, exit and impairment charges (B)	**9.6**	54.1	48.6	(44.5)	(82.3)%	5.5	11.3 %
Operating earnings (loss) (A) (C)	**58.0**	(12.5)	5.3	70.5	NM	(17.8)	NM
Operating margin	**4.3 %**	(0.8)%	0.4 %		510 bpts		(120) bpts
Sport Yacht and Yacht operations:							
Net sales (A)	**(0.7)**	49.4	151.6	(50.1)	NM	(102.2)	(67.4)%
Restructuring, exit and impairment charges (B)	**—**	49.4	23.3	(49.4)	NM	26.1	NM
Operating loss	**(7.8)**	(107.8)	(55.2)	100.0	92.8 %	(52.6)	NM
Operating margin	**NM**	NM	(36.4)%		NM		NM

NM = not meaningful
bpts = basis points

(A) During 2019, results included $(0.7) million of charges within Net sales related to estimated retail sales incentives to support the sale of sport yachts and yachts currently in the dealer pipeline. During 2018, results included $16.0 million of charges within Net sales to support the sale of sport yachts and yachts in the dealer pipeline at that time. There were no comparable charges in 2017.
(B) See **Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further details.
(C) 2019 results include $2.6 million of acquisition-related costs and $0.8 million of purchase accounting amortization related to the Freedom Boat Club acquisition.

2019 vs. 2018

Boat segment net sales decreased versus 2018, reflecting planned pipeline reductions in the aluminum freshwater and saltwater fishing boat categories and the exit of Sport Yacht and Yacht operations. Excluding the impact of Sport Yacht and Yacht operations, recreational fiberglass net sales increased as a result of improvement at Sea Ray, with a more favorable mix toward boats with expanded content driving sales. The planned reductions in wholesale unit shipments in the aluminum freshwater boat category were in response to a challenging retail market environment in the first half of the year, due in part to unfavorable weather conditions. Premium boat brands, including Boston Whaler, Sea Ray and Lund, all performed strongly at retail in their key product categories. International sales were 24 percent of the segment's net sales in 2019 and decreased 7 percent on a GAAP basis. On a constant currency basis, international sales decreased 5 percent primarily due to declines in Europe and Asia-Pacific.

Boat segment operating earnings comparisons between 2019 and 2018 reflect reduced losses associated with the exit of the Sport Yacht and Yacht operations. Excluding this factor, operating earnings decreased as a result of lower volume, higher retail discounts required to lower pipelines during the second-half of the year and planned spending on profit improvement initiatives. Additionally, comparisons were negatively impacted by less favorable plant efficiencies at certain of our boat facilities in the first quarter of 2019 versus 2018, due in part to new product integrations. These negative factors excluded benefits from cost control measures.

2018 vs. 2017

Boat segment net sales decreased slightly in 2018 compared with the same prior year period, primarily as a result of the winding down of Sport Yacht and Yacht operations during 2018. Sport Yacht and Yacht sales negatively affected sales comparisons by 7 percent. Net sales for the segment benefited from strong growth in the saltwater fishing category, due in part to the impact of new products in 2018 and of hurricane activity on 2017 results. Net sales growth excluding Sport Yacht and Yacht operations was solid for the recreational fiberglass category, led by continued sales growth for Sea Ray Sport Boats and Cruisers. Aluminum freshwater reported solid growth as strong sales increases in pontoon boats were partially offset by continued weakness at Lowe due to the transition of distribution away from Cabela's and lower sales into Canada due to the impact of retaliatory tariffs on wholesale shipments. Global wholesale boat shipments were down, but sales increases were aided by higher average selling prices as customers continued to migrate to boats with more content and higher horsepower engines, as well as growth in premium brands, which outpaced the performance of value product lines. In addition, price increases were implemented in response to cost inflation, particularly in aluminum fishing boats and pontoons. International net sales were 24 percent of the segment's net sales in 2018, a decrease of 6 percent from the prior year on a GAAP basis. On a constant currency basis and excluding Sport Yacht and Yacht operations, international net sales decreased 3 percent when compared with the same prior year period, mainly due to declines in Rest-of-World regions.

Boat segment operating earnings decreased in 2018 when compared with the prior year, including positive timing benefits from the adoption and implementation of the new revenue standard. The decrease was the result of losses from Sport Yacht and Yacht operations which included wind-down activities and higher restructuring, exit, integration and impairment charges. The other businesses posted an overall increase in earnings, benefitting from increased sales and a favorable impact from changes in product mix.

Corporate/Other

The following table sets forth Corporate/Other results for the years ended December 31,2019, 2018 and 2017:

				2019 vs. 2018		2018 vs. 2017	
(in millions)	**2019**	**2018**	**2017**	**$**	**%**	**$**	**%**
Restructuring, exit, impairment and other charges (A) (B)	**$ 6.7**	$ 0.7	$ —	$ 6.0	NM	$ 0.7	NM
Operating loss	**(84.1)**	(86.4)	(86.3)	2.3	2.7 %	(0.1)	(0.1)%

NM = not meaningful

(A) See **Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further details.
(B) 2019 includes $2.2 million of IT transformation costs resulting from the Fitness separation.

Corporate operating expenses decreased in 2019 compared with 2018 primarily as a result of several factors which included cost containment measures largely completed by the end of the third quarter of 2019, partially offset by higher restructuring, exit, impairment and other charges. Corporate expenses were relatively flat in 2018 compared with 2017.

Cash Flow, Liquidity and Capital Resources

The following table sets forth an analysis of free cash flow for theyears ended December 31, 2019, 2018 and 2017:

(in millions)	**2019**	**2018**	**2017**
Net cash provided by operating activities of continuing operations	**$ 475.3**	$ 274.5	$ 307.7
Net cash provided by (used for):			
Plus: Capital expenditures	**(232.6)**	(180.2)	(178.0)
Plus: Proceeds from the sale of property, plant and equipment	**7.3**	0.4	7.9
Plus: Effect of exchange rate changes on cash and cash equivalents	**0.4**	(5.0)	6.9
Less: Cash impact of Sport Yacht and Yacht operations, net of tax	**—**	(53.7)	(10.9)
Total free cash flow from continuing operations (A)	**$ 250.4**	$ 143.4	$ 155.4

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

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

2019 Cash Flow

Net cash provided by operating activities of continuing operations in 2019 totaled $475.3 million versus $274.5 million in the comparable period of 2018. This comparison reflected lower pension contributions and higher net earnings, net of non-cash items (pension settlement charges, depreciation and amortization, impairments and income tax impacts not yet realized in cash) in 2019, which were partially offset by unfavorable working capital usage trends.

The primary drivers of the cash provided by operating activities of continuing operations in 2019 were net earnings net of non-cash expense items, partially offset by an increase in working capital. Working capital is defined as Accounts and notes receivable, Inventories and Prepaid expenses and other, net of Accounts payable and Accrued expenses as presented in the Consolidated Balance Sheets, excluding the impact of acquisitions and non-cash adjustments. Inventory increased $50.5 million primarily related to finished goods in the Marine Engine segment, to support higher sales volumes after pipeline reduction efforts in 2019. Accrued expenses decreased $44.7 million, Accounts payable decreased $32.7 million and Accounts and notes receivable decreased $41.4 million primarily as a result of lower sales in the fourth quarter.

Net cash used for investing activities of continuing operations was $287.0 million, which included capital expenditures of $232.6 million and cash paid for the acquisition of Freedom Boat Club of $64.1 million. See **Note 5 – Acquisitions** in the Notes to Consolidated Financial Statements for further details on the Freedom Boat Club acquisition. The Company's capital spending focused on investments in capacity expansion initiatives mostly in the Marine Engine segment as well as new products. Net cash provided by investing activities of discontinued operations was $481.7 million and mainly related to proceeds from the sale of the Fitness business.

Net cash used for financing activities was $600.8 million and primarily related to common stock repurchases, net payments from issuances of long-term debt and cash dividends paid to common shareholders. Refer to **Note 15 – Debt** in the Notes to Consolidated Financial Statements for further details on the Company's debt activity during the year ended December 31, 2019.

2018 Cash Flow

In 2018, net cash provided by operating activities of continuing operations totaled $274.5 million. The primary driver of the cash provided by operating activities was net earnings from continuing operations net of non-cash expense items. Additionally, the Company made discretionary pension contributions of $163.8 million to its qualified and nonqualified defined benefit plans in connection with its plan termination activities. An increase in working capital had a negative effect on net cash provided by operating activities. Net inventories increased by $82.4 million, primarily driven by increases in the Marine Engine segment due to increased production associated with new outboard products. Accounts receivable increased by $30.2 million as a result of strong year-over-year sales increases in the fourth quarter in the Company's Marine Engine segment. Partially offsetting these items were increases in Accounts payable of $61.4 million, mostly related to higher expenditures in the Marine Engine segment to support higher production, and Accrued expenses of $17.6 million primarily due to customer rebates attributable to increased sales volume.

Net cash used for investing activities of continuing operations during 2018 totaled $1,098.4 million, which included cash paid for the acquisition of Power Products, net of cash acquired, of $909.6 million. See **Note 5 – Acquisitions** in the Notes to Consolidated Financial Statements for further details on the Power Products acquisition. In addition, capital expenditures totaled $180.2 million. The Company's capital spending focused on investments in new products as well as capacity expansion initiatives. Net cash used for investing activities also included $8.8 million of investments which primarily related to the Company's marine joint ventures.

Net cash provided by financing activities was $620.5 million during 2018. The cash inflow was mainly due to $793.5 million of net proceeds from debt activity in connection with the Power Products acquisition, partially offset by common stock repurchase activity and cash dividends paid to common shareholders. Refer to **Note 16 – Debt** in the Notes to Consolidated Financial Statements for further details on the Company's debt activity.

Liquidity and Capital Resources

The Company views its highly liquid assets as ofDecember 31, 2019 and 2018 as:

(in millions)		2019		2018
Cash and cash equivalents	**$**	**320.3**	$	294.4
Short-term investments in marketable securities		**0.8**		0.8
Total cash, cash equivalents and marketable securities	**$**	**321.1**	$	295.2

The following table sets forth an analysis of Total liquidity as ofDecember 31, 2019 and 2018:

(in millions)		2019		2018
Cash, cash equivalents and marketable securities	**$**	**321.1**	$	295.2
Amounts available under lending facilities (A)		**387.9**		396.1
Total liquidity (B)	**$**	**709.0**	$	691.3

(A) See **Note 16 – Debt** in the Notes to Consolidated Financial Statements for further details on the Company's lending facility.
(B) The Company defines Total liquidity as Cash and cash equivalents and Short-term investments in marketable securities as presented in the Consolidated Balance Sheets, plus amounts available for borrowing under its lending facilities. Total liquidity is not intended as an alternative measure to Cash and cash equivalents and Short-term investments in marketable securities as determined in accordance with GAAP in the United States. The Company uses this financial measure both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Management believes that this financial measure and the information it provides are useful to investors because it permits investors to view the Company's performance using the same metric that management uses to gauge progress in achieving its goals. Management believes that the non-GAAP financial measure "Total liquidity" is also useful to investors because it is an indication of the Company's available highly liquid assets and immediate sources of financing.

Cash, cash equivalents and marketable securities totaled$321.1 million as of December 31, 2019, an increase of $25.9 million from$295.2 million as of December 31, 2018. Total debt as of December 31, 2019 and December 31, 2018 was $1,109.3 million and $1,220.8 million, respectively. The Company's debt-to-capitalization ratio increased to 46.0 percent as of December 31, 2019, from 43.5 percent as of December 31, 2018 as debt reductions during the year were more than offset by the impact of share repurchases funded with Fitness sale proceeds.

In June and July of 2019, the Company announced cost reduction measures to drive greater efficiency and reduce its annual operating costs. These actions are expected to reduce costs by approximately $50 million on an annual run-rate basis. The cost reduction initiative was largely completed at the end of 2019. Refer to **Note 4 – Restructuring, Exit and Impairment Activities** in the Notes to Consolidated Financial Statements for further information.

Consistent with the Company's plan to reduce substantially all of its near-term maturity debt in 2019, in the first quarter of 2019 the Company issued $230 million of 30-year senior notes and used $150 million of the proceeds to retire its 3-year term loan due 2021. Additionally, in the third quarter of 2019 the Company retired its $150.0 million of senior notes due 2021.

During 2019, the Company borrowed a total of $655.0 million under the Credit Facility, all of which was repaid during the period. The maximum amount utilized under the Credit Facility during the period, including letters of credit outstanding, was$258.6 million. The Company did not borrow under the Credit Facility during 2018.

Refer to **Note 15 – Debt** in the Notes to Consolidated Financial Statements for further details on the Company's debt activity during 2019.

Management believes that the Company has adequate sources of liquidity to meet the Company's short-term and long-term needs.

The Company received net proceeds of approximately $470 million from the sale of its Fitness business in the second quarter of 2019 and revised its capital strategy. As a result, the Company's Board of Directors authorized an additional $600 million of share repurchases in 2019, including $450 million announced in the second quarter of 2019 and an additional $150 million announced on July 16, 2019. The Company repurchased approximately $400 million of shares 2019, bringing the total remaining authorization to approximately $235 million as of December 31, 2019.

During 2019 and 2018 the company contributed $3.5 million and $160.0 million, respectively, to its qualified pension plans and contributed $4.4 million and $3.8 million, respectively, to fund benefit payments to its nonqualified pension plan.

In 2019, settlement payments were made from the Company's defined benefit plans to fully exit the plans through group annuity contracts or lump-sum payments to certain participants. As a result of this action, the Company incurred a non-cash, after-tax pension settlement charge of $310.3 million, including the recognition of actuarial losses as well as certain income tax consequences.

See **Note 17 – Postretirement Benefits** in the Notes to Consolidated Financial Statements for more details.

2020 Cash Flow Outlook and Capital Plan

The Company plans to continue executing against a balanced capital strategy in 2020, leveraging its strong free cash flow generation. The Company is projecting an increase in net earnings in 2020 when compared with 2019. Net working capital activity is projected to reflect a usage of cash in 2020 in the range of $30 million to $50 million. Additionally, the Company is planning for capital expenditures of approximately $200 million to $220 million, including investments in new products across all businesses, cost reduction and automation projects, and additional capacity in the propulsion business. Including these and other factors, the Company plans to generate free cash flow in 2020 in excess of $325 million.

The 2020 plan includes debt reduction of approximately $100 million, with estimated interest expense of $65 million. The plan also includes approximately $100 million of share repurchases spread relatively evenly throughout the year. Quarterly dividend payments are anticipated to be $0.24 per share, consistent with current levels.

The Company expects its cash tax rate to be in the low-to-mid-teens percentage range in 2020.

Financial Services

Refer to **Note 10 – Financing Joint Venture** in the Notes to Consolidated Financial Statements for more information about the Company's financial services.

Off-Balance Sheet Arrangements

Guarantees. The Company has reserves to cover potential losses associated with guarantees and repurchase obligations based on historical experience and current facts and circumstances. Historical cash requirements and losses associated with these obligations have not been significant. See **Note 13 – Commitments and Contingencies** in the Notes to Consolidated Financial Statements for a description of these arrangements.

Contractual Obligations

The following table sets forth a summary of the Company's contractual cash obligations as ofDecember 31, 2019:

	Payments due by period				
(in millions)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Contractual Obligations					
Debt (A)	**$ 1,133.6**	$ 41.3	$ 79.4	$ 307.6	$ 705.3
Interest payments on long-term debt	**1,163.3**	65.0	125.8	102.4	870.1
Operating leases (B)	**101.4**	22.5	37.5	27.0	14.4
Purchase obligations (C)	**48.9**	47.0	1.8	0.1	—
Deferred management compensation (D)	**25.3**	5.1	6.0	6.0	8.2
Other long-term liabilities (E)	**108.3**	16.3	49.0	27.6	15.4
Total contractual obligations	**$ 2,580.8**	$ 197.2	$ 299.5	$ 470.7	$ 1,613.4

(A) See **Note 16 – Debt** in the Notes to Consolidated Financial Statements for additional information on the Company's debt. "Debt" refers to future cash principal payments. Debt also includes the Company's capital leases as discussed in **Note 21 – Leases** in the Notes to Consolidated Financial Statements.
(B) See **Note 21 – Leases** in the Notes to Consolidated Financial Statements for additional information.
(C) Purchase obligations represent agreements with suppliers and vendors as part of the normal course of business.
(D) Amounts primarily represent long-term deferred compensation plans for Company management.
(E) Other long-term liabilities primarily includes long-term warranty contracts, future projected payments related to the Company's nonqualified pension plans and deferred revenue. The Company is not required to make contributions to the qualified pension plan in 2019.

Legal Proceedings

See **Note 13 – Commitments and Contingencies** in the Notes to Consolidated Financial Statements.

Environmental Regulation

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

Critical Accounting Policies

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amount of reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results may differ from those estimates. If current estimates for the cost of resolving any specific matters are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required. The Company has discussed the development and selection of the critical accounting policies with the Audit Committee of the Board of Directors and believes the following are the most critical accounting policies that could have an effect on Brunswick's reported results.

Revenue Recognition and Sales Incentives. Revenue is recognized as performance obligations under the terms of contracts with customers are satisfied; this occurs when control of promised goods (engines, engine parts and accessories, boats, and fitness equipment) is transferred to the customer. The Company recognizes revenue related to the sale of extended warranty contracts that extend the coverage period beyond the standard warranty period over the life of the extended warranty period.

Revenue is measured as the amount of consideration expected to be entitled in exchange for transferring goods or providing services. The Company has excluded sales, value add, and other taxes collected concurrent with revenue-producing activities from the determination of the transaction price for all contracts. The Company has elected to account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment activity. For all contracts with customers, the Company has not adjusted the promised amount of consideration for the effects of a significant financing component as the period between the transfer of the promised goods and the customer's payment is expected to be one year or less.

See **Note 2 – Revenue Recognition** in the Notes to Consolidated Financial Statements for more information.

Warranty Reserves. The Company records an estimated liability for product warranties at the time revenue is recognized. The liability is estimated using historical warranty experience, projected claim rates and expected costs per claim. The Company adjusts its liability for specific warranty matters when they become known and the exposure can be estimated. The Company's warranty liabilities are affected by product failure rates as well as material usage and labor costs incurred in correcting a product failure. If actual costs differ from estimated costs, the Company must make a revision to the warranty liability.

Goodwill. Goodwill results from the excess of purchase price over the net assets of businesses acquired. The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying value. As part of the annual test, the Company may perform a qualitative, rather than quantitative, assessment to determine whether the fair values of its reporting units are “more likely than not” to be greater than their carrying values. In performing this qualitative analysis, the Company considers various factors, including the effect of market or industry changes and the reporting units' actual results compared to projected results.

If the fair value of a reporting unit does not meet the "more likely than not" criteria discussed above, the Company performs a quantitative assessment which begins by measuring the fair value of the reporting unit. If the carrying value of the reporting unit exceeds its fair value, a goodwill impairment is recorded equal to the carrying value of the reporting unit less its fair value, not to exceed the carrying value of goodwill.

The Company calculates the fair value of its reporting units considering both the income approach and the guideline public company method. The income approach calculates the fair value of the reporting unit using a discounted cash flow approach utilizing a Gordon Growth model. Internally forecasted future cash flows, which the Company believes reasonably approximate market participant assumptions, are discounted using a weighted average cost of capital (Discount Rate) developed for each reporting unit. The Discount Rate is developed using market observable inputs, as well as considering whether or not there is a measure of risk related to the specific reporting unit's forecasted performance. Fair value under the guideline public company method is determined for each unit by applying market multiples for comparable public companies to the unit's current and forecasted financial results. The key uncertainties in these calculations are the assumptions used in determining the reporting unit's forecasted future performance, including revenue growth and operating margins, as well as the perceived risk associated with those forecasts in determining the Discount Rate, along with selecting representative market multiples.

The Company did not record any goodwill impairments in 2019, 2018 or 2017 in continuing operations. Refer to **Note 3 – Discontinued Operations** for further information on the Fitness goodwill impairment recorded during 2019.

Other intangible assets. The Company's primary intangible assets are customer relationships and trade names acquired in business combinations. Intangible assets are initially valued using a methodology commensurate with the intended use of the asset. The customer relationships including those acquired in the Power Products acquisition, which constitute the majority of the Company's customer relationships, were valued using the income approach, specifically the multi-period excess earnings method (MPEEM). The fair value of trade names, including the Power Products trade names, is measured using a relief-from-royalty (RFR) approach, which assumes the value of the trade name is the discounted amount of cash flows that would be paid to third parties had the Company not owned the trade name and instead licensed the trade name from another company. Higher royalty rates are assigned to premium brands within the marketplace based on name recognition and profitability, while other brands receive lower royalty rates. The basis for future sales projections for both the RFR and MPEEM are based on internal revenue forecasts by brand, which the Company believes represent reasonable market participant assumptions. The future cash flows are discounted using an applicable Discount Rate as well as any potential risk premium to reflect the inherent risk of holding a standalone intangible asset.

The key uncertainties in the RFR and MPEEM calculations, as applicable, are: assumptions used in developing internal revenue growth and expense forecasts, assumed customer attrition rates, the selection of an appropriate royalty rate, as well as the perceived risk associated with those forecasts in determining the Discount Rate.

The costs of amortizable intangible assets are recognized over their expected useful lives, typically between three and fifteen years, using the straight-line method. Intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate long-lived assets described below. Intangible assets not subject to amortization are assessed for impairment at least annually and whenever events or changes in circumstances indicate that it is more likely than not that an asset may be impaired. The impairment test for indefinite-lived intangible assets consists of a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset.

Refer to **Note 5 – Acquisitions** and **Note 11 – Goodwill and Other Intangibles** in the Notes to Consolidated Financial Statements for more information.

Long-Lived Assets. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of its definite-lived intangible assets and other long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. Once an impairment indicator is identified, the Company tests for recoverability of the related asset group using an estimate of undiscounted cash flows over the asset group's remaining life. If an asset group's carrying value is not recoverable, the Company records an impairment loss based on the excess of the carrying value of the asset group over the long-lived asset group's fair value. Fair value is determined using observable inputs, including the use of appraisals from independent third parties, when available, and, when observable inputs are not available, based on the Company's assumptions of the data that market participants would use in pricing the asset, based on the best information available in the circumstances. Specifically, the Company uses discounted cash flows to determine the fair value of the asset when observable inputs are unavailable. The Company tested its long-lived asset balances for impairment as indicators arose during 2019, 2018 and 2017, resulting in impairment charges of $3.0 million, $12.7 million and $31.0 million, respectively, which are recognized in Restructuring, exit and impairment charges in the Consolidated Statements of Operations.

Income Taxes. Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. The Company evaluates the realizability of net deferred tax assets and, as necessary, records valuation allowances against them. The Company estimates its tax obligations based on historical experience and current tax laws and litigation. The judgments made at any point in time may change based on the outcome of tax audits and settlements of tax litigation, as well as changes due to new tax laws and regulations and the Company's application of those laws and regulations. These factors may cause the Company's tax rate and deferred tax balances to increase or decrease. See **Note 12 – Income Taxes** in Notes to Consolidated Financial Statements for further details.

Recent Accounting Pronouncements

See **Note 1 – Significant Accounting Policies** in the Notes to Consolidated Financial Statements for the recent accounting pronouncements that have been adopted during the year ended December 31, 2019, or will be adopted in future periods.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in foreign currency exchange rates, commodity prices and interest rates. The Company enters into various hedging transactions to mitigate certain of these risks in accordance with guidelines established by the Company's management. The Company does not use financial instruments for trading or speculative purposes.

The Company uses foreign currency forward and option contracts to manage foreign exchange rate exposure related to anticipated transactions, and assets and liabilities that are subject to risk from foreign currency rate changes. The Company's principal currency exposures mainly relate to the Euro, Japanese Yen, Canadian dollar, Australian dollar, and the Brazilian Real. The Company hedges certain anticipated transactions with financial instruments whose maturity date, along with the realized gain or loss, occurs on or near the execution of the anticipated transaction. The Company manages foreign currency exposure of certain assets or liabilities through the use of derivative financial instruments such that the gain or loss on the derivative financial instrument offsets the loss or gain recognized on the underlying asset or liability, respectively.

The Company uses fixed-to-floating interest rate swaps to convert a portion of the Company's long-term debt from fixed-to-floating rate debt. An interest rate swap is entered into with the expectation that the change in the fair value of the interest rate swap will offset the change in the fair value of the debt instrument attributable to changes in the benchmark interest rate. Each period, the change in the fair value of the interest rate swap asset or liability is recorded as a change in the fair value of the corresponding debt instrument.

The following analyses provide quantitative information regarding the Company's exposure to foreign currency exchange rate risk and interest rate risk as it relates to its derivative financial instruments. The Company uses a model to evaluate the sensitivity of the fair value of financial instruments with exposure to market risk that assumes instantaneous, parallel shifts in exchange rates. For options and instruments with nonlinear returns, models appropriate to the instrument are utilized to determine the impact of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that exchange rates change in a parallel fashion.

The amounts shown below represent the estimated reduction in fair market value that the Company would incur on its derivative financial instruments from a 10 percent adverse change in quoted foreign currency rates and interest rates.

(in millions)	2019	2018
Risk Category		
Foreign exchange	**$ 34.5**	$ 35.1
Interest rates	—	1.5

Item 8. Financial Statements and Supplementary Data

See Index to Financial Statements and Financial Statement Schedule on page 49.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively), the Company has evaluated its disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a -15(e) and 15d -15(e)) as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, the Company included a report of management's assessment of the effectiveness of its internal control over financial reporting as part of this Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Management's report is included in the Company's 2019 Financial Statements under the captions entitled “Report of Management on Internal Control Over Financial Reporting” and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information pursuant to this Item with respect to our Directors, the Company's Audit Committee, and the Company's code of ethics is incorporated by reference from the discussion under the headings Proposal No. 1: Election of Directors and Corporate Governance in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 2020 (Proxy Statement).

The information required by Item 401 of Regulation S-K regarding executive officers is included under “Executive Officers of the Registrant” following Item 4 in Part I of this Annual Report.

Item 11. Executive Compensation

Information pursuant to this Item with respect to compensation paid to our Directors is incorporated by reference from the discussion under the heading Director Compensation in the Proxy Statement. Information pursuant to this Item with respect to executive compensation is incorporated by reference from the discussion under the heading Executive Compensation in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information pursuant to this Item 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 persons known to the Company to own beneficially more than 5 percent of the outstanding voting securities of the Company is incorporated by reference from the discussion under the heading Stock Held by Directors, Executive Officers, and Principal Shareholders in the Proxy Statement. Information pursuant to this Item with respect to securities authorized for issuance under the Company's equity compensation plans is hereby incorporated by reference from the discussion under the heading Equity Compensation Plan Information in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information pursuant to this Item with respect to certain relationships and related transactions is incorporated from the discussion under the headings Proposal No. 1: Election of Directors and Corporate Governance in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

Information pursuant to this Item with respect to fees for professional services rendered by the Company's independent registered public accounting firm and the Audit Committee's policy on pre-approval of audit and permissible non-audit services of the Company's independent registered public accounting firm is incorporated by reference from the discussion in the Proxy Statement under the heading Proposal No. 3: Ratification of the Appointment of Independent Registered Public Accounting Firm.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The financial statements and schedule filed as part of this Annual Report on Form 10-K are listed in the accompanying Index to Financial Statements and Financial Statement Schedule on page 49. The exhibits filed as a part of this Annual Report are listed in the Exhibit Index below.

Exhibit No.	Description
2.1	Equity Purchase Agreement, dated as of May 5, 2019, between Brunswick Corporation and Lumos International Holdings B.V., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 8, 2019 and hereby incorporated by reference.
3.1	Restated Certificate of Incorporation of the Company, dated July 22, 1987, filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1987, as filed with the Securities and Exchange Commission, and hereby incorporated by reference.
3.2	Amendments to Restated Certificate of Incorporation of the Company, as effective May 2, 2018, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on May 3, 2018, and hereby incorporated by reference.
3.3	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 as filed with the Securities and Exchange Commission on March 23, 1995, and hereby incorporated by reference.
3.4	Amended By-Laws of the Company, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2016 as filed with the Securities and Exchange Commission on May 5, 2016, and hereby incorporated by reference.
4.1	Description of the Company's Securities Registered Pursuant to Section 12 of the Exchange Act.
4.2	Indenture, dated as of October 3, 2018, between the Company and U.S. Bank National Association, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2018, and hereby incorporated by reference.
4.3	First Supplemental Indenture, dated as of October 3, 2018, between the Company and U.S. Bank National Association, as Trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2018, and hereby incorporated by reference.
4.4	Second Supplemental Indenture, dated as of December 3, 2018, between the Company and U.S. Bank National Association, as Trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 3, 2018 and hereby incorporated by reference.
4.5	Third Supplemental Indenture, dated as of March 4, 2019, between the Company and U.S. Bank National Association, as Trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on March 4, 2019, and hereby incorporated by reference.
4.6	Form of Global Note for the 6.500% Senior Notes due 2048, incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 3, 2018 and hereby incorporated by reference.
4.7	Form of Global Note for the 6.625% Senior Notes due 2049, filed as Exhibit 4.3 to the Form 8-A filed with the Securities and Exchange Commission on December 3, 2018, and hereby incorporated by reference.
4.8	Form of Global Note for the 6.375% Senior Notes due 2049, filed as Exhibit 4.3 to the Form 8-A filed with the Securities and Exchange Commission on March 4, 2019, and hereby incorporated by reference.
4.9	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.
4.10	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 as filed with the Securities and Exchange Commission on March 29, 1994, and hereby incorporated by reference.
4.11	Form of the Company's $200,000,000 principal amount of 7 1/8% Notes due August 1, 2027, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on August 21, 1997, and hereby incorporated by reference.

4.12	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.
10.1	Term Loan Credit Agreement, dated as of August 7, 2018, among the Company, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 9, 2018 and hereby incorporated by reference.
10.2	Amended and Restated Credit Agreement, dated as of March 21, 2011, as amended and restated as of June 26, 2014, as further amended and restated as of June 30, 2016, as further amended as of July 13, 2018 and as further amended and restated as of September 26, 2018, among the Company, the subsidiary borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 28, 2018 and hereby incorporated by reference.
10.3	Extension Amendment, dated as of November 12, 2019, amending the Amended and Restated Credit Agreement, dated as of March 21, 2011, as amended and restated as of June 26, 2014, as further amended and restated as of June 30, 2016, as further amended as of July 13, 2018 and as further amended and restated as of September 26, 2018, among the Company, the subsidiary borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 12, 2019 and hereby incorporated by reference.
10.4	First Amendment, dated September 26, 2018, to the Term Loan Credit Agreement, dated as of August 7, 2018, among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 28, 2018 and hereby incorporated by reference.
10.5	Form of Dealer Agreement between Brunswick Corporation and the Dealer party thereto, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on December 19, 2019, and hereby incorporated by reference.
10.6*	Terms and Conditions of Employment Agreement for David M. Foulkes, effective January 1, 2019, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 10, 2018 and hereby incorporated by reference.
10.7*	Form of Officer Terms and Conditions of Employment.
10.8*	Brunswick Corporation Supplemental Pension Plan as amended and restated effective February 3, 2009, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for 2008 as filed with the Securities and Exchange Commission on February 24, 2009, and hereby incorporated by reference.
10.9*	Form of Non-Employee Director Indemnification Agreement, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for 2006 as filed with the Securities and Exchange Commission on February 23, 2007, and hereby incorporated by reference.
10.10*	Brunswick Corporation 2003 Stock Incentive Plan, as amended and restated, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2010, as filed with the Securities and Exchange Commission on May 7, 2010, and hereby incorporated by reference.
10.11*	1997 Stock Plan for Non-Employee Directors, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, as filed with the Securities and Exchange Commission on November 13, 1998, and hereby incorporated by reference.
10.12*	Brunswick Corporation 2005 Elective Deferred Compensation Plan as amended and restated effective January 1, 2013, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on August 3, 2012, and hereby incorporated by reference.
10.13*	Brunswick Restoration Plan, as amended and restated effective January 1, 2013, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on August 3, 2012, and hereby incorporated by reference.
10.14*	Brunswick Corporation Senior Management Incentive Plan, filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2013, as filed with the Securities and Exchange Commission on May 1, 2013, and hereby incorporated by reference.
10.15*	Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2014, as filed with the Securities and Exchange Commission on July 31, 2014 and hereby incorporated by reference.

10.16*	2017 Cash-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2017, as filed with the Securities and Exchange Commission on May 4, 2017, and hereby incorporated by reference.
10.17*	2017 Stock-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2017 as filed with the Securities and Exchange Commission on May 4, 2017 and hereby incorporated by reference.
10.18*	2018 Performance Share Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on May 3, 2018, and hereby incorporated by reference.
10.19*	2018 Performance Share Grant Terms and Conditions for Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on May 3, 2018, and hereby incorporated by reference.
10.20*	2018 Stock-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on May 3, 2018, and hereby incorporated by reference.
10.21*	2018 Cash-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on May 3, 2018, and hereby incorporated by reference.
10.22*	2018 Stock-Settled Restricted Stock Unit Grant Terms and Conditions for Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on May 3, 2018, and hereby incorporated by reference.
10.23*	2019 Brunswick Performance Plan Summary Terms and Conditions, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.24*	2019 Stock-Settled Restricted Stock Unit Grant Terms and Conditions for Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.25*	2019 Stock-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.26*	2019 Cash-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.27*	2019 Cash-Settled Restricted Stock Unit Grant Terms and Conditions for Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.28*	2019 Stock-Settled Stock Appreciation Right Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan, filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.29*	Brunswick Corporation 2005 Automatic Deferred Compensation Plan as amended and restated effective January 1, 2018, filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019, as filed with the Securities and Exchange Commission on May 1, 2019, and hereby incorporated by reference.
10.30*	2020 Brunswick Performance Plan Summary Terms and Conditions.
10.31*	2020 Performance Share Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan.
10.32*	2020 Performance Share Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan --TSR Participants.

10.33*	2020 Stock-Settled Restricted Stock Unit Grant Terms and Conditions for Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan.
10.34*	2020 Stock-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan.
10.35*	2020 Cash-Settled Restricted Stock Unit Grant Terms and Conditions Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan.
10.36*	2020 Cash-Settled Restricted Stock Unit Grant Terms and Conditions for Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan.
12.1	Ratios.
21.1	Subsidiaries of the Company.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104.1	Cover Page Interactive Data File, formatted in Inline XBRL, is contained in Exhibit 101.

* Management contract or compensatory plan or arrangement.

Index to Financial Statements and Financial Statement Schedule

Brunswick Corporation

BRUNSWICK CORPORATION

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company's management is also responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Based on the Company's evaluation under the framework in Internal Control - Integrated Framework, management concluded that internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of internal control over financial reporting as of December 31, 2019 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its attestation report, which is included herein.

Brunswick Corporation
Mettawa, Illinois
February 18, 2020

BRUNSWICK CORPORATION

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Brunswick Corporation
Mettawa, Illinois

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brunswick Corporation and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated February 18, 2020, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 18, 2020

BRUNSWICK CORPORATION

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Brunswick Corporation
Mettawa, Illinois

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brunswick Corporation and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Power Products Trade Name Intangible Assets-Refer to Notes 1 and 11 to the financial statements

Critical Audit Matter Description

As of December 31, 2019, the carrying value of the Power Products trade name intangible assets was $111 million. Management assesses the recoverability of the Power Products trade name intangible assets at least annually by estimating the fair value of the trade name and comparing this fair value to the carrying value. The determination of the fair value requires management to make significant estimates and assumptions related to royalty rates, discount rates, and forecasts of future Power Products revenues.

How the Critical Audit Matter Was Addressed in the Audit

- We tested the effectiveness of controls over management's intangible assets impairment evaluation, including those over the determination of the fair value of the Power Products trade name, such as controls related to management's forecasts of future Power Products revenues and selection of the royalty and discount rates.

- We evaluated management's ability to accurately forecast future Power Products revenues by comparing actual Power Products revenues to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts of future Power Products revenues by comparing management's forecasts to:
  - Historical revenues.
  - Internal strategic forecasts presented to management and the Board of Directors.
  - Forecasted information included in Company press releases as well as in analyst and industry reports of the Company and selected companies in its peer group.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the royalty and discount rates by:
  - Testing the source information underlying the determination of the royalty and discount rates and the mathematical accuracy of the calculation.
  - Developing a range of independent estimates and comparing those to the royalty and discount rates selected by management.

Chicago, Illinois
February 18, 2020

We have served as the Company's auditor since 2014.

BRUNSWICK CORPORATION
Consolidated Statements of Operations

(in millions, except per share data)	For the Years Ended December 31 2019	2018	2017
Net sales	**$ 4,108.4**	$ 4,120.9	$ 3,802.2
Cost of sales	**2,987.4**	3,073.9	2,853.6
Selling, general and administrative expense	**509.6**	515.2	458.1
Research and development expense	**121.6**	121.5	111.6
Restructuring, exit and impairment charges	**18.8**	54.8	48.6
Operating earnings	**471.0**	355.5	330.3
Equity earnings	**7.3**	7.7	6.1
Pension settlement charge	**(292.8)**	—	(96.6)
Other expense, net	**(2.1)**	(4.3)	(3.1)
Earnings before interest and income taxes	**183.4**	358.9	236.7
Interest expense	**(76.0)**	(46.0)	(26.4)
Interest income	**3.3**	2.9	2.6
Transaction financing charges	**—**	(5.1)	—
Earnings before income taxes	**110.7**	310.7	212.9
Income tax provision	**80.3**	57.3	111.6
Net earnings from continuing operations	**30.4**	253.4	101.3
Discontinued operations:			
(Loss) Earnings from discontinued operations, net of tax	**(117.5)**	11.9	45.1
Loss on disposal of discontinued operations, net of tax	**(43.9)**	—	—
(Loss) earnings from discontinued operations, net of tax	**(161.4)**	11.9	45.1
Net (loss) earnings	**$ (131.0)**	$ 265.3	$ 146.4
Earnings (loss) per common share:			
Basic			
Earnings from continuing operations	**$ 0.36**	$ 2.89	$ 1.13
(Loss) Earnings from discontinued operations	**(1.90)**	0.14	0.51
Net (loss) earnings	**$ (1.54)**	$ 3.03	$ 1.64
Diluted			
Earnings from continuing operations	**$ 0.36**	$ 2.87	$ 1.12
(Loss) Earnings from discontinued operations	**(1.89)**	0.14	0.50
Net (loss) earnings	**$ (1.53)**	$ 3.01	$ 1.62
Weighted average shares used for computation of:			
Basic earnings (loss) per common share	**85.2**	87.6	89.4
Diluted earnings (loss) per common share	**85.6**	88.2	90.1

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

BRUNSWICK CORPORATION
Consolidated Statements of Comprehensive Income

	For the Years Ended December 31		
(in millions)	**2019**	**2018**	**2017**
Net (loss) earnings	**$ (131.0)**	$ 265.3	$ 146.4
Other comprehensive income (loss), net of tax:			
Foreign currency translation:			
Foreign currency translation adjustments (A)	**25.1**	(17.3)	20.3
Less: foreign currency translation reclassified into Net earnings (loss)(B)	**(13.8)**	—	—
Net foreign currency translation	**11.3**	(17.3)	20.3
Defined benefit plans:			
Net actuarial losses (A)	**(11.3)**	(3.3)	(8.1)
Amortization of prior service credits (B)	**3.1**	(0.5)	(0.5)
Amortization of net actuarial losses (B)	**310.2**	7.9	69.3
Net defined benefit plans	**302.0**	4.1	60.7
Derivatives:			
Net deferred gains (losses) on derivatives (A)	**3.6**	7.3	(7.5)
Net (gains) losses reclassified into Net earnings (loss) (B)	**(7.2)**	2.6	1.3
Net activity for derivatives	**(3.6)**	9.9	(6.2)
Other comprehensive income (loss)	**309.7**	(3.3)	74.8
Comprehensive income	**$ 178.7**	$ 262.0	$ 221.2

(A) The tax effects for the year ended December 31, 2019 were $(0.7) million for foreign currency translation, $5.1 million for net actuarial losses arising during the period and $(1.4) million for derivatives. The tax effects for the year ended December 31, 2018 were $1.5 million for foreign currency translation, $1.2 million for net actuarial losses arising during the period and $(3.3) million for derivatives. The tax effects for the year ended December 31, 2017 were $(4.1) million for foreign currency translation, $5.4 million for net actuarial losses arising during the period and $3.4 million for derivatives.
(B) See **Note 19 – Comprehensive Income (Loss)** for the tax effects for the years ended December 31, 2019, December 31, 2018 and December 31, 2017.

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

BRUNSWICK CORPORATION
Consolidated Balance Sheets

(in millions)	As of December 31 2019	2018
Assets		
Current assets		
Cash and cash equivalents, at cost, which approximates fair value	**$ 320.3**	$ 294.4
Restricted cash	**11.6**	9.0
Short-term investments in marketable securities	**0.8**	0.8
Total cash and short-term investments in marketable securities	**332.7**	304.2
Accounts and notes receivable, less allowances of $8.5 and $8.7	**331.8**	351.8
Inventories		
Finished goods	**554.3**	490.8
Work-in-process	**101.3**	94.1
Raw materials	**168.9**	189.1
Net inventories	**824.5**	774.0
Prepaid expenses and other	**36.8**	72.9
Current assets held for sale	**—**	377.2
Current assets	**1,525.8**	1,880.1
Property		
Land	**17.8**	16.5
Buildings and improvements	**415.4**	359.8
Equipment	**1,090.1**	983.0
Total land, buildings and improvements and equipment	**1,523.3**	1,359.3
Accumulated depreciation	**(863.8)**	(791.9)
Net land, buildings and improvements and equipment	**659.5**	567.4
Unamortized product tooling costs	**136.9**	127.1
Net property	**796.4**	694.5
Other assets		
Goodwill	**415.0**	377.3
Other intangibles, net	**583.5**	585.8
Equity investments	**29.5**	32.6
Deferred income tax asset	**118.7**	97.8
Operating lease assets	**83.2**	—
Other long-term assets	**12.3**	13.1
Long-term assets held for sale	**—**	610.3
Other assets	**1,242.2**	1,716.9
Total assets	**$ 3,564.4**	$ 4,291.5

BRUNSWICK CORPORATION
Consolidated Balance Sheets

	As of December 31	
(in millions)	**2019**	**2018**
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	**$ 41.3**	$ 41.3
Accounts payable	**393.5**	458.2
Accrued expenses	**509.6**	502.1
Current liabilities held for sale	**—**	255.0
Current liabilities	**944.4**	1,256.6
Long-term liabilities		
Debt	**1,068.0**	1,179.5
Operating lease liabilities	**70.1**	—
Postretirement benefits	**73.6**	71.6
Other	**107.4**	101.6
Long-term liabilities held for sale	**—**	99.6
Long-term liabilities	**1,319.1**	1,452.3
Shareholders' equity		
Common stock; authorized: 200,000,000 shares, $0.75 par value; issued: 102,538,000 shares; outstanding: 79,569,000 and 86,757,000 shares	**76.9**	76.9
Additional paid-in capital	**369.2**	371.1
Retained earnings	**1,931.3**	2,135.7
Treasury stock, at cost: 22,969,000 and 15,781,000 shares	**(1,023.1)**	(638.0)
Accumulated other comprehensive loss, net of tax:		
Foreign currency translation	**(37.6)**	(48.9)
Defined benefit plans:		
Prior service credits	**(3.0)**	(6.1)
Net actuarial losses	**(7.3)**	(306.2)
Unrealized losses on derivatives	**(5.5)**	(1.9)
Accumulated other comprehensive loss, net of tax	**(53.4)**	(363.1)
Shareholders' equity	**1,300.9**	1,582.6
Total liabilities and shareholders' equity	**$ 3,564.4**	$ 4,291.5

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

BRUNSWICK CORPORATION
Consolidated Statements of Cash Flow

(in millions)	For the Years Ended December 31 2019	2018	2017
Cash flows from operating activities			
Net (loss) earnings	**$ (131.0)**	$ 265.3	$ 146.4
Less: net (loss) earnings from discontinued operations, net of tax	**(161.4)**	11.9	45.1
Net earnings from continuing operations	**30.4**	253.4	101.3
Depreciation and amortization	**138.7**	124.0	87.1
Stock compensation expense	**17.3**	16.7	15.9
Pension expense including settlement charges, net of (funding)	**293.3**	(156.1)	32.2
Asset impairment charges	**3.0**	32.1	37.7
Deferred income taxes	**(49.8)**	31.0	92.2
Changes in certain current assets and current liabilities			
Change in accounts and notes receivable	**41.4**	(30.2)	(30.7)
Change in inventory	**(50.5)**	(82.4)	(29.9)
Change in prepaid expenses and other, excluding income taxes	**5.7**	(8.9)	2.9
Change in accounts payable	**(32.7)**	61.4	21.7
Change in accrued expenses	**(44.7)**	17.6	13.5
Long-term extended warranty contracts and other deferred revenue	**4.0**	7.9	9.1
Income taxes	**114.4**	4.9	(48.0)
Other, net	**4.8**	3.1	3.2
Net cash provided by operating activities of continuing operations	**475.3**	274.5	308.2
Net cash (used for) provided by operating activities of discontinued operations	**(41.1)**	62.5	92.1
Net cash provided by operating activities	**434.2**	337.0	400.3
Cash flows from investing activities			
Capital expenditures	**(232.6)**	(180.2)	(178.0)
Sales or maturities of marketable securities	**—**	—	35.0
Investments	**2.4**	(8.8)	(3.2)
Acquisition of businesses, net of cash acquired	**(64.1)**	(909.6)	(15.5)
Proceeds from the sale of property, plant and equipment	**7.3**	0.4	7.9
Other, net	**—**	(0.2)	—
Net cash used for investing activities of continuing operations	**(287.0)**	(1,098.4)	(153.8)
Net cash provided by (used for) investing activities of discontinued operations	**481.7**	(8.9)	(25.1)
Net cash provided by (used for) investing activities	**194.7**	(1,107.3)	(178.9)
Cash flows from financing activities			
Proceeds from issuances of short-term debt	**655.0**	298.9	—
Payments of short-term debt	**(655.0)**	(300.0)	—
Net proceeds from issuances of long-term debt	**223.6**	794.6	—
Payments of long-term debt including current maturities	**(341.0)**	(12.6)	(3.0)
Common stock repurchases	**(400.0)**	(75.0)	(130.0)
Cash dividends paid	**(73.4)**	(67.8)	(60.6)
Proceeds from share-based compensation activity	**2.8**	1.4	6.2
Tax withholding associated with shares issued for share-based compensation	**(12.1)**	(12.5)	(14.8)
Other, net	**(0.7)**	(6.5)	—
Net cash (used for) provided by financing activities of continuing operations	**(600.8)**	620.5	(202.2)
Net cash used for financing activities of discontinued operations	**—**	—	(1.5)
Net cash (used for) provided by financing activities	**(600.8)**	620.5	(203.7)
Effect of exchange rate changes	**0.4**	(5.0)	6.9
Net increase (decrease) in Cash and cash equivalents and Restricted cash	**28.5**	(154.8)	24.6
Cash and cash equivalents and Restricted cash at beginning of period	**303.4**	458.2	433.6
Cash and cash equivalents and Restricted cash at end of period	**331.9**	303.4	458.2
Less: Restricted cash	**11.6**	9.0	9.4
Cash and cash equivalents at end of period	**$ 320.3**	$ 294.4	$ 448.8
Supplemental cash flow disclosures:			
Interest paid	**$ 79.5**	$ 46.8	$ 33.0
Income taxes paid, net	**$ 18.2**	$ 21.7	$ 73.5

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

BRUNSWICK CORPORATION
Consolidated Statements of Shareholders' Equity

(in millions, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2016	$ 76.9	$ 382.0	$ 1,881.0	$ (465.2)	$ (434.6)	$ 1,440.1
Net earnings	—	—	146.4	—	—	146.4
Other comprehensive income	—	—	—	—	74.8	74.8
Dividends ($0.685 per common share)	—	—	(60.6)	—	—	(60.6)
Compensation plans and other	—	(7.6)	—	19.8	—	12.2
Common stock repurchases	—	—	—	(130.0)	—	(130.0)
Balance, December 31, 2017	76.9	374.4	1,966.8	(575.4)	(359.8)	1,482.9
ASU No. 2014-09 adoption	—	—	(28.6)	—	—	(28.6)
Net earnings	—	—	265.3	—	—	265.3
Other comprehensive loss	—	—	—	—	(3.3)	(3.3)
Dividends ($0.78 per common share)	—	—	(67.8)	—	—	(67.8)
Compensation plans and other	—	(3.3)	—	12.4	—	9.1
Common stock repurchases	—	—	—	(75.0)	—	(75.0)
Balance, December 31, 2018	76.9	371.1	2,135.7	(638.0)	(363.1)	1,582.6
Net loss	—	—	(131.0)	—	—	(131.0)
Other comprehensive income	—	—	—	—	309.7	309.7
Dividends ($0.87 per common share)	—	—	(73.4)	—	—	(73.4)
Compensation plans and other	—	(1.9)	—	14.9	—	13.0
Common stock repurchases	—	—	—	(400.0)	—	(400.0)
Balance, December 31, 2019	$ 76.9	$ 369.2	$ 1,931.3	$ (1,023.1)	$ (53.4)	$ 1,300.9

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

BRUNSWICK CORPORATION
Notes to Consolidated Financial Statements

Note 1 – Significant Accounting Policies

Basis of Presentation. Brunswick Corporation (Brunswick or the Company) has prepared its consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). As stated in **Note 3 – Discontinued Operations,** Brunswick's results as discussed in the financial statements reflect continuing operations only, unless otherwise noted.

Principles of Consolidation. Brunswick's consolidated financial statements include the accounts of all majority owned and controlled domestic and foreign subsidiaries. Intercompany balances and transactions have been eliminated.

Use of Estimates. The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates. Actual results could differ materially from those estimates. These estimates affect:

- The reported amounts of revenues and expenses during the reporting periods;
- The reported amounts of assets and liabilities at the date of the financial statements; and
- The disclosure of contingent assets and liabilities at the date of the financial statements.

Estimates in these consolidated financial statements include, but are not limited to:

- Allowances for doubtful accounts;
- Inventory valuation reserves;
- Variable consideration related to recorded revenue;
- Reserves related to repurchase and recourse obligations;
- Warranty related reserves;
- Losses on litigation and other contingencies;
- Environmental reserves;
- Insurance reserves;
- Valuation of goodwill and other intangible assets;
- Impairments of long-lived assets;
- Reserves related to restructuring, exit and impairment activities;
- Postretirement benefit liabilities;
- Valuation allowances on deferred tax assets; and
- Income tax reserves.

Cash and Cash Equivalents. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. These investments include, but are not limited to, investments in money market funds, bank deposits, federal government and agency debt securities and commercial paper.

Restricted Cash. Restricted Cash is primarily related to cash deposited in a trust that is pledged as collateral against certain workers' compensation-related obligations to be restricted cash. Refer to **Note 13 – Commitments and Contingencies** for more information.

Accounts and Notes Receivable and Allowance for Doubtful Accounts. The Company carries its accounts and notes receivable at their face amounts less an allowance for doubtful accounts. On a regular basis, the Company records an allowance for uncollectible receivables based upon known bad debt risks and past loss history, customer payment practices and economic conditions. Actual collection experience may differ from the current estimate of net receivables. A change to the allowance for doubtful accounts may be required if a future event or other change in circumstances results in a change in the estimate of the ultimate collectability of a specific account.

Inventories. Inventories are valued at the lower of cost or net realizable value, with net realizable value equal to the estimated selling price less the estimated costs to transact. Approximately 45 percent and 49 percent of the Company's inventories were determined by the first-in, first-out method (FIFO) at December 31, 2019 and December 31, 2018, respectively. Remaining inventories valued at the last-in, first-out method (LIFO) were $139.9 million and $135.5 million lower than the FIFO cost of inventories at December 31, 2019 and 2018, respectively. Inventory cost includes material, labor and manufacturing overhead. There were no liquidations of LIFO inventory layers in 2019, 2018 or 2017.

Property. Property, including major improvements and product tooling costs, is recorded at cost. Product tooling costs principally comprise the cost to acquire and construct various long-lived molds, dies and other tooling the Company uses in its manufacturing processes. Design and prototype development costs associated with product tooling are expensed as incurred. Maintenance and repair costs are also expensed as incurred. Depreciation is recorded over the estimated service lives of the related assets, principally using the straight-line method. Buildings and improvements are depreciated over a useful life of five to forty years. Equipment is depreciated over a useful life of two to twenty years. Product tooling costs are amortized over the shorter of the useful life of the tooling or the anticipated life of the applicable product, for a period up to eight years. The Company capitalizes interest on qualifying assets during the construction period and capitalized $5.0 million and $2.2 million in the periods ending December 31, 2019 and 2018, respectively. The Company presents capital expenditures on a cash basis within the Consolidated Statements of Cash Flows. There were $27.5 million and $65.0 million of unpaid capital expenditures within Accounts payable as of December 31, 2019 and 2018, respectively. The Company includes gains and losses recognized on the sale and disposal of property in either Selling, general and administrative expenses or Restructuring, exit and impairment charges as appropriate. The amount of gains and losses for the years ended December 31 were as follows:

(in millions)	**2019**	2018	2017
Gains on the sale of property	**$ 1.8**	$ 0.3	$ 0.7
Losses on the sale and disposal of property	**(2.4)**	(0.8)	(0.6)
Net (losses) gains on sale and disposal of property	**$ (0.6)**	$ (0.5)	$ 0.1

As of December 31, 2019 and 2018, the Company had $3.0 million and $8.9 million, respectively, of net assets classified as held-for-sale within Net property in the Consolidated Balance Sheets.

Software Development Costs for Internal Use. The Company expenses all software development and implementation costs incurred until the Company has determined that the software will result in probable future economic benefit and management has committed to funding the project. Once this is determined, external direct costs of material and services, payroll-related costs of employees working on the project and related interest costs incurred during the application development stage are capitalized. These capitalized costs are amortized over three to seven years. All other related costs, including training costs and costs to re-engineer business processes, are expensed as incurred.

Goodwill. Goodwill results from the excess of purchase price over the net assets of businesses acquired. The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying value. As part of the annual test, the Company may perform a qualitative, rather than quantitative, assessment to determine whether the fair values of its reporting units are "more likely than not" to be greater than their carrying values. In performing this qualitative analysis, the Company considers various factors, including the effect of market or industry changes and the reporting units' actual results compared to projected results.

If the fair value of a reporting unit does not meet the "more likely than not" criteria discussed above, the Company performs a quantitative assessment which begins by measuring the fair value of the reporting unit. If the carrying value of the reporting unit exceeds its fair value, a goodwill impairment is recorded equal to the carrying value of the reporting unit less its fair value, not to exceed the carrying value of goodwill.

The Company calculates the fair value of its reporting units considering both the income approach and the guideline public company method. The income approach calculates the fair value of the reporting unit using a discounted cash flow approach utilizing a Gordon Growth model. Internally forecasted future cash flows, which the Company believes reasonably approximate market participant assumptions, are discounted using a weighted average cost of capital (Discount Rate) developed for each reporting unit. The Discount Rate is developed using market observable inputs, as well as considering whether or not there is a measure of risk related to the specific reporting unit's forecasted performance. Fair value under the guideline public company method is determined for each unit by applying market multiples for comparable public companies to the unit's current and forecasted financial results. The key uncertainties in these calculations are the assumptions used in determining the reporting unit's forecasted future performance, including revenue growth and operating margins, as well as the perceived risk associated with those forecasts in determining the Discount Rate, along with selecting representative market multiples.

The Company did not record any goodwill impairments in 2019, 2018 or 2017 in continuing operations. Refer to **Note 3 – Discontinued Operations** for further information on the Fitness goodwill impairment recorded during 2019.

Other intangible assets. The Company's primary intangible assets are customer relationships and trade names acquired in business combinations. Intangible assets are initially valued using a methodology commensurate with the intended use of the asset. The customer relationships including those acquired in the Power Products acquisition, which constitute the majority of the Company's customer relationships, were valued using the income approach, specifically the multi-period excess earnings method (MPEEM). The fair value of trade names, including the Power Products trade names, is measured using a relief-from-royalty (RFR) approach, which assumes the value of the trade name is the discounted amount of cash flows that would be paid to third parties had the Company not owned the trade name and instead licensed the trade name from another company. Higher royalty rates are assigned to premium brands within the marketplace based on name recognition and profitability, while other brands receive lower royalty rates. The basis for future sales projections for both the RFR and MPEEM are based on internal revenue forecasts by brand, which the Company believes represent reasonable market participant assumptions. The future cash flows are discounted using an applicable Discount Rate as well as any potential risk premium to reflect the inherent risk of holding a standalone intangible asset.

The key uncertainties in the RFR and MPEEM calculations, as applicable, are: assumptions used in developing internal revenue growth and expense forecasts, assumed customer attrition rates, the selection of an appropriate royalty rate, as well as the perceived risk associated with those forecasts in determining the Discount Rate.

The costs of amortizable intangible assets are recognized over their expected useful lives, typically betweenthree and fifteen years, using the straight-line method. Intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate long-lived assets described below. Intangible assets not subject to amortization are assessed for impairment at least annually and whenever events or changes in circumstances indicate that it is more likely than not that an asset may be impaired. The impairment test for indefinite-lived intangible assets consists of a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset.

Refer to **Note 5 – Acquisitions** and **Note 11 – Goodwill and Other Intangibles** in the Notes to Consolidated Financial Statements for more information.

Equity Investments. For investments in which the Company owns or controls from20 percent to 50 percent of the voting shares, the Company uses the equity method of accounting. The Company's share of net earnings or losses from equity method investments is included in the Consolidated Statements of Operations. The Company carries other investments, for which the Company does not have the ability to exercise significant influence, at fair value, with changes in fair value recognized in net income. For equity investments that do not have a readily determinable fair value, the Company measures the investment at cost less impairment, plus or minus observable price changes. The Company periodically evaluates the carrying value of its investments. See **Note 9 – Investments** for further details about the Company's evaluation of the fair value of its investments.

Long-Lived Assets. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of its definite-lived intangible assets and other long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. Once an impairment indicator is identified, the Company tests for recoverability of the related asset group using an estimate of undiscounted cash flows over the asset group's remaining life. If an asset group's carrying value is not recoverable, the Company records an impairment loss based on the excess of the carrying value of the asset group over the long-lived asset group's fair value. Fair value is determined using observable inputs, including the use of appraisals from independent third parties, when available, and, when observable inputs are not available, based on the Company's assumptions of the data that market participants would use in pricing the asset, based on the best information available in the circumstances. Specifically, the Company uses discounted cash flows to determine the fair value of the asset when observable inputs are unavailable. The Company tested its long-lived asset balances for impairment as indicators arose during 2019, 2018 and 2017, resulting in impairment charges of $3.0 million, $12.7 million and $31.0 million, respectively, which are recognized either in Restructuring, exit and impairment charges or Selling, general and administrative expense in the Consolidated Statements of Operations.

Other Long-Term Assets. Other long-term assets consists mainly of capitalized financing costs, long-term pension assets and deposits.

Revenue Recognition. Revenue is recognized as performance obligations under the terms of contracts with customers are satisfied; this occurs when control of promised goods is transferred to the customer. The Company recognizes revenue related to the sale of extended warranty contracts that extend the coverage period beyond the standard warranty period over the life of the extended warranty period.

Revenue is measured as the amount of consideration expected to be entitled in exchange for transferring goods or providing services. The Company has excluded sales, value add, and other taxes collected concurrent with revenue-producing activities from the determination of the transaction price for all contracts. The Company has elected to account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment activity. For all contracts with customers, the Company has not adjusted the promised amount of consideration for the effects of a significant financing component as the period between the transfer of the promised goods and the customer's payment is expected to be one year or less.

For product sales, the Company transfers control and recognizes revenue at the time the product ships from a manufacturing or distribution facility ("free on board shipping point"), or at the time the product arrives at the customer's facility ("free on board destination"). When the shipping terms are "free on board shipping point", the customer obtains control and is able to direct the use of, and obtain substantially all of the benefits from, the products at the time the products are shipped. For shipments provided under “free on board destination”, control transfers to the customer upon delivery. Payment terms vary but are generally due within 30 days of transferring control. For the Company's Boat and Marine Engine segments, most product sales to dealers are wholesale financed through the Company's joint venture, Brunswick Acceptance Company, LLC (BAC), or other lending institutions, and payment is typically due in the month of shipment. For further information on the BAC joint venture, refer to **Note 10 – Financing Joint Venture**. In addition, periodically the Company may require the customer to provide up front cash deposits in advance of performance.

The Company also sells separately priced extended warranty contracts that extend the coverage period beyond the standard warranty period. When determining an appropriate allocation of the transaction price to the extended warranty performance obligation, the Company uses an observable price to determine the stand-alone selling price. Extended warranties typically range from an additional 1 year to 3 years. The Company receives payment at the inception of the contract and recognizes revenue over the extended warranty coverage period. This time-elapsed method is used to measure progress because the Company, on average, satisfies its performance obligation evenly over the warranty period.

See **Note 2 – Revenue Recognition** for more information.

Advertising Costs. The Company records advertising and promotion costs in Selling, general and administrative expense in the Consolidated Statements of Operations in the period when the advertising first takes place. Advertising and promotion costs were $35.6 million, $31.7 million and $26.3 million for the years ended December 31,2019, 2018 and 2017, respectively.

Foreign Currency. The functional currency for the majority of Brunswick's operations is the U.S. dollar. All assets and liabilities of operations with a functional currency other than the U.S. dollar are translated at period end current rates. The resulting translation adjustments are recorded in Accumulated other comprehensive loss, net of tax. Revenues and expenses of operations with a functional currency other than the U.S. dollar are translated at the average exchange rates for the period. Transaction gains and losses resulting from changes in foreign currency exchange rates are recorded in either Cost of sales or Other expense, net in the Consolidated Statements of Operations.

Trademark Licensing Agreement. On September 18, 2014, the Company completed the sale of its retail bowling business to AMF Bowling Centers, Inc. (AMF) and entered into a trademark licensing agreement, allowing AMF to use the Company's retail trademarks and trade names over a five year period from the date of sale. As a result, the Company recorded deferred income of $20.7 million related to this agreement, which was recognized as Other expense, net in the Consolidated Statements of Operations over five years. There was no deferred income remaining as of December 31, 2019.

Share-Based Compensation. The Company records amounts for all share-based compensation, including non-vested stock awards and performance-based share awards over the vesting period in the Consolidated Statements of Operations based upon their fair values at the date of the grant. Share-based compensation costs are included in Selling, general and administrative expense in the Consolidated Statements of Operations. See **Note 18 – Stock Plans and Management Compensation** for a description of the Company's accounting for share-based compensation plans.

Research and Development. Research and development costs are expensed as incurred.

Derivatives. The Company uses derivative financial instruments to manage its risk associated with movements in foreign currency exchange rates and interest rates. These instruments are used in accordance with guidelines established by the Company's management and are not used for trading or speculative purposes. The Company records all derivatives on the Consolidated Balance Sheets at fair value. See **Note 14 – Financial Instruments** for further discussion.

Recently Adopted Accounting Standards

Recognition of Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases,* (new leasing standard), which amended the Accounting Standards Codification (ASC) to require lessees to recognize assets and liabilities on the balance sheet for all leases with terms greater than twelve months. On January 1, 2019, the Company adopted the new leasing standard and all related amendments. The Company elected the optional transition method provided by the FASB in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, and as a result, has not restated its consolidated financial statements for prior periods presented. The Company has elected the practical expedients upon transition to retain the lease classification and initial direct costs for any leases that existed prior to adoption. The Company has also not reassessed whether any contracts entered into prior to adoption are leases.

The standard did not have a material impact on the Company's Consolidated Statements of Operations. The cumulative effect of the changes made to the Company's Consolidated Balance Sheet as of January 1, 2019 for the adoption of the new leasing standard was as follows:

(in millions)	Balance as of December 31, 2018	Adjustments Due to ASC 842	Balance as of January 1, 2019
Assets			
Operating lease assets	$ —	$ 80.1	**$ 80.1**
Long-term assets held for sale	610.3	21.1	**631.4**
Current liabilities			
Accrued expenses	502.1	16.4	**518.5**
Current liabilities held for sale	255.0	2.9	**257.9**
Long-term liabilities			
Other	101.6	(3.4)	**98.2**
Operating lease liabilities	—	67.1	**67.1**
Long-term liabilities held for sale	99.6	18.2	**117.8**

The Company determines if an arrangement is a lease at lease inception. Operating lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Company's lease contracts do not include an implicit rate, the Company uses its incremental borrowing rate based on information available at commencement date in determining the present value of future payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. The operating lease asset also includes any initial direct costs and lease payments made prior to lease commencement and excludes lease incentives incurred.

The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company has certain lease agreements that contain both lease and non-lease components, which it has elected to account for as a single lease component for all asset classes.

Measurement of Goodwill Impairment: In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*. The standard simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Instead, goodwill impairment is measured as the difference between the fair value and the carrying value of the reporting unit. The standard also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. The Company early adopted this amendment on January 1, 2019, which did not have a material impact on the consolidated financial statements but will impact future goodwill impairment measurement.

BRUNSWICK CORPORATION
Notes to Consolidated Financial Statements

Tax Effects in Other Comprehensive Income: In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*(AOCI), which requires certain new disclosures and permits companies to reclassify the disproportionate income tax effects of the Tax Cuts and Jobs Act of 2017 on items within AOCI to retained earnings. The Company currently records its stranded tax effects in AOCI using the portfolio approach. Upon adoption, the Company elected not to reclassify stranded tax effects in AOCI to retained earnings and there was no impact on its consolidated financial statements.

Hedge Accounting: In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities,* to simplify the application of hedge accounting and to better align an entity's risk management activities with the financial reporting of hedging relationships. The Company adopted this ASC amendment and it did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Standards

Defined Benefit Plan Disclosures: In August 2018, the FASB issued ASU 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans,*which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The amendment is effective for interim and annual periods ending after December 15, 2020, with early adoption permitted. The company has recently adopted this standard and it did not have a material impact on the consolidated financial statements.

Current Expected Credit Loss: In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments,* which updated the ASC to add an impairment model that is based on expected losses rather than incurred losses. On January 1, 2020, the Company adopted this standard and the adoption will not have a material impact on the consolidated financial statements.

Note 2 – Revenue Recognition

The following table presents the Company's revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

	Year Ended December 31, 2019			Year Ended December 31, 2018		
(in millions)	**Marine Engine**	**Boat**	**Total**	**Marine Engine**	**Boat**	**Total**
Geographic Markets						
United States	$ 2,131.1	$ 1,008.5	**$ 3,139.6**	$ 2,106.6	$ 1,119.9	$ 3,226.5
Europe	410.9	115.6	**526.5**	373.7	132.9	506.6
Asia-Pacific	246.6	31.2	**277.8**	228.8	35.7	264.5
Canada	142.8	154.8	**297.6**	150.5	157.5	308.0
Rest-of-World	142.1	23.7	**165.8**	134.0	25.3	159.3
Marine eliminations	(298.9)	—	**(298.9)**	(344.0)	—	(344.0)
Total	$ 2,774.6	$ 1,333.8	**$ 4,108.4**	$ 2,649.6	$ 1,471.3	$ 4,120.9
Major Product Lines						
Parts & Accessories	$ 1,594.2	$ —	**$ 1,594.2**	$ 1,442.0	$ —	$ 1,442.0
Propulsion	1,479.3	—	**1,479.3**	1,551.6	—	1,551.6
Aluminum Freshwater Boats	—	556.6	**556.6**	—	619.0	619.0
Recreational Fiberglass Boats	—	438.8	**438.8**	—	485.9	485.9
Saltwater Fishing Boats	—	316.6	**316.6**	—	362.1	362.1
Business Acceleration	—	21.8	**21.8**	—	4.3	4.3
Marine eliminations	(298.9)	—	**(298.9)**	(344.0)	—	(344.0)
Total	$ 2,774.6	$ 1,333.8	**$ 4,108.4**	$ 2,649.6	$ 1,471.3	$ 4,120.9

As of January 1, 2019, $74.8 million of contract liabilities associated with extended warranties and customer deposits were reported in Accrued expenses and Other Long-term liabilities with$21.7 million of this amount recognized as revenue during year ended December 31, 2019. As of December 31, 2019, total contract liabilities were$96.2 million. The total amount of the transaction price allocated to unsatisfied performance obligations as of December 31, 2019 is $88.8 million for contracts greater than one year, which includes extended warranties. The Company expects to recognize approximately $26.3 million of this amount in 2020 and $62.5 million thereafter. Contract assets as of January 1, 2019 and December 31, 2019 were not material. In addition, costs to obtain and fulfill contracts during the period were not material.

Note 3 – Discontinued Operations

On May 6, 2019, the Company announced that it reached an agreement to sell its Fitness business to KPS Capital Partners, LP. On June 27, 2019, the Company completed the sale. The Company determined that the sale of its Fitness business represented a strategic shift that had a major effect on the Company's operations and financial results. The Company no longer participates in the fitness industry and now solely focuses on its global marine portfolio. As a result, the Company classified the assets and liabilities of the Fitness business as held for sale on the Consolidated Balance Sheets for all prior periods. Additionally, this business, which was previously reported in the Company's Fitness segment, is being reported as discontinued operations in the Consolidated Statements of Operations and Consolidated Statements of Cash Flows for all periods presented.

The sale of the Fitness business resulted in net proceeds of $473.7 million and an after-tax loss of $43.9 million, subject to a working capital adjustment. In connection with the sale of its Fitness business, the Company retained assets of $26.4 million primarily related to VAT receivables, and retained liabilities of $45.1 million primarily related to VAT payables, product warranty liabilities and certain employee benefits. As of December 31, 2019, retained assets and liabilities were $16.4 million and $30.5 million, respectively.

In connection with the sale of the Fitness business, the Company entered into a Transition Services Agreement (TSA) with the purchaser to provide certain support functions for a period of up to twelve months following the sale. The TSA is not material to the Company's consolidated financial statements. The Company does not have or anticipate having any significant continuing net cash flows associated with the Fitness business.

The following table discloses the results of operations of the business reported as discontinued operations for the year ended December 31, 2019, December 31, 2018 and December 31, 2017 respectively:

(in millions)	2019	2018	2017
Net sales	**$ 448.3**	$ 1,038.3	$ 1,033.7
Cost of sales	**334.6**	764.3	720.1
Selling, general and administrative expense (C) (D)	**113.3**	206.1	177.9
Research and development expense	**12.6**	27.4	34.8
Restructuring, exit and impairment charges	**138.3**	26.1	32.8
Other (income), net	**(0.3)**	(0.1)	(0.2)
(Loss) earnings from discontinued operations before income taxes (B) (C) (D)	**(150.2)**	14.5	68.3
Income tax (benefit) provision	**(32.7)**	2.6	23.2
(Loss) earnings from discontinued operations, net of tax (B) (C) (D)	**(117.5)**	11.9	45.1
Loss on disposal of discontinued operations, net of tax (A)	**(43.9)**	—	—
Net (loss) earnings from discontinued operations, net of tax	**$ (161.4)**	$ 11.9	$ 45.1

(A) The Loss on disposal of discontinued operations, net of tax for the year ended December 31, 2019 includes a pre-tax loss of $51.3 million and a net tax benefit of $7.4 million.
(B) In the first quarter of 2019, the Company re-evaluated the fair value of the Fitness reporting unit and determined the fair value of the business was less than its carrying value. As a result, (Loss) Earnings from discontinued operations, net of tax, includes a $137.2 million ($103.0 million after tax) goodwill impairment charge for the year ended December 31, 2019.
(C) The Company recorded $16.5 million and $19.3 million for the year ended December 31, 2019 and December 31, 2018, respectively, of net costs incurred in connection with the sale of Fitness .
(D) The Company recorded adjustments to certain liabilities that were retained as part of the sale of the bowling businesses. As a result, (Loss) earnings from discontinued operations, net of tax, includes a gain of $3.0 million ($2.2 million after tax) for the year ended December 31, 2018.

There were no assets and liabilities held for sale related to discontinued operations as of December 31, 2019. The following table reflects the summary of assets and liabilities held for sale as of December 31, 2018 primarily related to the Fitness business included in discontinued operations:

(in millions)	December 31, 2018
Accounts and notes receivable, net	$ 198.9
Net inventory	169.7
Prepaid expenses and other	8.6
Current assets held for sale	377.2
Net property [(A)]	110.9
Goodwill	389.8
Other intangibles, net	60.6
Other assets	49.0
Long-term assets held for sale	610.3
Assets held for sale	$ 987.5
Accounts payable	$ 69.7
Accrued expenses	185.3
Current liabilities held for sale	255.0
Other liabilities	99.6
Long-term liabilities held for sale	99.6
Liabilities held for sale	$ 354.6

(A) As of December 31, 2018, the Company had $8.9 million of net long-term assets classified as held for sale that were not related to the business reported as discontinued operations.

Note 4 – Restructuring, Exit and Impairment Activities

The Company has announced and implemented a number of initiatives designed to improve its cost structure, better utilize overall capacity and improve general operating efficiencies. These initiatives resulted in the recognition of restructuring, exit and impairment charges in the Consolidated Statements of Operations during 2019, 2018 and 2017.

The costs incurred under these initiatives include:

- Restructuring and Exit Activities – These amounts relate to:
  - Employee termination and other benefits
  - Inventory adjustments to lower of cost or net realizable value
  - Costs to retain and relocate employees
  - Consulting costs
  - Consolidation of manufacturing footprint
  - Facility shutdown costs
  - Costs associated with the wind-down of Sport Yacht & Yachts
  - Asset Disposition and Impairment Actions – These amounts relate to impairments of assets and gains on the sale of assets previously impaired as part of a restructuring or exit activity. The impairments recognized were equal to the difference between the carrying amount of the asset and the estimated fair value of the asset, which was determined using observable inputs, including appraisals from independent third parties when available. When observable inputs were not available, estimated fair value was determined using the Company's assumptions, including the data that market participants would use in pricing the asset, based on the best information available in the circumstances. Specifically, the Company used discounted cash flows to determine the fair value of the asset when observable inputs were unavailable.

The Company has reported restructuring, exit and impairment activities based on the specific driver of the cost and reflected the expense in the accounting period when the Company has committed to or incurred the cost, as appropriate.The following table is a summary of the net expense associated with the restructuring, exit and impairment activities.

(in millions)	2019	2018	2017
Restructuring and exit activities:			
Employee termination and other benefits	**$ 11.7**	$ 9.5	$ 3.2
Current asset write-downs	**0.5**	18.9	7.2
Professional fees	**3.1**	8.0	1.1
Other (A)	**0.5**	10.7	1.1
Asset disposition and impairment actions:			
Definite-lived and other asset impairments	**3.0**	12.7	31.0
Valuation (reversal) allowance on disposal group	**—**	(5.0)	5.0
Total restructuring, exit and impairment charges	**$ 18.8**	$ 54.8	$ 48.6

(A) The charges in 2018 relate to warranty adjustments in connection with the wind-down of Sport Yacht & Yachts.

The following tables summarize the change in accrued restructuring, exit and impairment charges within Accrued expenses in the Consolidated Balance Sheets for the years ended December 31, 2019, 2018 and 2017:

	Dec 31, 2018	2019 Activity			Dec 31, 2019
(in millions)	Accrued Charges	Total Charges	Non-Cash Charges	Payments (A)	Accrued Charges (B)
Marine Engine	$ —	$ 4.7	$ —	$ (3.4)	**$ 1.3**
Boat	15.4	9.6	(3.5)	(15.5)	**6.0**
Corporate	0.7	4.5	—	(3.7)	**1.5**
Accrued balance	$ 16.1	$ 18.8	$ (3.5)	$ (22.6)	**$ 8.8**

	Dec 31, 2017	2018 Activity			Dec 31, 2018
(in millions)	Accrued Charges	Total Charges	Non-Cash Charges	Payments [(A)]	Accrued Charges
Boat	$ 3.7	$ 54.1	$ (26.6)	$ (15.8)	**$ 15.4**
Corporate	—	0.7	—	—	**0.7**
Accrued balance	$ 3.7	$ 54.8	$ (26.6)	$ (15.8)	**$ 16.1**

	Dec 31, 2016	2017 Activity			Dec 31, 2017
(in millions)	Accrued Charges	Total Charges	Non-Cash Charges	Payments [(A)]	Accrued Charges
Boat	$ 0.7	$ 48.6	$ (43.2)	$ (2.4)	**$ 3.7**

(A) Cash payments may include payments related to prior period charges.
(B) The accrued charges as of December 31, 2019 are expected to be paid during 2020.

Reductions in demand for the Company's products, further refinement of its product portfolio, further opportunities to reduce costs or the cost of integrating future acquisitions may result in additional restructuring, exit and impairment charges in future periods.

Actions Initiated in 2019

During 2019, the Company recorded restructuring charges within the Boat segment related to consolidating its commercial and government products operations in order to rationalize its product line to better align with customer demand.

In addition, the Company announced headcount reductions aimed at streamlining the cost structure of its enterprise-wide general and administrative functions, and recorded restructuring charges in 2019 as a result of these actions.

The following table is a summary of the expenses associated with the restructuring, exit and impairment activities for the year ended December 31, 2019, related to actions initiated in 2019:

(in millions)	Marine Engine	Boat	Corporate	Total
Restructuring and exit activities:				
Employee termination and other benefits	$ 4.7	$ 3.9	$ 3.1	**$ 11.7**
Current asset write-downs	—	0.5	—	**0.5**
Professional fees	—	1.7	1.4	**3.1**
Other	—	0.5	—	**0.5**
Asset disposition and impairment actions:				
Definite-lived and other asset impairments	—	3.0	—	**3.0**
Total restructuring, exit and impairment charges	$ 4.7	$ 9.6	$ 4.5	**$ 18.8**

Actions Initiated in 2018

In the second quarter of 2018, the Company ended the sale process of Sea Ray. As a result, the Company recorded an additional impairment of long-lived assets. During the second, third and fourth quarters of 2018, the Company also recorded additional charges in connection with the wind down of Sport Yacht & Yachts, mainly relating to inventory write-downs, increased warranty liabilities and employee severance and retention bonuses. These costs were partially offset by the reversal of the valuation allowance in the second quarter of 2018 for estimated transaction costs which was recorded when the assets and liabilities of Sea Ray were initially classified as held for sale.

In 2018, the Company executed headcount reductions in the Boat segment aimed at improving general operating efficiencies. The Company also recorded charges within Corporate related to the transition of certain corporate officers.

The following table is a summary of the expenses associated with the restructuring, exit and impairment activities for the year ended December 31, 2018, related to actions initiated in 2018:

(in millions)	Boat	Corporate	Total
Restructuring and exit activities:			
Employee termination and other benefits	$ 4.7	$ 0.7	**$ 5.4**
Current asset write-downs	18.9	—	**18.9**
Professional fees	3.9	—	**3.9**
Other	10.7	—	**10.7**
Asset disposition and impairment actions:			
Definite-lived and other asset impairments	12.7	—	**12.7**
Total restructuring, exit and impairment charges	$ 50.9	$ 0.7	**$ 51.6**

Actions Initiated in 2017

In the fourth quarter of 2017, the Board of Directors authorized the Company to exit its Sea Ray business, including the Meridian brand. In conjunction with this decision, the Company evaluated the disposal group's fair value, less costs to sell, and compared that to its carrying value at the time. As a result, the Company recorded an impairment of long-lived assets as well as a valuation allowance for estimated transaction costs.

In the second, third and fourth quarters of 2017, the Company implemented headcount reductions in the Boat segment aimed at improving general operating efficiencies.

In the first quarter of 2017, the Company announced the closure of its boat manufacturing facility in Joinville, Santa Catarina, Brazil, as a result of continued market weakness due partially to unfavorable foreign currency impacts in the region. As a result, the Company recorded restructuring, exit and impairment charges including the write-down of inventory. The facility manufactured certain Bayliner and Sea Ray boat models for the Latin American market. The long-lived assets at this facility were previously fully impaired.

The following table is a summary of the expense associated with the restructuring, exit and impairment activities within the Boat segment, for the years ended December 31, 2018 and 2017, related to actions initiated in 2017:

(in millions)	2018	2017
Restructuring and exit activities:		
Employee termination and other benefits	$ 4.1	$ 3.2
Current asset write-downs (reversals)	—	7.2
Professional fees	4.1	1.1
Other	—	1.1
Asset disposition and impairment actions:		
Definite-lived and other asset impairments	—	31.0
Valuation allowance (reversal) on disposal	(5.0)	5.0
Total restructuring, exit, integration and impairment charges	$ 3.2	$ 48.6

Note 5 – Acquisitions

2019 Acquisitions

On May 21, 2019, the Company acquired 100 percent of Freedom Boat Club, a leading boat club operator based in Florida. The acquisition expands the Company's presence and scale within the emerging and fast-growing boat club market, providing its over 20,000 members access to a fleet of nearly 2,500 boats. Freedom Boat Club is included as part of the Company's Boat segment.

The net cash consideration the Company paid to acquire Freedom Boat Club was $64.1 million, in addition to acquisition-related transaction costs of $2.5 million, for the year ended December 31, 2019. The preliminary opening balance sheet included $29.2 million of identifiable intangible assets, including customer relationships, franchise agreements and trade names for $11.1 million, $4.9 million and $13.2 million, respectively, along with $26.4 million of goodwill, most of which is deductible for tax purposes. The amount assigned to Freedom Boat Club's customer relationships and franchise agreements will be amortized over their estimated useful lives of approximately 10 years and 15 years, respectively. These amounts recorded are preliminary and are subject to change within the measurement period as the Company finalizes its fair value estimates.

The 2019 Freedom Boat Club acquisition is not material to the Company's net sales, results of operations or total assets during any period presented. Accordingly, the Company's consolidated results from operations do not differ materially from historical performance as a result of this acquisition and, therefore, pro forma results are not presented.

2018 Acquisitions

On August 9, 2018, the Company completed its acquisition of the Global Marine & Mobile business of Power Products Holdings, LLC (Power Products) for $909.6 million in cash, on a cash-free, debt-free basis. Brunswick used proceeds from a combination of 364-day, three-year and five-year term loans (Term Loans) totaling $800.0 million as described in the Annual Report on Form 10-K for the fiscal year ended December 31, 2018, along with cash on hand to fund this acquisition.

Power Products is a leading provider of electrical products to marine and other recreational and specialty vehicle markets. The acquisition advances Brunswick's leadership by adding integrated electrical systems solutions to the marine market and an array of other mobile, specialty vehicle and industrial applications. Power Products is managed as part of the Marine Engine segment.

The following table is a summary of the assets acquired, liabilities assumed and net cash consideration paid for the Power Products acquisition during 2018:

(in millions)	Fair Value	Useful Life
Accounts and notes receivable	$ 38.3	
Inventory	64.3	
Goodwill (A) (B) (C)	355.5	
Trade names	111.0	Indefinite
Customer relationships	430.0	15 years
Property and equipment	10.6	
Other assets	5.6	
Total assets acquired	1,015.3	
Accounts payable (B)	27.3	
Accrued expenses (B) (C)	22.0	
Deferred tax liabilities (C)	56.4	
Total liabilities assumed	105.7	
Net cash consideration paid (B) (C)	$ 909.6	

(A) The goodwill recorded for the acquisition of Power Products is partially deductible for tax purposes.

(B) Includes $4.4 million and $3.0 million of purchase accounting adjustments in the first and second quarters of 2019, respectively, primarily related to contingency reserves.
(C) Includes $3.9 million of purchase accounting adjustments in the third quarter of 2019 primarily related to deferred taxes.

Pro Forma Financial Information (Unaudited)

The pro forma information has been prepared as if the Power Products acquisition and the related debt financing had occurred on January 1, 2018. These pro forma results are based on estimates and assumptions which the Company believes to be reasonable. They are not the results that would have been realized had the acquisition actually occurred on January 1, 2018 and are not necessarily indicative of Brunswick's consolidated net earnings in future periods. The pro forma results include adjustments primarily related to interest expense on the Term Loans and amortization of intangible assets.

(in millions)	Year Ended December 31, 2018
Pro forma Net sales	$ 4,271.1
Pro forma Operating earnings	362.8
Pro forma Net earnings from continuing operations	239.8

The pro forma results reflect an effective income tax rate of17.2 percent for the year ended December 31, 2018.

Note 6 – Segment Information

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

The Marine Engine segment manufactures and markets a full range of outboard engines, sterndrive engines, inboard engines and marine parts and accessories, which are principally sold directly to boat builders, including Brunswick's Boat segment, or through marine retail dealers and distributors worldwide. The Company's engine manufacturing plants are located mainly in the United States, China and Japan, with sales mainly to markets in the Americas, Europe and Asia-Pacific.

The Boat segment designs, manufactures and markets the following types of boats: fiberglass pleasure, sport cruiser, sport fishing and center-console, offshore fishing, aluminum and fiberglass fishing, pontoon, utility, deck, inflatable, tow/wake, and heavy-gauge aluminum. The Boat segment also includes the Business Acceleration business, which through innovative service models, shared access solutions and emerging technology, aims to provide exceptional experiences to attract a wide range of customers to the marine industry and shape the future of boating. The Boat segment's products are manufactured mainly in the United States, Europe and Mexico and sold through a global network of dealer and distributor locations, primarily in North America and Europe.

The Company evaluates performance based on business segment operating earnings. Segment operating earnings do not include the expenses of corporate administration, pension costs, pension settlement charges, impairments or gains on the sale of equity investments, earnings from unconsolidated equity affiliates, other expenses and income of a non-operating nature, transaction financing charges, interest expense and income or provisions or benefits for income taxes.

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

Information about the operations of Brunswick's reportable segments is set forth below:

Reportable Segments

	Net Sales			Operating Earnings (Loss)			Total Assets[(A)]	
(in millions)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**
Marine Engine	**$ 3,073.5**	$ 2,993.6	$ 2,631.8	**$ 497.1**	$ 454.4	$ 411.3	**$ 2,522.4**	$ 2,380.9
Boat	**1,333.8**	1,471.3	1,490.6	**58.0**	(12.5)	5.3	**472.4**	423.2
Marine eliminations	**(298.9)**	(344.0)	(320.2)	**—**	—	—	**—**	—
Total Marine	**4,108.4**	4,120.9	3,802.2	**555.1**	441.9	416.6	**2,994.8**	2,804.1
Corporate/Other	**—**	—	—	**(84.1)**	(86.4)	(86.3)	**569.6**	508.8
Total	**$ 4,108.4**	$ 4,120.9	$ 3,802.2	**$ 471.0**	$ 355.5	$ 330.3	**$ 3,564.4**	$ 3,312.9

(A) As of December 31, 2018, the Company had $978.6 million of assets classified as held for sale in the Consolidated Balance Sheets relating to discontinued operations. See Note 3 – **Note 3 – Discontinued Operations** for further detail.

	Depreciation			Amortization		
(in millions)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Marine Engine	**$ 76.2**	$ 69.3	$ 48.8	**$ 30.3**	$ 23.0	$ 1.7
Boat	**28.2**	26.7	31.8	**1.3**	1.0	1.0
Corporate/Other	**2.7**	4.0	3.8	**—**	—	—
Total	**$ 107.1**	$ 100.0	$ 84.4	**$ 31.6**	$ 24.0	$ 2.7

	Capital Expenditures			Research & Development Expense		
(in millions)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Marine Engine	**$ 180.8**	$ 126.3	$ 111.1	**$ 104.7**	$ 98.6	$ 90.5
Boat	**46.8**	48.5	55.4	**16.9**	22.9	21.1
Corporate/Other	**5.0**	5.4	11.5	**—**	—	—
Total	**$ 232.6**	$ 180.2	$ 178.0	**$ 121.6**	$ 121.5	$ 111.6

Geographic Segments

	Net sales			Net property	
(in millions)	**2019**	**2018**	**2017**	**2019**	**2018**
United States	**$ 2,871.1**	$ 2,918.0	$ 2,676.2	**$ 714.6**	$ 620.5
International	**1,237.3**	1,202.9	1,126.0	**63.0**	57.5
Corporate/Other	**—**	—	—	**18.8**	16.5
Total	**$ 4,108.4**	$ 4,120.9	$ 3,802.2	**$ 796.4**	$ 694.5

Note 7 – Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets or liabilities.

- Level 2 - Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from readily available pricing sources for comparable instruments.

- Level 3 - Unobservable inputs, for which there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2019:

(in millions)	Level 1	Level 2	Total
Assets:			
Cash equivalents	$ 0.3	$ —	**$ 0.3**
Short-term investments in marketable securities	0.8	—	**0.8**
Restricted cash	11.6	—	**11.6**
Derivatives	—	4.2	**4.2**
Total assets	$ 12.7	$ 4.2	**$ 16.9**
Liabilities:			
Derivatives	$ —	$ 3.2	**$ 3.2**
Deferred compensation	1.2	18.8	**20.0**
Total liabilities at fair value	$ 1.2	$ 22.0	**$ 23.2**
Liabilities measured at net asset value			**8.5**
Total liabilities			**$ 31.7**

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2018:

(in millions)	Level 1	Level 2	Total
Assets:			
Short-term investments in marketable securities	$ 0.8	$ —	**$ 0.8**
Restricted cash	9.0	—	**9.0**
Derivatives	—	7.6	**7.6**
Total assets	$ 9.8	$ 7.6	**$ 17.4**
Liabilities:			
Derivatives	$ —	$ 2.2	**$ 2.2**
Deferred compensation	3.5	20.7	**24.2**
Total liabilities at fair value	$ 3.5	$ 22.9	**$ 26.4**
Liabilities measured at net asset value			**10.2**
Total liabilities			**$ 36.6**

Refer to **Note 14 – Financial Instruments** for additional information related to the fair value of derivative assets and liabilities by class. In addition to the items shown in the tables above, see **Note 17 – Postretirement Benefits** for further discussion regarding the fair value measurements associated with the Company's postretirement benefit plans.

Note 8 – Financing Receivables

The Company has recorded financing receivables, which are defined as a contractual right to receive money, as assets on its Consolidated Balance Sheets as of December 31, 2019 and 2018. Substantially all of the Company's financing receivables are for commercial customers, which includes receivables sold to third-party finance companies (Third-Party Receivables) and customer notes and other (Other Receivables). Third-Party Receivables are accounts that have been sold to third-party finance companies, but do not meet the definition of a true sale and are therefore recorded as an asset with an offsetting balance recorded as a secured obligation in Accrued expenses. Other Receivables are mostly comprised of notes from customers, which are originated by the Company in the normal course of business. Financing receivables are carried at their face amounts less an allowance for credit losses.

The Company sells a broad range of recreational products to a worldwide customer base and extends credit to its customers based upon an ongoing credit evaluation program. The Company's business units maintain credit organizations to manage financial exposure and perform credit risk assessments on an individual account basis. Accounts are not aggregated into categories for credit risk determinations. Due to the composition of the account portfolio, the Company does not believe that the credit risk posed by the Company's financing receivables is significant to its operations, financial condition or cash flows. There were no significant troubled debt restructurings during the years ended December 31, 2019, 2018 or 2017.

The Company's financing receivables, excluding trade accounts receivable contractually due within one year as of December 31, 2019 and December 31, 2018 were $8.8 million and $11.2 million, respectively.

The activity related to the allowance for credit loss on financing receivables during the years ended December 31, 2019 and December 31, 2018 was not material.

Note 9 – Investments

Investments in Marketable Securities

The Company may invest a portion of its cash reserves in marketable debt securities. These investments are reported in Short-term investments in marketable securities on the Consolidated Balance Sheets.

As of December 31, 2019 and 2018, the fair values of the Company's available-for-sale securities, which were equal to the amortized costs, were $0.8 million and $0.8 million, respectively. The Company had no maturities of available-for-sale securities in 2019 and 2018, and had $35.0 million of maturities of available-for-sale securities during 2017.

Equity Investments

The Company has certain unconsolidated international and domestic affiliates that are accounted for using the equity method. The equity method is applied in situations in which the Company has the ability to exercise significant influence, but not control, over the investees. Management reviews equity investments for impairment whenever indicators are present suggesting that the carrying value of an investment is not recoverable. The following items are examples of impairment indicators: significant, sustained declines in an investee's revenue, earnings, and cash flow trends; adverse market conditions of the investee's industry or geographic area; the investee's inability to execute its operating plan; the investee's ability to continue operations measured by several items, including liquidity; and other factors. Once an impairment indicator is identified, management uses considerable judgment to determine if the decline in value is other than temporary, in which case the equity investment is written down to its estimated fair value, which could negatively impact reported results of operations.

In the fourth quarter of 2018, the Company sold its 36 percent equity investment in Bella-Veneet Oy (Bella), a Finnish boat manufacturer, which had previously been fully impaired due to significant declines in profitability that were deemed other than temporary. As a result, the Company recorded a gain of $2.3 million within Equity earnings on the Consolidated Statements of Operations, which was equal to the proceeds from the sale.

Refer to **Note 10 – Financing Joint Venture** for more details on the Company's Brunswick Acceptance Company, LLC joint venture.

Note 10 – Financing Joint Venture

The Company, through its Brunswick Financial Services Corporation (BFS) subsidiary, owns a 49 percent interest in a joint venture, Brunswick Acceptance Company, LLC (BAC). CDF Joint Ventures, LLC (CDFJV), a subsidiary of Wells Fargo and Company, owns the remaining 51 percent.

In February 2018, the parties entered into an amended and restated joint venture agreement (JV Agreement) to extend the term of their financial services through December 31, 2022. The JV Agreement contains a financial covenant that conforms to the maximum leverage ratio test in the Credit Facility described in **Note 16 – Debt**. The joint venture agreement contains provisions allowing for the renewal of the agreement or the purchase of the other party's interest in the joint venture at the end of its term. Alternatively, either partner may terminate the agreement at the end of its term.

BAC is funded in part through a $1.0 billion secured borrowing facility from Wells Fargo Commercial Distribution Finance, LLC (WFCDF), which is in place through the term of the joint venture, and with equity contributions from both partners. BAC also sells a portion of its receivables to a securitization facility, the Wells Fargo Dealer Floorplan Master Note Trust, which is arranged by Wells Fargo. The sales of these receivables meet the requirements of a "true sale" and are therefore not retained on the financial statements of BAC. Neither the Company nor any of its subsidiaries guarantee the indebtedness of BAC. In addition, BAC is not responsible for any continuing servicing costs or obligations with respect to the securitized receivables.

The Company considers BFS's investment in BAC as an investment in a variable interest entity of which the Company is not the primary beneficiary. To be considered the primary beneficiary, the Company must have the power to direct the activities of BAC that most significantly impact BAC's economic performance and the Company must have the obligation to absorb losses or the right to receive benefits from BAC that could be potentially significant to BAC. Based on the Company's qualitative analysis, BFS did not meet the definition of a primary beneficiary. As a result, the Company accounts for BFS's investment in BAC under the equity method and records it as a component of Equity investments in its Consolidated Balance Sheets. The Company records BFS's share of income or loss in BAC based on its ownership percentage in the joint venture in Equity earnings in its Consolidated Statements of Operations. BFS's equity investment is adjusted monthly to maintain a 49 percent interest in accordance with the capital provisions of the joint venture agreement. The Company funds its investment in BAC through cash contributions and reinvested earnings. BFS's total investment in BAC at December 31, 2019 and December 31, 2018 was $18.8 million and $21.7 million, respectively.

The Company's maximum loss exposure relating to BAC is detailed as follows:

(in millions)	December 31, 2019	December 31, 2018
Investment	**$ 18.8**	$ 21.7
Repurchase and recourse obligations (A)	**36.5**	41.6
Liabilities (B)	**(1.7)**	(1.3)
Total maximum loss exposure	**$ 53.6**	$ 62.0

(A) Repurchase and recourse obligations are off-balance sheet obligations provided by the Company for the Boat and Marine Engine segments, respectively, and are included within the Maximum Potential Obligations disclosed in **Note 13 – Commitments and Contingencies**. Repurchase and recourse obligations include a North American repurchase agreement with WFCDF and could be reduced by repurchase activity occurring under other similar agreements with WFCDF and affiliates. The Company's risk under these repurchase arrangements is partially mitigated by the value of the products repurchased as part of the transaction. Amounts above exclude any potential recoveries from the value of the repurchased product.
(B) Represents accrued amounts for potential losses related to recourse exposure and the Company's expected losses on obligations to repurchase products, after giving effect to proceeds anticipated to be received from the resale of these products to alternative dealers.

BFS recorded income related to the operations of BAC of $6.9 million, $6.4 million and $6.0 million in Equity earnings in the Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017, respectively.

Cash Flows

BFS reported cash flows from operating activities of $7.6 million, $6.3 million and $0.0 million within Other, net on the Consolidated Statements of Cash Flows in 2019, 2018 and 2017, respectively.

In 2019, BFS reported net cash flows from investing activities within Investments on the Consolidated Statements of Cash flows. Such cash flows for 2019 were $2.2 million, consisting of $7.9 million of cash received and $(5.7) million of cash contributions; in 2018 were $(3.8) million, consisting of $8.2 million of cash received and $(12.0) million of cash contributions; and in 2017 were $(5.1) million, consisting of $7.0 million of cash received and $(12.1) million of cash contributions.

Note 11 – Goodwill and Other Intangibles

Changes in the Company's goodwill during the period ended December 31, 2019, by segment, are summarized below:

(in millions)	2018	Acquisitions	Adjustments	2019
Marine Engine	$ 375.1	$ —	$ 11.3	**$ 386.4**
Boat	2.2	26.0	0.4	**28.6**
Total	$ 377.3	$ 26.0	$ 11.7	**$ 415.0**

Changes in the Company's goodwill during the period ended December 31, 2018, by segment, are summarized below:

(in millions)	2017	Acquisitions	Adjustments	2018
Marine Engine	$ 31.7	$ 344.2	$ (0.8)	**$ 375.1**
Boat	2.2	—	—	**2.2**
Total	$ 33.9	$ 344.2	$ (0.8)	**$ 377.3**

Adjustments in 2019 mainly relate to refining purchase accounting related to the Power Products and Freedom Boat Club acquisitions. See **Note 5 – Acquisitions** for further details on the Company's acquisitions. Adjustments in both periods include the effect of foreign currency translation on goodwill denominated in currencies other than the U.S. dollar.

As of December 31, 2019 and 2018, the Company had no accumulated impairment loss on Goodwill.

The Company's intangible assets, included within Other intangibles, net on the Consolidated Balance Sheets as of December 31, 2019 and 2018, are summarized by intangible asset type below:

	2019		2018	
(in millions)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets:				
Customer relationships [(A)]	**$ 687.0**	**$ (274.6)**	$ 675.7	$ (243.3)
Trade names	**165.8**	**—**	152.5	—
Other [(A)]	**18.4**	**(13.1)**	13.5	(12.6)
Total	**$ 871.2**	**$ (287.7)**	$ 841.7	$ (255.9)

(A) The weighted average remaining amortization period for Customer relationships and Other intangibles assets were 13.2 years and 10.7 years, respectively, as of December 31, 2019.

The Company's intangible assets, included within Other intangibles, net on the Consolidated Balance Sheets as of December 31, 2019 and 2018, are summarized by segment below:

	2019		2018	
(in millions)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets:				
Marine Engine	**$ 618.6**	**$ (82.4)**	$ 618.3	$ (52.0)
Boat	**252.6**	**(205.3)**	223.4	(203.9)
Total	**$ 871.2**	**$ (287.7)**	$ 841.7	$ (255.9)

See **Note 5 – Acquisitions** for further details on intangibles acquired during 2019 and 2018.

Aggregate amortization expense for intangibles was $31.6 million, $14.8 million and $2.7 million for the years ended December 31, 2019, 2018 and 2017, respectively. Estimated amortization expense for intangible assets is $31.9 million for the year ending December 31, 2020, $31.9 million in 2021, $31.6 million in 2022, $31.1 million in 2023, and $31.1 million in 2024.

Note 12 – Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law. The TCJA made significant changes to the U.S. tax code effective for 2018, although certain provisions affected the Company's 2017 financial results. The changes impacting 2017 included, but are not limited to, the write-down of net deferred tax assets resulting from the reduction in the U.S. federal corporate income tax rate from 35 percent to 21 percent, imposing a one-time deemed repatriation tax on certain unremitted earnings of foreign subsidiaries, and bonus depreciation that will allow for immediate full expensing of qualified property acquired and placed in service after September 27, 2017. The TCJA also established new corporate tax laws that were effective in 2018 but did not impact the Company's 2017 financial results. These changes included, but were not limited to, lowering the U.S. federal corporate income tax rate from 35 percent to 21 percent, a general elimination of U.S. federal income taxes on income and dividends from foreign subsidiaries, a new tax on global intangible low-taxed income (GILTI) net of allowable foreign tax credits, a new deduction for foreign derived intangible income (FDII), the repeal of the domestic production activity deduction, new limitations on the deductibility of certain executive compensation and interest expense, and limitations on the use of foreign tax credits to reduce the U.S. federal income tax liability.

Due to the complexities involved in accounting for the enactment of the TCJA, the SEC staff issued Staff Accounting Bulletin (SAB) 118 which provided guidance on accounting for the income tax effects of the TCJA. SAB 118 provided a measurement period that should not extend beyond one year from the TCJA enactment date to complete the accounting for the impact of the TCJA. SAB 118 allowed the Company to provide provisional estimates of the impact of the TCJA in our financial statements for the year ended December 31, 2017. Accordingly, based on information and IRS guidance available as of December 31, 2017, we recorded a discrete net tax expense of $66.7 million for the year ended December 31, 2017. This expense consisted primarily of a net expense of $56.5 million for the write down of our net deferred tax balances due to the U.S. corporate income tax rate reduction and a net expense of $10.2 million for the one-time deemed repatriation tax. In 2018, the Company completed its accounting for the income tax effects of the TCJA and based on additional guidance from the IRS, we updated our calculations. For the year ended December 31, 2018, the Company recorded a tax benefit of $5.1 million. This benefit consists primarily of an additional $7.0 million tax expense related to the one-time deemed repatriation tax and a tax benefit of $12.1 million primarily related to additional tax benefits for pension contributions.

The TCJA created a new requirement that certain income (i.e. GILTI) earned by controlled foreign corporations (CFC's) must be included in the gross income of the CFC's U.S. shareholder. Under U.S. GAAP, we are allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current period expense when incurred (the "period cost method") or (2) factoring such amounts into the Company's measurement of its deferred taxes (the "deferred method"). The Company has elected to use the period cost method and has reflected the impact of the GILTI tax in its financial statements for the periods ended December 31, 2019 and December 31, 2018, using such method.

The sources of Earnings before income taxes were as follows:

(in millions)	2019	2018	2017
United States	**$ 10.1**	$ 237.3	$ 161.3
Foreign	**100.6**	73.4	51.6
Earnings before income taxes	**$ 110.7**	$ 310.7	$ 212.9

The Income tax provision consisted of the following:

(in millions)	2019	2018	2017
Current tax expense (benefit):			
U.S. Federal	**$ 94.5**	$ (2.3)	$ (2.6)
State and local	**6.3**	5.7	4.7
Foreign	**29.3**	22.9	17.3
Total current	**130.1**	26.3	19.4
Deferred tax expense (benefit):			
U.S. Federal	**(19.7)**	30.5	95.4
State and local	**(29.5)**	0.9	(2.0)
Foreign	**(0.6)**	(0.4)	(1.2)
Total deferred	**(49.8)**	31.0	92.2
Income tax provision	**$ 80.3**	$ 57.3	$ 111.6

Temporary differences and carryforwards giving rise to deferred tax assets and liabilities at December 31,2019 and 2018 are summarized in the table below:

(in millions)	2019	2018
Deferred tax assets:		
Loss carryforwards	**$ 81.9**	$ 68.5
Tax credit carryforwards	**71.8**	53.2
Product warranties	**28.4**	33.6
Sales incentives and discounts	**25.9**	29.2
Operating lease liabilities	**17.1**	—
Deferred revenue	**16.1**	22.2
Equity compensation	**12.0**	14.7
Postretirement and postemployment benefits	**11.5**	12.0
Deferred compensation	**10.9**	13.6
Compensation and benefits	**10.5**	17.1
Long term contracts	**3.6**	11.7
Other	**47.8**	41.6
Gross deferred tax assets	**337.5**	317.4
Valuation allowance	**(93.3)**	(74.7)
Deferred tax assets	**244.2**	242.7
Deferred tax liabilities:		
Depreciation and amortization	**(85.5)**	(123.1)
State and local income taxes	**(24.3)**	(18.2)
Operating lease assets	**(15.7)**	—
Other	**(5.3)**	(6.9)
Deferred tax liabilities	**(130.8)**	(148.2)
Total net deferred tax assets	**$ 113.4**	$ 94.5

The Company's total net deferred tax asset as of December 31, 2019 and 2018 reflects the impact of the U.S. federal corporate tax rate at 21 percent that was part of the TCJA. The Company was required to value its net deferred tax balance at the lower tax rate.

At December 31, 2019, the Company had a total valuation allowance against its deferred tax assets of $93.3 million. The remaining realizable value of deferred tax assets at December 31, 2019 was determined by evaluating the potential to recover the value of these assets through the utilization of tax loss and credit carrybacks, the reversal of existing taxable temporary differences and carryforwards, certain tax planning strategies and future taxable income exclusive of reversing temporary differences and carryforwards. At December 31, 2019, the Company retained valuation allowance reserves of $59.5 million against deferred tax assets in the U.S. primarily related to non-amortizable intangibles and various state operating loss carryforwards and state tax credits that are subject to restrictive rules for future utilization, and valuation allowances of $33.8 million for deferred tax assets related to foreign jurisdictions, primarily Brazil and Luxembourg.

At December 31, 2019, the tax benefit of loss carryforwards totaling $81.9 million was available to reduce future tax liabilities. This deferred tax asset was comprised of $1.8 million for the tax benefit of federal net operating loss (NOL) carryforwards, $46.9 million for the tax benefit of state NOL carryforwards and $33.2 million for the tax benefit of foreign NOL carryforwards. NOL carryforwards of $48.7 million expire at various intervals between the years 2020 and 2039, while $33.2 million have an unlimited life.

At December 31, 2019, tax credit carryforwards totaling $73.6 million were available to reduce future tax liabilities. This deferred tax asset was comprised of $31.0 million related to general business credits and other federal credits, and $42.6 million of various state tax credits related to research and development, capital investment and job incentives. Tax credit carryforwards of $73.6 million expire at various intervals between the years 2020 and 2039.

No deferred income taxes have been provided as of December 31, 2019 or 2018, on the applicable undistributed earnings of the non-U.S. subsidiaries where the indefinite reinvestment assertion has been applied. If at some future date these earnings cease to be indefinitely reinvested and are repatriated, the Company may be subject to additional U.S. income taxes and foreign withholding and other taxes on such amounts. Pursuant to changes made by the TCJA, remittances from foreign subsidiaries made in 2018 and future years are generally not subject to U.S. income taxation. These remittances are either excluded from U.S. taxable income as earnings that have already been subjected to taxation, or in the alternative are subject to a 100 percent foreign dividends received deduction. The Company continues to provide deferred taxes, primarily related to foreign withholding taxes, on the undistributed net earnings of foreign subsidiaries and unconsolidated affiliates that are not deemed to be indefinitely reinvested in operations outside the United States, although such amounts were immaterial as of December 31, 2019 and 2018.

As of December 31, 2019, 2018 and 2017 the Company had $3.9 million, $2.3 million and $2.3 million of gross unrecognized tax benefits, including interest, respectively. Substantially all of these amounts, if recognized, would impact the Company's tax provision and the effective tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. As of December 31, 2019, 2018 and 2017, the amounts accrued for interest and penalties were not material.

The following is a reconciliation of the total amounts of unrecognized tax benefits excluding interest and penalties for the 2019, 2018 and 2017 annual reporting periods:

(in millions)	2019	2018	2017
Balance at January 1	**$ 2.3**	$ 2.1	$ 3.4
Gross increases - tax positions prior periods	**2.0**	0.6	0.1
Gross decreases - tax positions prior periods	**(0.8)**	(0.7)	(0.2)
Gross increases - current period tax positions	**0.4**	0.4	0.4
Decreases - settlements with taxing authorities	**—**	(0.1)	(0.5)
Reductions - lapse of statute of limitations	**(0.2)**	—	(1.1)
Balance at December 31	**$ 3.7**	$ 2.3	$ 2.1

The Company believes it is reasonably possible that the total amount of gross unrecognized tax benefits as of December 31, 2019 could decrease by approximately $0.6 million in 2020 due to settlements with taxing authorities or lapses in applicable statutes of limitation. Due to the various jurisdictions in which the Company files tax returns and the uncertainty regarding the timing of the settlement of tax audits, it is possible that there could be significant changes in the amount of unrecognized tax benefits in 2020, but the amount cannot be estimated at this time.

The Company is regularly audited by federal, state and foreign tax authorities. The Internal Revenue Service (IRS) has completed its field examination and has issued its Revenue Agents Report through the 2014 tax year and all open issues have been resolved. The Company is currently open to tax examinations by the IRS for the 2016 through 2018 tax years. Primarily as a result of filing amended returns, which were generated by the closing of federal income tax audits, the Company is still open to state and local tax audits in major tax jurisdictions dating back to the 2014 taxable year. The Company is no longer subject to income tax examinations by any major foreign tax jurisdiction for years prior to 2013.

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

(in millions)	2019	2018	2017
Income tax provision at 21 percent, 21 percent and 35 percent	**$ 23.2**	$ 65.2	$ 74.5
State and local income taxes, net of Federal income tax effect	**(3.6)**	8.8	3.9
Deferred tax asset valuation allowance	**(3.5)**	4.0	5.9
Equity compensation	**(2.9)**	(3.1)	(7.3)
Change in estimates related to prior years and prior years amended tax return filings	**(2.9)**	1.6	1.4
Federal and state tax credits	**(11.6)**	(11.6)	(9.5)
Taxes related to foreign income, net of credits	**(5.2)**	(6.5)	(21.5)
Deferred tax reassessment	**1.9**	3.3	2.1
Tax law changes	**—**	(5.2)	66.7
FDII deduction	**(5.5)**	(2.6)	—
Disproportionate tax effect released from Other comprehensive income	**91.4**	—	—
Other	**(1.0)**	3.4	(4.6)
Actual income tax provision	**$ 80.3**	$ 57.3	$ 111.6
Effective tax rate	**72.6 %**	18.5 %	52.4 %

During 2019, the Company fully exited its remaining defined benefit pension plans and recorded a pretax pension settlement charge of $292.8 million. The tax impact of this action consisted of a tax benefit of $73.9 million from the pension settlement charge, which was netted against a tax charge of $91.4 million resulting from the release of disproportionate tax effects in Accumulated Other Comprehensive Income. See **Note 17 – Postretirement Benefits** for more information.

The Company's effective tax rate also reflects the benefit of having earnings from foreign entities that are in jurisdictions that have lower statutory tax rates than the U.S. with the most significant impact related to China and Poland, which have applicable statutory tax rates of 15 percent and 19 percent, respectively.

In addition, the Company's effective tax rate for 2017 includes the utilization of excess foreign tax credits in connection with the repatriation of foreign earnings.

Income tax provision allocated to continuing operations and discontinued operations for the years ended December 31 was as follows:

(in millions)	2019	2018	2017
Continuing operations	**$ 80.3**	$ 57.3	$ 111.6
Discontinued operations	**(40.1)**	2.6	23.2
Total income tax provision	**$ 40.2**	$ 59.9	$ 134.8

Note 13 – Commitments and Contingencies

Financial Commitments

The Company has entered into guarantees of indebtedness of third parties, primarily in connection with customer financing programs. Under these arrangements, the Company has guaranteed customer obligations to the financial institutions in the event of customer default, generally subject to a maximum amount that is less than the total outstanding obligations. The Company has also extended guarantees to third parties that have purchased customer receivables from Brunswick and, in certain instances, has guaranteed secured term financing of its customers. Potential payments in connection with these customer financing arrangements generally extend over several years. The single year and maximum potential cash obligations associated with these customer financing arrangements as of December 31, 2019 and December 31, 2018 were $4.3 million and $10.9 million, respectively.

In most instances, upon repurchase of the receivable or note, the Company receives rights to the collateral securing the financing. The Company's risk under these arrangements is partially mitigated by the value of the collateral that secures the financing.

The Company has accounts receivable sale arrangements with third parties which are included in the guarantee arrangements discussed above. The Company treats the sale of receivables in which the Company retains an interest as a secured obligation as the transfers of the receivables under these arrangements do not meet the requirements of a "true sale." Accordingly, the current portion of receivables underlying these arrangements of $1.7 million and $4.9 million was recorded in Accounts and notes receivable and Accrued expenses as of December 31, 2019 and December 31, 2018, respectively. As of December 31, 2019 and 2018, the Company did not have any long-term receivables related to these arrangements.

The Company has also entered into arrangements with third-party lenders in which it has agreed, in the event of a customer or franchisee default, to repurchase from the third-party lender those Brunswick products repossessed from the customer or franchisee. These arrangements are typically subject to a maximum repurchase amount. The single year and maximum potential cash payments the Company could be required to make to repurchase collateral as of December 31, 2019 and December 31, 2018 were $63.1 million and $50.4 million, respectively. Included within this repurchase amount are amounts related to BAC, as discussed in **Note 10 –Financing Joint Venture.**

The Company's risk under these repurchase arrangements is partially mitigated by the value of the products repurchased as part of the transaction. The Company had $1.5 million and $1.3 million accrued for potential losses related to repurchase exposure as of December 31, 2019 and December 31, 2018, respectively. The Company's repurchase accrual represents the expected losses that could result from obligations to repurchase products, after giving effect to proceeds anticipated to be received from the resale of those products to alternative dealers.

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

Financial institutions have issued standby letters of credit and surety bonds conditionally guaranteeing obligations on behalf of the Company totaling $13.1 million and $13.0 million, respectively, as of December 31, 2019. A large portion of these standby letters of credit and surety bonds are related to the Company's self-insured workers' compensation program as required by its insurance companies and various state agencies. The Company has recorded reserves to cover the anticipated liabilities associated with these programs. Under certain circumstances, such as an event of default under the Company's revolving credit facility, or, in the case of surety bonds, a ratings downgrade, the Company could be required to post collateral to support the outstanding letters of credit and surety bonds. The Company was not required to post letters of credit as collateral against surety bonds as of December 31, 2019.

The Company has a collateral trust arrangement with insurance carriers and a trustee bank. The trust is owned by the Company, but the assets are pledged as collateral against workers' compensation related obligations in lieu of other forms of collateral including letters of credit. In connection with this arrangement, the Company had $9.1 million and $9.0 million of cash in the trust at December 31, 2019 and December 31, 2018, respectively, which was classified as Restricted cash in the Company's Consolidated Balance Sheets.

Product Warranties

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

The following activity related to product warranty liabilities was recorded inAccrued expenses during the years ended December 31, 2019 and December 31, 2018:

(in millions)	2019	2018
Balance at beginning of period	$ 116.8	$ 101.7
Payments - Recurring	(59.2)	(57.0)
Payments - Sport Yacht and Yachts	(12.5)	(7.3)
Provisions/additions for contracts issued/sold	59.0	61.5
Aggregate changes for preexisting warranties (A)	7.6	13.7
Warranty liability retained from discontinued operations(B)	5.9	—
Foreign currency translation	0.0	(1.2)
Acquisitions	—	2.8
Other	—	2.6
Balance at end of period	$ 117.6	$ 116.8

(A) Includes $3.6 million and $10.7 million of warranty adjustments related to the wind-down of Sport Yacht and Yachts in 2019 and 2018, respectively.
(B) The Company retained a $ 5.9 million warranty liability from the sale of its Fitness business in 2019, which was included in Current liabilities held for sale in 2018.

Extended Product Warranties

End users of the Company's products may purchase a contract from the Company that extends product warranty beyond the standard period. For certain extended warranty contracts in which the Company retains the warranty or administration obligation, a deferred revenue liability is recorded based on the aggregate sales price for contracts sold. The liability is reduced and revenue is recognized on a straight-line basis over the contract period during which corresponding costs are expected to be incurred.

The following activity related to deferred revenue for extended product warranty contracts was recorded inAccrued expenses and Other long-term liabilities during the years endedDecember 31, 2019 and December 31, 2018:

(in millions)	2019	2018
Balance at beginning of period	$ 66.4	$ 56.9
Extended warranty contracts sold	24.3	22.8
Revenue recognized on existing extended warranty contracts	(15.2)	(12.8)
Foreign currency translation	0.2	(0.2)
Other	(0.4)	(0.3)
Balance at end of period	$ 75.3	$ 66.4

Legal

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

Environmental

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 disposal of certain hazardous wastes. These proceedings, which involve both on- and off-site waste disposal or other contamination, in many instances seek compensation or remedial action 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 has established accruals based on a range of cost estimates for all known claims.

The environmental remediation and clean-up projects in which the Company is involved have an aggregate estimated range of exposure of approximately$14.6 million to $36.7 million as of December 31, 2019. At December 31, 2019 and 2018, the Company had accruals for environmental liabilities of $14.8 million and $17.0 million, respectively, which were recorded within Accrued expenses and Other long-term liabilities in the Consolidated Balance Sheets. The Company recorded no environmental provision for the year ended December 31, 2019, and the Company recorded $0.7 million and $1.1 million for the years ended December 31,2018 and 2017, respectively.

The Company accrues for environmental remediation-related activities for which commitments or clean-up plans have been developed and for which costs can be reasonably estimated. All accrued amounts are generally determined in consultation with third-party experts on an undiscounted basis and do not consider recoveries from third parties until such recoveries are realized. In light of existing accruals, the Company's environmental claims, when finally resolved, are not expected, in the opinion of management, to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Note 14 – Financial Instruments

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

Derivative Financial Instruments. The Company uses derivative financial instruments to manage its risks associated with movements in foreign currency exchange rates and interest rates. Derivative instruments are not used for trading or speculative purposes. The Company formally documents its hedge relationships, including identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges to specific forecasted transactions. The Company also assesses, both at the hedge's inception and monthly thereafter, whether the derivatives used in hedging transactions are highly effective in offsetting the changes in the anticipated cash flows of the hedged item. If the hedging relationship ceases to be highly effective, or it becomes probable that a forecasted transaction is no longer expected to occur, the Company discontinues hedge accounting prospectively and immediately recognizes the gains and losses associated with those hedges. There were no material adjustments as a result of ineffectiveness to the results of operations for the years ended December 31, 2019, 2018 and 2017. The fair value of derivative financial instruments is determined through market-based valuations and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to future fluctuations in the markets in which they are traded. The effects of derivative financial instruments are not expected to be material to the Company's financial position or results of operations when considered together with the underlying exposure being hedged. Use of derivative financial instruments exposes the Company to credit risk with its counterparties when the fair value of a derivative contract is an asset. The Company mitigates this risk by entering into derivative contracts with highly rated counterparties. The maximum amount of loss due to counterparty credit risk is limited to the asset value of derivative financial instruments.

Cash Flow Hedges. The Company enters into certain derivative instruments that are designated and qualify as cash flow hedges. The Company executes both forward and option contracts, based on forecasted transactions, to manage foreign currency exchange exposure mainly related to inventory purchase and sales transactions.

A cash flow hedge requires that as changes in the fair value of derivatives occur, the portion of the change deemed to be effective is recorded temporarily in Accumulated other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. As of December 31, 2019, the term of derivative instruments hedging forecasted transactions ranged up to 18 months.

The following activity related to cash flow hedges was recorded in Accumulated other comprehensive loss as of December 31:

	Accumulated Unrealized Derivative Gains (Losses)			
	2019		2018	
(in millions)	Pretax	After-tax	Pretax	After-tax
Beginning balance	**$ 6.2**	**$ (1.9)**	$ (7.8)	$ (11.8)
Net change in value of outstanding hedges	**5.1**	**3.6**	10.6	7.3
Net amount recognized into earnings	**(10.2)**	**(7.2)**	3.4	2.6
Ending balance	**$ 1.1**	**$ (5.5)**	$ 6.2	$ (1.9)

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

Other Hedging Activity. The Company has entered into certain foreign currency forward contracts that have not been designated as a hedge for accounting purposes. These contracts are used to manage foreign currency exposure related to changes in the value of assets or liabilities caused by changes in foreign exchange rates. The change in the fair value of the foreign currency derivative contract and the corresponding change in the fair value of the asset or liability of the Company are both recorded through earnings, each period as incurred.

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

Forward exchange contracts outstanding at December 31, 2019 and December 31, 2018 had notional contract values of $332.5 million and $308.9 million, respectively. Option contracts outstanding at December 31, 2019 and December 31, 2018, had notional contract values of $17.8 million and $27.2 million, respectively. The forward and options contracts outstanding at December 31, 2019, mature during 2020 and 2021 and mainly relate to the Euro, Australian dollar, Canadian dollar and Japanese yen. As of December 31, 2019, the Company estimates that during the next 12 months, it will reclassify approximately $3.4 million of net gains (based on rates as of December 31, 2019) from Accumulated other comprehensive loss to Cost of sales.

Interest Rate Derivatives. The Company enters into fixed-to-floating interest rate swaps to convert a portion of the Company's long-term debt from fixed to floating rate debt. In the third quarter of 2019, the Company retired its Senior notes due 2021 and settled the associated interest rate swaps, which resulted in a nominal loss recorded within Interest expense. Additionally, in the fourth quarter of 2019, the Company settled the interest rate swaps related to its Debentures due 2023, resulting in a net deferred gain of $2.5 million which is included in Debt. The Company will reclassify $0.7 million of net deferred gains from Debt to Interest expense during the next 12 months. As a result, there are no outstanding interest rate swaps as of December 31, 2019. As of December 31, 2018, the outstanding swaps had notional contract values of $200.0 million, of which $150.0 million corresponded to the Company's 4.625 percent Senior notes due 2021 and $50.0 million corresponded to the Company's 7.375 percent Debentures due 2023. These instruments have been designated as fair value hedges, with the fair value recorded in Debt as discussed in **Note 16 – Debt**.

The Company may also enter into forward-starting interest rate swaps to hedge the interest rate risk associated with anticipated debt issuances. There were no forward-starting interest rate swaps outstanding at December 31, 2019 or December 31, 2018, however the Company had $2.0 million and $2.5 million, respectively, of net deferred losses associated with previously settled forward-starting interest rate swaps which were included in Accumulated other comprehensive loss. As of December 31, 2019, the Company will reclassify approximately $0.6 million of net losses resulting from settled forward-starting interest rate swaps from Accumulated other comprehensive loss to Interest expense during the next 12 months.

As of December 31, 2019 and December 31, 2018, the fair values of the Company's derivative instruments were:

(in millions)

	Derivative Assets			Derivative Liabilities		
Instrument	**Balance Sheet Location**	**Fair Value**		**Balance Sheet Location**	**Fair Value**	
		2019	**2018**		**2019**	**2018**
Derivatives Designated as Cash Flow Hedges						
Foreign exchange contracts	Prepaid expenses and other	**$ 4.1**	$ 6.8	Accrued expenses	**$ 2.3**	$ 0.3
Derivatives Designated as Fair Value Hedges						
Interest rate contracts	Prepaid expenses and other	**—**	—	Accrued expenses	**$ —**	$ 0.1
Interest rate contracts	Other long-term assets	**—**	—	Other long-term liabilities	**—**	1.8
Total		**$ —**	$ —		**$ —**	$ 1.9
Other Hedging Activity						
Foreign exchange contracts	Prepaid expenses and other	**$ 0.1**	$ 0.8	Accrued expenses	**$ 0.9**	$ 0.0

The effect of derivative instruments on the Consolidated Statements of Operations for the years ended December 31, 2019 and December 31, 2018 was:

(in millions)

Derivatives Designated as Cash Flow Hedging Instruments	**Amount of Gain (Loss) on Derivatives Recognized in Accumulated Other Comprehensive Loss (Effective Portion)**		**Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)**	**Amount of Gain/Loss Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)**	
	2019	**2018**		**2019**	**2018**
Interest rate contracts	**$ —**	$ —	Interest expense	**$ (0.6)**	$ (0.9)
Foreign exchange contracts	**5.1**	10.6	Cost of sales	**10.8**	(2.5)
Total	**$ 5.1**	$ 10.6		**$ 10.2**	$ (3.4)

Derivatives Designated as Fair Value Hedging Instruments	**Location of Gain (Loss) on Derivatives Recognized in Earnings**	**Amount of Gain (Loss) on Derivatives Recognized in Earnings**	
		2019	**2018**
Interest rate contracts	Interest expense	**$ 0.1**	$ (0.0)

Other Hedging Activity	**Location of Gain (Loss) on Derivatives Recognized in Earnings**	**Amount of Gain (Loss) on Derivatives Recognized in Earnings**	
		2019	**2018**
Foreign exchange contracts	Cost of sales	**$ 2.4**	$ 7.9
Foreign exchange contracts	Other expense, net	**(1.3)**	1.5
Total		**$ 1.1**	$ 9.4

Fair Value of Other Financial Instruments. The carrying values of the Company's short-term financial instruments, including cash and cash equivalents and accounts and notes receivable approximate their fair values because of the short maturity of these instruments. At December 31, 2019 and December 31, 2018, the fair value of the Company's long-term debt was approximately$1,214.6 million and $1,292.9 million, respectively, and was determined using Level 1 and Level 2 inputs described in **Note 7 – Fair Value Measurements**, including quoted market prices or discounted cash flows based on quoted market rates for similar types of debt. The carrying value of long-term debt, including current maturities, was $1,131.6 million and $1,226.4 million as of December 31, 2019 and December 31, 2018, respectively.

Note 15 – Accrued Expenses

Accrued Expenses at December 31,2019 and 2018 were as follows:

(in millions)	2019	2018
Compensation and benefit plans	**$ 118.9**	$ 143.6
Product warranties	**117.6**	116.8
Sales incentives and discounts	**116.9**	124.8
Deferred revenue and customer deposits	**38.7**	27.6
Current operating lease liabilities	**18.4**	—
Interest	**16.5**	15.0
Insurance reserves	**16.3**	14.2
Legal Fees	**15.1**	9.4
Environmental reserves	**6.6**	7.6
Real, personal and other non-income taxes	**4.5**	3.9
Sales return reserves	**3.9**	3.1
Secured obligations, repurchase and recourse	**3.5**	6.2
Derivatives	**3.2**	0.4
Other	**29.5**	29.5
Total accrued expenses	**$ 509.6**	$ 502.1

Note 16 – Debt

Long-term debt at December 31, 2019 and December 31, 2018 consisted of the following:

(in millions)	2019	2018
Term loan, floating rate due 2023, net of debt issuance costs of $1.3 and $1.6(A) (D)	$ 305.0	$ 339.7
Senior Notes, 6.375%, due 2049, net of debt issuances costs of $7.8 in 2019	222.2	—
Senior Notes, 6.500% due 2048, net of debt issuance costs of $8.2 and $8.5	176.8	176.5
Notes, 7.125% due 2027, net of discount of $0.3 and $0.3 and debt issuance costs of $0.4 and $0.4	162.5	162.5
Senior Notes, currently 6.625%, due 2049, net of debt issuances costs of $4.4 and $4.5	120.6	120.5
Debentures, 7.375% due 2023, net of discount of $0.1 and $0.2 and debt issuance costs of $0.2 and $0.2(C)	105.2	102.6
Loan with Fond du Lac County Economic Development Corporation, 2.0% due 2021, net of discount of $1.6 and $2.3 and debt issuance costs of $0.0 and $0.1	11.1	15.3
Notes, various up to 5.8% payable through 2028, net of discount of $0.0 and $0.2	5.9	6.9
Term loan, floating rate due 2021, net of debt issuance costs of $0.5 in 2018(E)	—	149.5
Senior Notes, currently 4.625%, due 2021, net of debt issuances costs of $1.0 in 2018(B)	—	147.3
Total long-term debt	1,109.3	1,220.8
Current maturities of long-term debt	(41.3)	(41.3)
Long-term debt, net of current maturities	$ 1,068.0	$ 1,179.5

(A) Beginning in December 2018, scheduled repayment of the 5-year term loan occurs each March, June, September and December equal to 2.50% of the aggregate principal amount of $350.0 million. The remaining principal amount is due August 2023.
(B) Included in Senior notes, 4.625 percent due 2021 at December 31, 2018, is the aggregate fair value related to the fixed-to-floating interest rate swap as discussed in **Note 14 – Financial Instruments**.
(C) Included in Debentures, 7.375 percent due 2023 at December 31, 2019 and December 31, 2018, are the aggregate fair values related to the fixed-to-floating interest rate swaps as discussed in **Note 14 – Financial Instruments**.
(D) As of December 31, 2019 and December 31, 2018, the interest rate was 3.50% and 4.10%, respectively.
(E) As of December 31, 2018, the interest rate was 3.85%.

Debt issuance costs paid for the years ended December 31, 2019 and December 31, 2018 were $8.1 million and $15.4 million, respectively. Debt issuance costs are reported in net proceeds from issuances of long-term debt within cash flows from financing activities on the Consolidated Statements of Cash Flows. There were no debt issuance costs paid during 2017.

Scheduled maturities, net:

(in millions)	
2020	$ 41.3
2021	42.0
2022	35.7
2023	305.8
2024	0.4
Thereafter	684.1
Total long-term debt including current maturities	$ 1,109.3

Power Products Financing

In June 2018, in connection with the acquisition of Power Products the Company entered into an agreement with Morgan Stanley Senior Funding, Inc. to obtain a $1.1 billion, 364-Day Senior Unsecured Bridge Facility (Bridge Facility). Refer to **Note 5 – Acquisitions** for further details regarding the acquisition. In July 2018, the Company executed the First Amendment to its Credit Facility to remove certain restrictions on the Company to incur unsecured debt with a maturity date before the Credit facility termination date. Simultaneously, $300.0 million of commitments related to the Bridge Facility were terminated resulting in $800.0 million remaining under this facility. In August 2018, the commitments with respect to the Bridge Facility were reduced to zero and replaced with a term loan credit agreement (Credit Agreement) to obtain term loans (Term Loans) in an aggregate principal amount of $800.0 million. The Term Loan debt issued in August 2018 consisted of a $300.0 million 364-day tranche loan, a $150.0 million 3-year tranche loan and a $350.0 million 5-year tranche loan. The Company is required to maintain compliance with two financial covenants: a minimum interest coverage ratio and a maximum leverage ratio. The minimum interest coverage, as defined in the Credit Agreement, is not permitted to be less than 3.00 to 1.00. The maximum leverage ratio, as defined in the Credit Agreement, is not permitted to be more than 3.50 to 1.00. As of December 31, 2019, the Company was in compliance with the financial covenants in the Credit Agreement.

Senior Note, Notes and Debentures

Activity

In July 2019, the Company called $150.0 million of its 4.625% senior notes due 2021. The bonds were retired in August 2019 at par plus accrued interest, in accordance with the call provisions of the notes, and the associated interest rate swaps have been terminated. Refer to **Note 14 – Financial Instruments** for further information on the terminated interest rate swaps.

In March 2019, the Company issued an aggregate principal amount of $230.0 million of its 6.375% Senior Notes due April 2049 (6.375% Notes) in a public offering, which resulted in aggregate net proceeds to the Company of $222.0 million. Net proceeds from the offering of the 6.375% Notes were used to prepay all of the $150.0 million, 3-year tranche loan due 2021 and for general corporate purposes. The Company may, at its option, redeem the notes on or after (but not prior to) April 15, 2024.

In December 2018, the Company issued an aggregate principal amount of $125.0 million of its 6.625% Senior Notes due January 2049 (6.625% Notes) in a public offering, which resulted in aggregate net proceeds to the Company of $120.5 million. Net proceeds from the offering of the 6.625% Notes were used, together with cash on hand, to prepay the remaining $115.0 million of the $300.0 million 364-day tranche loan. The Company may, at its option, redeem the 2049 Notes on or after (but not prior to) January 15, 2024.

In October 2018, the Company issued an aggregate principal amount of $185.0 million of its 6.500% Senior Notes due October 2048 (6.500% Notes) in a public offering, which resulted in aggregate net proceeds to the Company of $176.5 million. Net proceeds from the offering of the 6.500% Notes were used, together with cash on hand, to prepay $185.0 million of the $300.0 million 364-day tranche loan. The Company may, at its option, redeem the 2048 Notes on or after (but not prior to) October 15, 2023.

Provisions

Pursuant to the indenture governing the 6.500% Notes, the 6.625% Notes and the 6.375% Notes, the Company and its restricted subsidiaries are subject to restrictions on the incurrence of debt secured by liens on principal property (as defined in the indenture) or shares of capital stock of such restricted subsidiaries, entering into sale and leaseback transactions in respect of principal property and mergers or consolidations with another entity or sales, transfers or leases of the Company's properties and assets substantially as an entirety to another person.

Interest on the Company's 2023 and 2027 notes is due semi-annually. Interest on the Company's 6.500% Notes, 6.625% Notes,6.375% Notes and the Term Loan is due quarterly.

Unless otherwise noted, the Company's debt is unsecured and does not contain subsidiary guarantees.

The Company may be required to repurchase some or all of the 6.500% Notes, 6.625% Notes and the 6.375% Notes in the event of a change of control, subject to certain circumstances, for an amount equal to 101 percent of the outstanding principal plus any accrued and unpaid interest.

The Company's 2027 notes may be redeemed at any time at the Company's discretion, in whole or in part, at the redemption price specified in the agreement, plus any accrued and unpaid interest. The Company's 2023 notes are not redeemable. The Company's 2023 floating rate term loan may be redeemed at any time at the Company's discretion, either in whole or in part, at the redemption price equal to 100 percent of the principal amount plus any accrued and unpaid interest. The remainder of the Company's 2048 and 2049 notes may be redeemed in 5 years from the date of issuance, either in whole or in part, at a redemption price equal to 100 percent of the principal amount plus any accrued and unpaid interest.

Short-term Borrowing Arrangements

On September 26, 2018, the Company entered into an Amended and Restated Credit Agreement (Credit Facility). The Credit Facility amended and restated the Company's existing credit agreement. The Credit Facility provides for $400.0 million of borrowing capacity and is in effect through September 2024. The Credit Facility includes provisions to add up to $100.0 million of additional borrowing capacity and extend the facility for two additional one-year terms, subject to lender approval. In November 2019, the Credit Facility was amended to extend the maturity date from September 2023 to September 2024. The Company currently pays a facility fee of 15 basis points per annum. The facility fee per annum will be within a range of 12.5 to 35 basis points based on the Company's credit rating. Under the terms of the Credit Facility, the Company has two borrowing options: borrowing at a rate tied to adjusted LIBOR plus a spread of 110 basis points or a base rate plus a margin of 10.0 basis points. The rates are determined by the Company's credit ratings, with spreads ranging from 100 to 190 basis points for LIBOR rate borrowings and 0 to 90 basis points for base rate borrowings. The Company is required to maintain compliance with two financial covenants included in the Credit Facility: a minimum interest coverage ratio and a maximum leverage ratio. The minimum interest coverage ratio, as defined in the agreement, is not permitted to be less than 3.00 to 1.00. The maximum leverage ratio, as defined in the agreement, is not permitted to be more than 3.50 to 1.00. During 2019, borrowings under the Credit Facility totaled $655.0 million, all of which were repaid during the period. No borrowings were outstanding as of December 31, 2019, and available borrowing capacity totaled $387.9 million, net of $12.1 million of letters of credit outstanding under the Credit Facility. As of December 31, 2019, the Company was in compliance with the financial covenants in the Credit Facility.

On December 2019, the Company entered into an unsecured commercial paper program (CP Program) pursuant to which the Company, may issue short-term, unsecured commercial paper notes (CP Notes). Amounts available under the CP Program may be borrowed, repaid and re-borrowed from time to time, with the aggregate principal amount of CP Notes outstanding under the CP Program at any time not to exceed the available borrowing amount under the credit facility. The net proceeds of the issuances of the CP Notes are expected to be used for general corporate purposes. The maturities of the CP Notes will vary but may not exceed 397 days from the date of issue. The CP Notes will be sold under customary terms in the commercial paper market and will be issued at a discount from par or, alternatively, will be issued at par and bear varying interest rates on a fixed or floating basis. There were no borrowings under the CP program during 2019.

Other Debt

As provided under the terms of its loan agreement with the Fond du Lac County Economic Development Corporation, which is secured by the Company's property located in Fond du Lac, Wisconsin, up to a maximum 43 percent of the principal due annually can be forgiven if the Company achieves certain employment targets as outlined in the agreement. The amount of loan forgiveness is based on average employment levels at the end of the previous four quarters. Total loan forgiveness for 2019, 2018 and 2017 was $2.1 million or 43 percent of the principal due each year.

Note 17 – Postretirement Benefits

Overview. The Company has defined contribution plans and makes contributions including matching and annual discretionary contributions which are based on various percentages of compensation, and in some instances are based on the amount of the employees' contributions to the plans. The expense related to the defined contribution plans was $44.1 million in 2019, $45.3 million in 2018 and $42.2 million in 2017.

The Company's domestic pension and retiree health care and life insurance benefit plans, which are discussed below, provide benefits based on years of service and, for some plans, average compensation prior to retirement. Benefit accruals are frozen for all plan participants. The Company uses a December 31 measurement date for these plans. The Company's foreign postretirement benefit plans are not significant individually or in the aggregate.

Plan Developments. The Company historically maintained four qualified defined benefit plans: the Brunswick Pension Plan for Salaried Employees (Salaried Plan), the Brunswick Pension Plan for Hourly Bargaining Unit Employees (Bargaining Plan), the Brunswick Pension Plan For Hourly Employees (Hourly Plan) and the Brunswick Pension Plan For Hourly Wage Employees (Muskegon Plan). During the third quarter of 2018, the Company initiated actions to terminate its two remaining plans, the Salaried Plan and the Bargaining Plan, effective October 31, 2018. All benefits were settled during 2019, either through a lump-sum payment to participants or the purchase of an annuity offering on behalf of the participants. As a result of the planned terminations, the remaining over-funded position for each plan is currently recorded within Accounts and notes receivable in the Consolidated Balance Sheets. The Company has previously completed actions to terminate the Hourly Plan and the Muskegon Plan, effective as of December 31, 2016, and all benefits were paid during 2017 as described below.

During 2019, total settlement payments of $673.9 million were made from the Salaried Plan and the Bargaining Plan, consisting of lump-sum pension distributions of $77.1 million and the purchase of group annuity contracts totaling $596.8 million to cover future benefit payments. The annuity contracts unconditionally and irrevocably guarantee the full payment of all future annuity payments to the affected participants. The insurance company assumed all risk associated with the assets and obligations that were transferred. The Company recognized a pretax settlement loss of $292.8 million during the year related to these actions.

During 2017, total settlement payments of $132.7 million were made from the Bargaining Plan and Salaried Plan to purchase group annuity contracts on behalf of participants to cover future benefit payments. In addition, settlement payments totaling $101.7 million were made from the Hourly Plan and the Muskegon Plan in connection with plan terminations. The settlement payments included group annuity contracts to cover future benefit payments as well as lump-sum benefit payments to certain participants.

The annuity contracts provide for the full payment of all future annuity payments to the participants. The insurance company assumed all investment risk associated with the assets and obligations that were transferred. The Company recognized a pretax settlement loss of $96.6 million during 2017 related to these actions.

Costs. Pension and other postretirement benefit costs included the following components for 2019, 2018 and 2017:

	Pension Benefits			Other Postretirement Benefits		
(in millions)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Interest cost	**$ 6.0**	$ 22.6	$ 28.4	**$ 1.3**	$ 1.1	$ 1.2
Expected return on plan assets	**(7.4)**	(24.8)	(33.5)	**—**	—	—
Amortization of prior service credits	**—**	—	—	**(0.7)**	(0.7)	(0.7)
Amortization of net actuarial losses	**5.8**	9.9	14.4	**—**	—	—
Settlement charges	**292.8**	—	96.6	**—**	—	—
Net pension and other benefit costs	**$ 297.2**	$ 7.7	$ 105.9	**$ 0.6**	$ 0.4	$ 0.5

Net pension and other benefit costs are recorded in Pension Settlement Charge and Other expense, net in the Consolidated Statements of Operations.

BRUNSWICK CORPORATION
Notes to Consolidated Financial Statements

Benefit Obligations and Funded Status. A reconciliation of the changes in the benefit obligations and fair value of assets over the two-year period ending December 31, 2019, and a statement of the funded status at December 31 for these years for the Company's pension and other postretirement benefit plans follow:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	**2018**	**2019**	**2018**
Reconciliation of benefit obligation:				
Benefit obligation at previous December 31	**$ 652.8**	$ 716.9	**$ 34.3**	$ 38.7
Interest cost	**6.0**	22.6	**1.3**	1.1
Participant contributions	**—**	—	**—**	0.2
Actuarial losses (gains)	**77.3**	(42.9)	**0.2**	(2.5)
Benefit payments	**(34.1)**	(43.8)	**(2.8)**	(3.2)
Settlement payments	**(673.9)**	—	**—**	—
Benefit obligation at December 31	**28.1**	652.8	**33.0**	34.3
Reconciliation of fair value of plan assets:				
Fair value of plan assets at previous December 31	**642.0**	546.1	**—**	—
Actual return on plan assets	**70.8**	(24.1)	**—**	—
Employer contributions	**7.9**	163.8	**2.8**	3.0
Participant contributions	**—**	—	**—**	0.2
Benefit payments	**(34.1)**	(43.8)	**(2.8)**	(3.2)
Settlement payments	**(673.9)**	—	**—**	—
Adjustments	**(2.1)**	—	**—**	—
Fair value of plan assets at December 31	**10.6**	642.0	**—**	—
Funded status at December 31	**$ (17.5)**	$ (10.8)	**$ (33.0)**	$ (34.3)
Funded percentage (A)	**38%**	98%	**NA**	NA

(A) As all of the Company's plans are frozen, the projected benefit obligation and the accumulated benefit obligation are equal. As of December 31, 2018, the plan assets for the Company's Salaried and Bargaining plans were in excess of the projected and accumulated benefit obligations.

The funded status of these pension plans includes the projected and accumulated benefit obligations for the Company's nonqualified pension plan of $28.1 million and $29.2 million at December 31, 2019 and 2018, respectively. The Company's nonqualified pension plan and other postretirement benefit plans are not funded.

The amounts included in the Company's Consolidated Balance Sheets as of December 31, 2019 and 2018, were as follows:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	**2018**	**2019**	**2018**
Prepaid expenses and other	**$ —**	$ 14.8	**$ —**	$ —
Accounts and notes receivable	**10.6**	3.6	**—**	—
Assets recognized	**$ 10.6**	$ 18.4	**$ —**	$ —
Accrued expenses	**$ 3.5**	$ 3.7	**$ 3.6**	$ 3.6
Postretirement benefit liabilities	**24.6**	25.5	**29.4**	30.7
Liabilities recognized	**$ 28.1**	$ 29.2	**$ 33.0**	$ 34.3

Accumulated Other Comprehensive Loss. The following pretax activity related to pensions and other postretirement benefits was recorded in Accumulated other comprehensive loss as of December 31:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2019**	**2018**	**2019**	**2018**
Prior service credits				
Beginning balance	**$ —**	$ —	**$ (8.8)**	$ (9.5)
Amount recognized as component of net benefit costs	**—**	—	**0.7**	0.7
Ending balance	**—**	—	**(8.1)**	(8.8)
Net actuarial losses				
Beginning balance	**298.3**	302.1	**(1.5)**	1.0
Actuarial (gains) losses arising during the period	**12.3**	6.1	**0.1**	(2.5)
Amount recognized as component of net benefit costs	**(298.6)**	(9.9)	**—**	—
Ending balance	**12.0**	298.3	**(1.4)**	(1.5)
Total	**$ 12.0**	$ 298.3	**$ (9.5)**	$ (10.3)

Prior service credits associated with other postretirement benefits are being amortized on a straight-line basis over the average future working lifetime to full eligibility for active hourly plan participants and over the average remaining life expectancy for those plans' participants who are fully eligible for benefits. Actuarial gains and losses in excess of 10 percent of the greater of the benefit obligation or the market value of assets are amortized over the remaining service period of active plan participants and over the average remaining life expectancy of inactive plan participants.

Other Postretirement Benefits. Once participants eligible for other postretirement benefits turn 65 years old, the health care benefits become a flat dollar amount based on age and years of service. The assumed health care cost trend rate for other postretirement benefits for pre-age 65 benefits as of December 31 was as follows:

	Pre-age 65 Benefits	
	2019	**2018**
Health care cost trend rate for next year	**5.4 %**	5.5 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**4.5 %**	4.5 %
Year rate reaches the ultimate trend rate	**2037**	2037

A one percent change in the assumed health care trend rate atDecember 31, 2019 would not have a material impact on the accumulated postretirement benefit obligation.

The Company monitors the cost of health care and life insurance benefit plans and reserves the right to make additional changes or terminate these benefits in the future.

Assumptions. Weighted average assumptions used to determine pension and other postretirement benefit obligations at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2019	**2018**	**2019**	**2018**
Discount rate	**2.96 %**	4.13 %	**3.07 %**	4.20 %

Weighted average assumptions used to determine net pension and other postretirement benefit costs for the years ended December 31 were as follows:

	2019	2018	2017
Discount rate for pension benefits(A) (B)	**4.13%**	3.27%	3.40%
Discount rate for other postretirement benefits(A) (B)	**3.85%**	3.08%	3.17%
Long-term rate of return on plan assets(C)	**NA**	4.25%	4.75%

(A) The Company utilizes a yield curve analysis to calculate the discount rates used to determine pension and other postretirement benefit obligations. The yield curve analysis matches the cash flows of the Company's benefit obligations. The yield curve consisted of spot interest rates at half year increments for each of the next 30 years and was developed based on pricing and yield information for high quality corporate bonds rated Aa by either Moody's or Standard & Poor's, private placement bonds that are traded in reliance with Rule 144A and are at least two years from date of issuance, bonds with make-whole provisions and bonds issued by foreign corporations that are denominated in U.S. dollars, excluding callable bonds and bonds less than a minimum size and other filtering criteria. Additionally, the Company's yield curve methodology includes bonds having a yield that is greater than the regression mean yield curve as the Company believes this methodology represents an appropriate estimate of the rates at which the Company could effectively settle its pension obligations. For the Company's Salaried and Bargaining plans which were terminated during 2018, the discount rate was a blend of the December 31, 2018 yield curve rate associated with those participants electing annuity contracts to cover future benefit payments, and a lump-sum segment rate for those participants electing lump-sum benefit payments.
(B) The Company uses a "spot rate approach" in the calculation of pension and postretirement interest costs to provide a more accurate measurement of interest costs. The spot rate approach applies separate discount rates for each projected benefit payment in the calculation of pension and postretirement interest costs.
(C) The Company evaluates its assumption regarding the estimated long-term rate of return on plan assets based on historical experience, future expectations of investment returns, asset allocations, investment strategies and views of investment professionals.

Master Trust Investments. Assets of the Company's Master Pension Trust (Trust) are invested solely in the interest of the plan participants for the purpose of providing benefits to participants and their beneficiaries. Investment decisions within the Trust are made after giving appropriate consideration to the prevailing facts and circumstances that a prudent person acting in a like capacity would use in a similar situation, and follow the guidelines and objectives established within the investment policy statement for the Trust. In general, the Trust's investment strategy is to invest in a diversified portfolio of assets that will generate returns equal to or in excess of the change in liabilities resulting from interest costs and discount rate fluctuations. The excess returns generated from this strategy will contribute to improve the funded position of the plan. In order for returns to achieve this objective, the Trust will invest in fixed income investments and equities. These asset classes have historically been reasonably correlated to changes in plan liabilities resulting from changes in the discount rate. All investments are continually monitored and reviewed, with a focus on asset allocation, investment vehicles and performance of the individual investment managers, as well as overall Trust performance. Over time, the Company has shifted a greater percentage of the Trust's assets into long-term fixed-income securities, with an objective of achieving an improved matching of asset returns with changes in liabilities.

During 2019, all assets of the Trust were distributed to participants in connection with the plan terminations.

The fair values of the Trust's pension assets atDecember 31, 2018, by asset class were as follows:

(in millions)	Fair Value Measurements at December 31, 2018 [(A)]		
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	
Investments at fair value	(Level 1)	(Level 2)	Total
Cash and cash equivalents	$ 6.1	$ —	**$ 6.1**
Fixed-income securities:			
Government securities [(C)]	—	126.2	**126.2**
Corporate securities [(D)]	—	356.2	**356.2**
Other investments [(F)]	—	7.2	**7.2**
Total investments at fair value	$ 6.1	$ 489.6	**$ 495.7**
Investments at net asset value			
Short-term investments			**102.3**
Equity securities: [(B)]			
United States			**2.0**
Fixed-income securities:			
Commingled funds [(E)]			**63.3**
Total investments at net asset value			**167.6**
Other liabilities [(G)]			**(21.3)**
Total pension plan net assets			**$ 642.0**

(A) See **Note 7 – Fair Value Measurements** for a description of levels within the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the valuation methodologies is provided following these tables. There were no transfers in and/or out of Level 1 and Level 2 in 2018.
(B) The equity assets are invested in two indexed funds based on the Russell 3000 Index (U.S.) and the MSCI EAFE Equity Index (International). The Trust did not directly own any of the Company's common stock as of December 31, 2018.
(C) Government securities are comprised of U.S. Treasury bonds and other government securities.
(D) Corporate securities consist primarily of a diversified portfolio of investment grade bonds issued by companies.
(E) This class includes commingled funds that primarily invest in investment grade corporate securities and government-related securities. This class also includes investments in non-agency collateralized mortgage obligations and mortgage-backed securities, futures and options.
(F) Other investments consist primarily of interest rate swaps used to manage the average duration of the fixed income portfolio and credit default swaps to manage credit risk exposure.
(G) This class includes interest receivable and receivables/payables for securities sold/purchased.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. See**Note 7 – Fair Value Measurements** for further description of the procedures the Company performs with respect to its Level 2 measurements:

Equity securities: The indexed equity funds are valued at the net asset value (NAV) provided by the investment managers. The NAV is based on the quoted market value of the underlying assets owned by the fund, minus its liabilities, divided by the number of units outstanding. The indexed equity funds are invested in portfolios of equity securities with the goal of matching returns to specific indices. Investments in United States equity securities are invested in an index fund that tracks the Russell 3000 index, which is an all cap market index. Withdrawal from the United States equity fund is permitted with a one-day notice prior to the trade date with subsequent settlement three days after the trade date.

Corporate debt securities: Corporate debt securities are valued based on prices provided by third-party pricing sources, which are based on estimated prices at which a dealer would pay for or sell a security.

Government debt securities: U.S. Treasury bonds are valued using quoted market prices in active markets. Other agency securities are valued based on prices provided by third-party pricing sources, which are based on estimated prices at which a dealer would pay for or sell a security.

Short-term investments, commingled funds: Short-term investments and commingled funds are valued at the NAV provided by the investment managers. The NAV is based on the quoted market value of the underlying assets owned by the fund, minus its liabilities, divided by the number of units outstanding. Investments in fixed income commingled funds include long-duration corporate bonds, asset-backed securities and other short-term, fixed-income securities with the goal of preserving capital and maximizing total return consistent with prudent investment management.

Other investments: Exchange-traded derivative instruments are valued using market indices. The fair value of derivatives that are not traded on an exchange are based on valuation models using observable market data as of the measurement date.

There were no pension plan assets measured using significant unobservable inputs (Level 3) for the years ended December 31, 2019 and December 31, 2018.

Expected Cash Flows. The expected cash flows for the Company's pension and other postretirement benefit plan are presented as follows:

(in millions)	Pension Benefits	Other Postretirement Benefits
Company contributions expected to be made in 2020	$ 3.5	$ 3.2
Expected benefit payments:		
2020	3.5	3.2
2021	3.0	3.0
2022	2.8	2.9
2023	2.7	2.7
2024	2.3	2.6
2025-2029	9.7	10.8

Note 18 – Stock Plans and Management Compensation

Under the Brunswick Corporation 2014 Stock Incentive Plan, the Company may grant stock appreciation rights (SARs), non-vested stock awards, and performance awards to executives, other employees and non-employee directors, with shares from treasury shares and from authorized, but unissued, shares of common stock initially available for grant, in addition to: (i) the forfeiture of past awards; (ii) shares not issued upon the net settlement of SARs; or (iii) shares delivered to or withheld by the Company to pay the withholding taxes related to awards. As of December 31, 2019, 5.1 million shares remained available for grant.

Share grant amounts, fair values, and fair value assumptions reflect all outstanding awards for both continuing and discontinued operations.

Non-Vested Stock Awards

The Company grants both stock-settled and cash-settled non-vested stock units and awards to key employees as determined by management and the Human Resources and Compensation Committee of the Board of Directors. Non-vested stock units and awards have vesting periods of three years. Non-vested stock units and awards are eligible for dividends, which are reinvested, and are non-voting. All non-vested units and awards have restrictions on the sale or transfer of such awards during the vesting period.

Generally, grants of non-vested stock units and awards are forfeited if employment is terminated prior to vesting. Non-vested stock units and awards vest pro rata over one year if (i) the grantee has attained the age of 62, or (ii) the grantee's age plus total years of service equals 70 or more.

The Company recognizes the cost of non-vested stock units and awards on a straight-line basis over the requisite service period. Additionally, cash-settled non-vested stock units and awards are recorded as a liability on the balance sheet and adjusted to fair value each reporting period through stock compensation expense. During the years ended December 31, 2019, 2018 and 2017, the Company charged $10.9 million, $11.1 million and $9.7 million, respectively, to compensation expense for non-vested stock units and awards. The related income tax benefit recognized in 2019, 2018 and 2017 was $2.7 million, $2.8 million and $3.7 million, respectively. The fair value of shares vested during 2019, 2018 and 2017 was $19.2 million, $4.4 million and $12.1 million respectively.

The weighted average price per Non-vested stock award at grant date was $49.12, $59.05 and $60.30 for awards granted in 2019, 2018 and 2017, respectively. Non-vested stock award activity for the year ended December 31, 2019 was as follows:

(in thousands, except grant date fair value)	Non-vested Stock Award Activity	Weighted Average Grant Date Fair Value ($)
Non-vested awards, unvested at January 1, 2019	574	54.82
Awarded	374	49.12
Forfeited	(183)	41.45
Vested	(321)	57.74
Non-vested awards, unvested at December 31, 2019	444	53.42

As of December 31, 2019, there was $9.1 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. The Company expects this expense to be recognized over a weighted average period of 1.5 years.

SARs

Between 2005 and 2012, the Company issued stock-settled SARs. Generally, SARs are exercisable over a period of 10 years, or as otherwise determined by management and the Human Resources and Compensation Committee of the Board of Directors, and subject to vesting periods of generally 4 years. However, with respect to SARs, all grants vest immediately: (i) in the event of a change in control; (ii) upon death or disability of the grantee; or (iii) with respect to awards granted prior to 2008, upon the sale or divestiture of the business unit to which the grantee is assigned.

In addition, grantees continue to vest in accordance with the vesting schedule even upon termination if (i) the grantee has attained the age of 62, or (ii) the grantee's age plus total years of service equals 70 or more. An additional provision applies that prorates the grant in the event of termination prior to the first anniversary of the date of grant, provided the participant had met the appropriate retirement age definition of rule of 70 or age 62.

SARs activity for all plans for the years ended December 31, 2019, 2018 and 2017, was as follows:

	2019				2018			2017		
(in thousands, except exercise price and terms)	SARs Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	SARs Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value	SARs Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding on January 1	**343**	**$ 16.04**			594	$ 14.40		978	$ 14.43	
Exercised	**(224)**	**$ 13.13**		**$ 10,494**	(248)	$ 12.10	$ 12,636	(352)	$ 14.37	$ 16,071
Forfeited	**0**	**$ 5.86**			(3)	$ 17.06		(32)	$ 15.76	
Outstanding on December 31	**119**	**$ 21.57**	**1.4 years**	**$ 4,571**	343	$ 16.04	$ 10,439	594	$ 14.40	$ 24,261
Exercisable and Vested on December 31	**119**	**$ 21.57**	**1.4 years**	**$ 4,571**	343	$ 16.04	$ 10,439	594	$ 14.40	$ 24,261

The following table summarizes information about SARs outstanding as of December 31, 2019:

	Outstanding and Exercisable	
Exercise Price	Number (in thousands)	Weighted Average Remaining Years of Contractual Life
$11.08	2.8	0.1 years
$14.68	7.4	1.7 years
$21.52	71.1	1.1 years
$23.79	37.6	2.1 years

SARs expense was immaterial for all periods presented.

Performance Awards

In February 2019, 2018 and 2017, the Company granted performance shares to certain senior executives. Performance share awards are based on three performance measures: a cash flow return on investment (CFROI) measure, an operating margin (OM) measure and a total shareholder return (TSR) modifier. Performance shares are earned based on a three-year performance period commencing at the beginning of the calendar year of each grant. The performance shares earned are then subject to a TSR modifier based on stock returns measured against stock returns of a predefined comparator group over a three-year performance period. Additionally, in February 2019, 2018 and 2017, the Company granted 24,605, 24,490 and 26,300 performance shares, respectively, to certain officers and certain senior managers based on the respective measures and performance periods described above but excluding a TSR modifier.

The fair values of the senior executives' performance share award grants with a TSR modifier at the grant date in2019, 2018 and 2017 were $49.64, $61.59 and $64.82, respectively, which were estimated using the Monte Carlo valuation model, and incorporated the following assumptions:

	2019	2018	2017
Risk-free interest rate	**2.9%**	2.4%	1.5%
Dividend yield	**1.7%**	1.3%	1.1%
Volatility factor	**41.0%**	38.9%	38.3%
Expected life of award	**2.9 years**	2.9 years	2.9 years

The fair value of certain officers' and certain senior managers' performance awards granted based solely on the CFROI and OM performance factors was$47.61, $57.19 and $58.77, which was equal to the stock price on the date of grant in2019, 2018 and 2017, respectively, less the present value of dividend payments over the vesting period.

The Company recorded compensation expense related to performance awards of$6.4 million, $5.6 million and $6.2 million in 2019, 2018 and 2017, respectively. The related income tax benefit recognized in2019, 2018 and 2017 was $1.6 million, $1.4 million and $2.4 million, respectively. The fair value of awards vested during 2019, 2018 and 2017 was $4.9 million, $7.8 million and $5.5 million, respectively.

Performance award activity for the year ended December 31, 2019 was as follows:

(in thousands, except grant date fair value)	Performance Awards	Weighted Average Grant Date Fair Value ($)
Performance awards, unvested at January 1	91	61.32
Awarded	137	48.92
Forfeited	(59)	49.30
Vested and earned	(81)	57.49
Performance awards, unvested at December 31	88	53.55

As of December 31, 2019, the Company had $2.3 million of total unrecognized compensation expense related to performance awards. The Company expects this expense to be recognized over a weighted average period of 1.6 years.

Excess Tax Benefits/Shortfalls

For tax purposes, share-based compensation expense is deductible in the year of exercise or release based on the intrinsic value of the award on the date of exercise or release. For financial reporting purposes, share-based compensation expense is based upon grant-date fair value, which is amortized over the vesting period. Excess or "windfall" tax benefits represent the excess tax deduction received by the Company resulting from the difference between the share-based compensation expense deductible for tax purposes and the share-based compensation expense recognized for financial reporting purposes. Conversely, the Company may recognize a tax "shortfall" in circumstances when share-based expense recognized for reporting purposes exceeds the expense deductible for tax purposes. Windfall tax benefits and shortfalls are recorded directly to Income tax provision on the Company's Consolidated Statement of Operations. Windfall tax benefits for the years ended December 31, 2019, 2018 and 2017 were $2.8 million, $3.1 million and $7.4 million, respectively.

Director Awards

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

Note 19 – Comprehensive Income (Loss)

The following table presents reclassification adjustments out of Accumulated other comprehensive loss during the years ended December 31, 2019, 2018 and 2017:

(in millions)

Details about Accumulated other comprehensive loss components	2019	2018	2017	Affected line item in the statement where net income is presented
Amount of loss reclassified into earnings from foreign currency:				
Foreign currency cumulative translation adjustment	**$ (13.9)**	$ —	$ —	Loss on disposal of discontinued operations
	(13.9)	—	—	Earnings before income taxes from discontinued operations
	0.1	—	—	Income tax provision
	$ (13.8)	$ —	$ —	Net earnings from discontinued operations
Amortization of defined benefit items:				
Prior service credits	**$ 0.7**	$ 0.7	$ 0.7	Other expense, net (A)
Net actuarial losses	**(6.2)**	(10.3)	(15.2)	Other expense, net (A)
Net actuarial losses	**(292.8)**	—	(96.6)	Pension settlement charge (A) (B)
	(298.3)	(9.6)	(111.1)	Earnings before income taxes
	(15.0)	2.2	42.3	Income tax provision (B)
	$ (313.3)	$ (7.4)	$ (68.8)	Net earnings from continuing operations (B)
Amount of gain (loss) reclassified into earnings on derivative contracts:				
Interest rate contracts	**$ (0.6)**	$ (0.9)	$ (1.1)	Interest expense
Foreign exchange contracts	**10.8**	(2.5)	(0.9)	Cost of sales
	10.2	(3.4)	(2.0)	Earnings before income taxes
	(3.0)	0.8	0.7	Income tax provision
	$ 7.2	$ (2.6)	$ (1.3)	Net earnings from continuing operations

(A) These Accumulated other comprehensive income (loss) components are included in the computation of net pension and other benefit costs. See **Note 17 – Postretirement Benefits** for additional details.

(B) In 2019, the Company fully exited its qualified benefit pension plans and as a result, recorded a pre-tax settlement charge of $292.8 million. The income tax impact of the settlement action was a net provision of $17.5 million, consisting of an income tax benefit of $73.9 million associated with the pension settlement charge netted against an income tax charge of $91.4 million resulting from the release of disproportionate tax effects in Accumulated Other Comprehensive Income. Refer to **Note 17 – Postretirement Benefits** and **Note 12 – Income Taxes** in the Notes to Consolidated Financial Statements for further information on the pension settlement and related income tax consequences, respectively.

Note 20 – Treasury Stock

The Company has executed share repurchases against authorizations approved by the Board of Directors in 2014, 2016 and 2019. In 2019, the Company repurchased $400.0 million of stock under these authorizations and as of December 31, 2019, the remaining authorization was $234.8 million.

Treasury stock activity for the years ended December 31, 2019, 2018 and 2017, was as follows:

(Shares in thousands)	2019	2018	2017
Balance at January 1	**15,781**	15,001	13,221
Compensation plans and other	**(542)**	(460)	(547)
Share repurchases	**7,730**	1,240	2,327
Balance at December 31	**22,969**	15,781	15,001

Note 21 – Leases

The Company has operating lease agreements for offices, branches, factories, distribution and service facilities and certain personal property. Leases with an initial lease term of 12 months or less are not recorded on the balance sheet. Finance leases are not material to the Company's consolidated financial statements.

Several leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The exercise of lease renewal options is at our sole discretion. Certain of our lease agreements include rental payments that vary based on changes in volume activity, storage activity, or changes in the Consumer Price Index or other indices. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

A summary of the Company's lease assets and lease liabilities as of December 31, 2019 is as follows:

(in millions)	Classification	Dec 31, 2019
Lease Assets		
Operating lease assets	Operating lease assets	$ 83.2
Lease Liabilities		
Current operating lease liabilities	Accrued expenses	18.4
Non-current operating lease liabilities	Operating lease liabilities	70.1
Total lease liabilities		$ 88.5

A summary of the Company's total lease cost for the year ended December 31, 2019 is as follows:

(in millions)	Classification	Dec 31, 2019
Operating lease cost	Selling, general, and administrative expense	$ 13.9
	Cost of sales	25.6
Variable lease cost	Selling, general, and administrative expense	0.5
	Cost of sales	4.4
Total lease cost (A)		$ 44.4

(A) Includes total short-term lease cost which is immaterial.

Total lease cost was $33.6 million and $30.7 million for the years ended December 31, 2018 and December 31, 2017, respectively.

The Company's maturity analysis of its operating lease liabilities as ofDecember 31, 2019 is as follows:

(in millions)		
2020	$	22.5
2021		19.7
2022		17.8
2023		15.1
2024		11.9
Thereafter		14.4
Total lease payments		101.4
Less: Interest		(12.9)
Present value of lease liabilities	$	88.5

The total weighted-average discount rate and remaining lease term for the Company's operating leases was4.99 percent and 5.5 years, respectively, as of December 31, 2019. Total operating lease payments reflected in operating cash flows were$21.9 million for the year ended December 31, 2019.

The following represents the Company's future minimum rental payments at December 31, 2018 for agreements classified as operating leases under ASC 840 with non-cancelable terms in excess of one year:

(in millions)		
2019	$	31.4
2020		24.5
2021		21.0
2022		14.7
2023		11.4
Thereafter		20.1
Total (not reduced by minimum sublease income of $0.1)	$	123.1

Note 22 – Quarterly Data (unaudited)

The Company maintains its financial records on the basis of a fiscal year ended on December 31, with the fiscal quarters spanning approximately thirteen weeks. The first quarter ends on the Saturday closest to the end of the first thirteen-week period. The second and third quarters are thirteen weeks in duration and the fourth quarter is the remainder of the year. The first three quarters of fiscal year 2019 ended on March 30, 2019, June 29, 2019, and September 28, 2019, and the first three quarters of fiscal year 2018 ended on March 31, 2018, June 30, 2018, and September 29, 2018.

	Quarter Ended				
(in millions, except per share data)	**March 30, 2019**	**June 29, 2019**	**September 28, 2019**	**December 31, 2019**	**Year Ended December 31, 2019**
Net sales [(A)]	$ 1,050.7	$ 1,163.5	$ 976.6	$ 917.6	$ 4,108.4
Gross margin [(B)]	279.5	328.0	276.9	236.6	1,121.0
Restructuring, exit and impairment charges [(C)]	3.2	5.4	7.4	2.8	18.8
Pension settlement charge [(D)]	—	—	(294.1)	1.3	(292.8)
Net earnings (loss) from continuing operations [(F)]	76.2	112.1	(232.9)	75.0	30.4
Net loss from discontinued operations, net of tax	(112.5)	(34.6)	(6.4)	(7.9)	(161.4)
Net (loss) earnings	(36.3)	77.5	(239.3)	67.1	(131.0)
Basic earnings (loss) per common share:					
Net earnings (loss) from continuing operations	$ 0.87	$ 1.29	$ (2.74)	$ 0.92	$ 0.36
Net loss from discontinued operations	(1.29)	(0.40)	(0.08)	(0.10)	(1.90)
Net (loss) earnings	$ (0.42)	$ 0.89	$ (2.82)	$ 0.82	$ (1.54)
Diluted earnings (loss) per common share:					
Net earnings (loss) from continuing operations	$ 0.87	$ 1.28	$ (2.74)	$ 0.92	$ 0.36
Net loss from discontinued operations	(1.29)	(0.39)	(0.08)	(0.10)	(1.89)
Net (loss) earnings	$ (0.42)	$ 0.89	$ (2.82)	$ 0.82	$ (1.53)
Dividends declared	$ 0.21	$ 0.21	$ 0.21	$ 0.24	$ 0.87
Common stock price (NYSE symbol: BC):					
High	$ 55.35	$ 54.76	$ 54.75	$ 62.23	$ 62.23
Low	$ 44.89	$ 41.02	$ 42.57	$ 49.36	$ 41.02

BRUNSWICK CORPORATION
Notes to Consolidated Financial Statements

	Quarter Ended				
(in millions, except per share data)	March 31, 2018	June 30, 2018	September 29, 2018	December 31, 2018	Year Ended December 31, 2018
Net sales (A)	$ 967.0	$ 1,148.7	$ 1,044.1	$ 961.1	$ 4,120.9
Gross margin (B)	243.1	281.2	278.3	244.4	1,047.0
Restructuring, exit and impairment charges (C)	2.6	34.2	9.4	8.6	54.8
Transaction financing charges (E)	—	—	(5.1)	—	(5.1)
Net earnings from continuing operations (F)	63.8	68.1	75.2	46.3	253.4
Net earnings (loss) from discontinued operations, net of tax	9.1	10.9	(5.2)	(2.9)	11.9
Net earnings	72.9	79.0	70.0	43.4	265.3
Basic (loss) earnings per common share:					
Net earnings from continuing operations	$ 0.72	$ 0.78	$ 0.86	$ 0.53	$ 2.89
Net earnings (loss) from discontinued operations	0.11	0.12	(0.06)	(0.03)	0.14
Net earnings	$ 0.83	$ 0.90	$ 0.80	$ 0.50	$ 3.03
Diluted (loss) earnings per common share:					
Net earnings from continuing operations	$ 0.72	$ 0.77	$ 0.86	$ 0.53	$ 2.87
Net earnings (loss) from discontinued operations	0.10	0.13	(0.06)	(0.04)	0.14
Net earnings	$ 0.82	$ 0.90	$ 0.80	$ 0.49	$ 3.01
Dividends declared	$ 0.19	$ 0.19	$ 0.19	$ 0.21	$ 0.78
Common stock price (NYSE symbol: BC):					
High	$ 64.45	$ 69.27	$ 69.82	$ 67.92	$ 69.82
Low	$ 55.35	$ 54.76	$ 61.78	$ 41.92	$ 41.92

(A) In the second quarter of 2018, the Company announced its intention to wind down Sport Yacht & Yachts (SYY) operations. During the second quarter and the full-year of 2019, SYY had Net sales of $(0.7) million. During the first, second, third and fourth quarters and the full-year of 2018, SYY had Net sales of $15.1 million, $19.9 million, $9.0 million, $5.4 million and $49.4 million, respectively.

(B) Gross margin is defined as Net sales less Cost of sales (COS) as presented in the Consolidated Statements of Operations. In the second and fourth quarter and the full-year of 2019, the company recorded $3.2 million, $3.9 million and $7.1 million in COS, respectively, related to SYY. During the first, second, third and fourth quarter and the full-year of 2018, the Company recorded $18.7 million, $43.1 million, $17.3 million, $10.0 million and $89.1 million in COS, respectively, related to SYY. During the third and fourth quarter and the full-year of 2018, the company recorded $4.6 million, $4.6 million and $9.2 million in COS, respectively, of purchase accounting amortization related to the purchase of Power Products.

(C) Restructuring, exit, integration and impairment charges are discussed in **Note 4 – Restructuring, Exit and Impairment Activities .**

(D) Pension settlement charges are discussed in **Note 17 – Postretirement Benefits**.

(E) In the third quarter and full-year of 2018, the company recorded $5.1 million of Transaction financing charges related to the acquisition of Power Products.

(F) During the first, second, third and fourth quarter and full-year of 2019, Net (loss) earnings from continuing operations includes $5.7 million, $9.0 million, $6.1 million, $8.2 million and $29.0 million, respectively, related to SYY, IT transformation costs, purchase accounting amortization and acquisition-related costs, related to the purchase of Freedom Boat Club and Power Products. Net earnings (loss) from continuing operations also includes $(1.7) million, $1.8 million, $(2.5) million, $(14.8) million and $(17.2) million related to discrete tax items. During the first, second, third and fourth quarter and full-year ended 2018, Net earnings from continuing operations includes $6.4 million, $23.3 million, $25.0 million, $16.9 million and $71.6 million, respectively, related to SYY, purchase accounting amortization and acquisition-related costs. Refer to **Note 5 – Acquisitions** for further details. Net earnings from continuing operations also includes $6.7 million, $(1.1) million, $(10.7) million, $0.3 million and $(4.8) million related to discrete tax items. In the third and fourth quarter and full-year of 2019, the Company had a loss (gain) of extinguishment of debt, net of tax, of $0.7 million, $(0.1) million and $0.6 million, respectively. In the fourth quarter of 2018, the Company sold its non-controlling interest in a marine joint venture and recorded a gain of $1.8 million, net of tax, within Equity earnings.

Note 23 – Subsequent Events

Throughout 2019, Brunswick implemented strategic and organizational initiatives to sharpen the focus of the Company on the recreational marine market and adjacent opportunities. Starting in 2020, the Company's strategy is focused on four business pillars - Propulsion, Parts and Accessories (P&A), Boats and Business Acceleration. Effective January 1, 2020, we changed our management reporting and updated our reportable segments to Propulsion, P&A and Boat to align with our strategy. The Propulsion segment will contain both outboard and sterndrive engine businesses, along with controls and riggings, which are closely associated with our propulsion businesses. The P&A segment will contain all other P&A categories, including engine parts and consumables, electrical products, boat parts and systems, and our distribution business. The Boat segment will continue to include Business Acceleration. As a result of the change in segments, the Goodwill balance previously reported on the Marine Engine segment will be allocated to the Propulsion and P&A segments based on their relative fair values.

Concurrent with this change, the Company has changed its measurement of segment profit and loss due to a decision to streamline internal and external reporting practices relating to marine engines sold from the Propulsion segment to the Boat segment. This change in presentation, which is not the result of a change in business practice, more closely follows current market dynamics, as well as provides improved comparability with other boat companies.

BRUNSWICK CORPORATION
Schedule II - Valuation and Qualifying Accounts

(in millions)

Allowances for Losses on Receivables	Balance at Beginning of Year	Charges to Profit and Loss	Write-offs	Recoveries	Acquisitions	Other	Balance at End of Year
2019	$ 8.7	$ 1.6	$ (1.7)	$ 0.2	$ —	$ (0.3)	$ 8.5
2018	7.2	0.8	(0.9)	0.1	1.1	0.4	8.7
2017	9.7	1.3	(4.4)	0.1	—	0.5	7.2

Deferred Tax Asset Valuation Allowance	Balance at Beginning of Year	Charges to Profit and Loss(A)	Write-offs	Recoveries	Other(B)	Balance at End of Year
2019	$ 74.7	$ (3.5)	$ —	$ —	$ 22.1	$ 93.3
2018	78.0	4.0	—	—	(7.3)	74.7
2017	75.5	5.9	—	—	(3.4)	78.0

(A) For the year ended December 31, 2019, the deferred tax asset valuation benefit activity primarily relates to reassessments for state recognition purposes. For the years ended December 31, 2018 and 2017, the deferred tax asset valuation provision activity primarily relates to tax losses in foreign jurisdictions.
(B) For the year ended December 31, 2019, the activity primarily relates to Federal and State impact of the sale of the stock of certain entities. For the years ended December 31, 2018 and 2017, activity primarily relates to Federal tax law changes and foreign currency translation.

Item 16. Form 10-K Summary

None.

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
February 18, 2020	By:	/S/ RANDALL S. ALTMAN
		Randall S. Altman 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 date indicated.

February 18, 2020	By:	/S/ DAVID M. FOULKES
		David M. Foulkes Chief Executive Officer and Director (Principal Executive Officer)
February 18, 2020	By:	/S/ WILLIAM L. METZGER
		William L. Metzger Senior Vice President and Chief Financial Officer (Principal Financial Officer)
February 18, 2020	By:	/S/ RANDALL S. ALTMAN
		Randall S. Altman Vice President and Controller (Principal Accounting Officer)

This report has been signed by the following directors, constituting the remainder of the Board of Directors, by William L. Metzger, as Attorney-in-Fact.

Nancy E. Cooper
David C. Everitt
Manuel A. Fernandez
Lauren Patricia Flaherty
Joseph W. McClanathan
David V. Singer
Jane L. Warner
J. Steven Whisler
Roger J. Wood

February 18, 2020	By:	/S/ WILLIAM L. METZGER
		William L. Metzger Attorney-in-Fact

DESCRIPTION OF THE COMPANY'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a brief description of the common stock, $0.75 par value per share (our "Common Stock"), of Brunswick Corporation (the "Company"), and three series of debt securities, which are the Company's four classes of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act").

The following description of our Common Stock and debt securities and of certain provisions of Delaware law are summaries, do not purport to be complete and are subject to and qualified in their entirety by reference to our restated articles of incorporation, as subsequently amended from time to time (our "Restated Articles of Incorporation") and our amended and restated bylaws, as subsequently amended from time to time (our "Bylaws"), each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and are incorporated herein by reference. Please also refer to the applicable provisions of the Delaware General Corporation Law ("DGCL") for additional information.

Under our Restated Articles of Incorporation, the Company is currently authorized to issue up to 200,000,000 shares of our Common Stock and 12,500,000 shares of preferred stock, $0.75 par value per share (our "Preferred Stock"). On February 5, 1996, our board of directors designated 150,000 shares of our Preferred Stock as Series A Junior Participating Preferred Stock, but no shares of our Preferred Stock have been issued.

Description of Our Common Stock

Stock Exchange Listing

Our Common Stock is listed on the New York Stock Exchange and Chicago Stock Exchange under the symbol "BC."

Common Stock Characteristics

Dividend Rights. Subject to the dividend rights of the holders of any outstanding Preferred Stock, the holders of shares of our Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as our board of directors may from time to time declare.

Rights Upon Liquidation. Upon liquidation, dissolution, distribution of assets or winding up of the Company, the holders of shares of our Common Stock are entitled to share ratably in our remaining assets of whatever kind available for distribution to shareholders, after distribution in full of the preferential amounts, if any, to be distributed to the holders of any outstanding Preferred Stock.

Conversion and Preemptive Rights; Sinking Fund or Redemption Provisions. Holders of shares of our Common Stock have no conversion, preemptive or similar rights. There are no sinking fund or redemption provisions applicable to our Common Stock.

Voting Rights. Each holder of our Common Stock is entitled to one vote for each share of Common Stock held by such stockholder on all matters voted upon by our stockholders. Our Restated Articles of Incorporation do not provide for cumulative voting in the election of directors. Article Eleventh of our Restated Articles of Incorporation (relating to our board of directors) may only be amended by the affirmative vote of holders of eighty percent (80%) of the outstanding shares of our Common Stock entitled to vote in the elections of our directors. Additionally, the articles of our Restated Articles of Incorporation described below in the paragraphs "*Elimination of Stockholder Action by Written Consent*" and "*Interested Party Transactions*," may only be modified by a vote of greater than a majority of our outstanding Common Stock. Our Bylaws may be amended only by the affirmative vote of holders of two-thirds of the outstanding shares of our Common Stock entitled to vote in the elections of our directors.

Classified Board. Pursuant to the amendment to our Restated Articles of Incorporation filed on May 2, 2018, the Company began transitioning from a three-class board to a fully declassified board, starting with the 2019 annual meeting of the stockholders. The directors elected at the 2019 annual meeting received one-year terms expiring at the 2020 annual meeting of the stockholders rather than three-year terms as had previously been provided for in our Restated Articles of Incorporation. The directors elected at the 2020 annual meeting will receive one-year terms expiring at the 2021 annual meeting of the stockholders. For the annual meetings of stockholders for 2021 and subsequent years, the stockholder will elect the full board of directors for one-year terms.

Limitations on Rights of Holders of Our Common Stock: Blank Check Preferred Stock

The rights of holders of shares of our Common Stock may be materially limited or qualified by the rights of holders of shares of our Preferred Stock that we may issue in the future. Our Restated Articles of Incorporation authorize our board of directors, without further shareholder action, to provide for the issuance of up to 12,500,000 shares of Preferred Stock, in one or more series, and to fix the designations, relative rights, preferences and limitations, including the dividend rate, redemption and sinking fund provisions, and liquidation preferences, which rights and preferences may be greater than the rights of our Common Stock.

It is not possible to state the actual effect of the issuance of any shares of Preferred Stock upon the rights of holders of our Common Stock until our board of directors determines the specific rights of the holders of such Preferred Stock. However, the particular terms of any series of our Preferred Stock that we offer may include: (i) the designation and liquidation preference per share of the Preferred Stock and the number of shares comprising such series; (ii) the dividend rate, the dates on which dividends will be payable, whether dividends shall be cumulative and, if so, the date from which dividends will begin to accumulate; (iii) any redemption or sinking fund provisions of the Preferred Stock; (iv) any conversion or exchange provisions of the Preferred Stock; (v) the voting rights, if any, of the Preferred Stock; and (vi) any additional dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions of the Preferred Stock.

Anti-Takeover Provisions

Certain provisions in our Restated Articles of Incorporation, our Bylaws, and the DGCL may have the effect of delaying, deferring or preventing a change of control of the Company or may operate only with respect to extraordinary corporate transactions involving the Company. For example, certain provisions may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts.

Section 203 of the DGCL. The Company is subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a “business combination” (as defined therein), which includes, among other things, a merger or sale of more than ten percent (10%) of the corporation’s assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation’s outstanding voting stock or an affiliate or associate of such person.

Advance Notice Requirement. Our Bylaws set forth advance notice procedures with regard to shareholder nomination of persons for election to our board of directors, whether for inclusion in the Company’s proxy statement for the annual shareholder meeting or not, or other business to be considered at meetings of shareholders. The advance notice requirement does not give our board of directors any power to approve or disapprove shareholder director nominations or proposals but may have the effect of precluding the consideration of certain business at a meeting if the proper notice procedures are not followed.

Special Stockholder Meetings. Under our Bylaws only the Chairman of the Board and the Secretary, at the written request of a majority of our directors, can call special meetings of the stockholders.

Elimination of Stockholder Action by Written Consent. Our Restated Articles of Incorporation eliminates the right of stockholders to act by written consent without a meeting. This provision may be amended only by the affirmative vote of the holders of eighty percent (80%) of the shares of our Common Stock entitled to vote in the elections of our directors.

Interested Party Transactions. Our Restated Articles of Incorporation contains provisions requiring, with some exceptions, any merger, consolidation, disposition of assets or similar business combination with a person who owns five percent (5%) or more of the outstanding shares of our Common Stock entitled to vote in elections of our directors to be approved by the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of our Common Stock entitled to vote in elections of directors which are not beneficially owned by such person. The Restated Articles of Incorporation also requires, with some exceptions, that two independent experts conclude that the terms of any such merger, consolidation, disposition of assets or similar business combination are fair to unaffiliated stockholders and that the opinion of these experts be included in a proxy statement mailed to stockholders. Each of the foregoing provisions may be amended only by the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of our Common Stock entitled to vote in the elections of our directors, excluding any shares held by a person who owns five percent (5%) or more of the outstanding shares.

Blank Check Preferred Stock. Our Preferred Stock could be deemed to have an anti-takeover effect because the Company could issue shares of our Preferred Stock if facing a hostile takeover situation. The shares of our Preferred Stock could be issued to purchasers sympathetic with our management or others in such a way as to render more difficult or to discourage a merger, tender offer, proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management.

Description of Our Debt Securities

6.500% Senior Notes due 2048

6.625% Senior Notes due 2049

6.375% Senior Notes due 2049

The Company previously filed a registration statement on Form S-3 (Registration No. 333-213509), filed with the SEC with an effective date of September 6, 2016 and covers the issuance of the Company's 6.500% Senior Notes due 2048 (the "6.500% Notes"), 6.625% Senior Notes due 2049 (the "6.625% Notes"), and 6.375% Senior Notes due 2049 (the "6.375% Notes" and together with the 6.500% Notes and the 6.625% Notes, the "Notes"). The Notes are governed by a base indenture, dated October 3, 2018, between the Company and U.S. Bank National Association, as trustee ("Trustee"), as supplemented by the applicable supplemental indenture governing a particular series of the Notes (as so supplemented, the "Indenture"). This summary is subject to and qualified in its entirety by reference to all of the provisions of the Indenture and the Notes, including definitions of certain defined terms used in the Indenture and the Notes.

General

The 6.500% Notes will mature on October 15, 2048 and bear interest at a rate of 6.500% per year; the 6.625% Notes will mature on January 15, 2049 and bear interest at a rate of 6.625% per year; and the 6.375% Notes will mature on April 15, 2049 and bear interest at a rate of 6.375% per year.

The 6.500% Notes, the 6.625% Notes, and the 6.375% Notes are listed on the New York Stock Exchange under the symbols "BC-A," "BC-B," and "BC-C", respectively. We have no obligation to maintain such listings, and we may delist any series of the Notes at any time.

The Notes will be issued only in registered form and in minimum denominations of $25.00 and integral multiples of $25.00 in excess thereof.

The Trustee will initially act as our paying agent for the Notes. The Notes will be payable at the corporate trust office of the Trustee, or an office or agency maintained by us for such purpose, in the continental United States. We will pay principal of, premium, if any, and interest on, the Notes in global form registered in the name of or held by The Depository Trust Company ("DTC") or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

We may, without the consent of the holders of the Notes, issue an unlimited principal amount of Additional Notes. We will only be permitted to issue such Additional Notes if, at the time of such issuance, we are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as one or more series of the Notes and will vote on all matters with the holders of such series of the Notes.

Interest

We pay interest on the Notes quarterly in arrears on January 15, April 15, July 15 and October 15. We will make each interest payment to the holders of record at the close of business on the immediately preceding January 1, April 1, July 1, and October 1.

Interest on the Notes accrues from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

If an interest payment date for the Notes falls on a day that is not a business day, the interest payment date will be postponed to the next succeeding business day. If the maturity date of the Notes falls on a day that is not a business day, we will pay principal and accrued and unpaid interest on the Notes on the next business day. No interest on that payment will accrue from and after the maturity date.

Ranking

The Notes:

- are unsecured unsubordinated obligations;
- rank equally and ratably with all our existing and future unsecured unsubordinated indebtedness;
- are senior to any future subordinated indebtedness of the Company;
- are effectively subordinated to any secured indebtedness of the Company to the extent of the assets securing such indebtedness; and
- are structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, including trade payables and any borrowings by a subsidiary under the Credit Facilities (as defined below).

Our subsidiaries are distinct legal entities that have no obligation to pay any amounts pursuant to, or to make funds available for our payment obligations in respect of, the Notes, whether by dividends, distributions, loans or otherwise.

Although our obligations under the Credit Facilities (as defined and described in "Description of Other Indebtedness" section in the applicable prospectus supplement for each series of the Notes) currently are not guaranteed by any of our subsidiaries, if any of our subsidiaries guarantees specified indebtedness, certain of our domestic subsidiaries may be required to guarantee our obligations under the Term Loan Facilities. In addition, certain of our subsidiaries are permitted to borrow directly under the Revolving Facility. The obligations of any such subsidiary borrowing would be guaranteed by us, and any such subsidiary borrowing would be structurally senior to the Notes.

Optional Redemption

The 6.500% Note, the 6.625% Notes, and 6.375% the Notes are not redeemable at our option prior to October 15, 2023, January 15, 2024, or April 15, 2024, respectively. On or after October 15, 2023, January 15, 2024, or April 15, 2024, respectively, we may, at our option, redeem the Notes, at any time or from time to time, either in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date. If the optional redemption date is on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest will be paid on the redemption date to the Person in whose name the note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption.

We will provide notice of any redemption in the manner provided in the Indenture at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed. The notice of redemption to each holder will specify, among other items, the redemption price (or the method for determination thereof). Notice of any redemption of Notes in connection with a corporate transaction (including any equity offering, an incurrence of indebtedness or a change of control) may, at our discretion, be given prior to the completion thereof, and any such redemption may, at our discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related transaction. If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date. If any such condition precedent has not been satisfied, we will provide written notice to the Trustee prior to the close of business two business days prior to the redemption date. Upon receipt of such notice, the notice of redemption shall be rescinded, and the redemption of the Notes shall not occur. Upon receipt, the Trustee shall provide such notice to each holder of the Notes in the same manner in which the notice of redemption was given.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

If fewer than all of the Notes are to be redeemed at any time, the particular Notes to be redeemed shall be selected by the Trustee, from the outstanding Notes not previously called for redemption, in accordance with the applicable rules and procedures of the depositary, in the case of global notes, or, otherwise, by such method as the Trustee shall deem fair and appropriate (subject in each case to any applicable stock exchange rules).

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note must state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion of the original Note will be issued (or transferred through a book-entry system) in the name of the holder thereof upon cancelation of the original Note. No Notes of $25.00 or less will be redeemed in part.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

We are not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, we may be required to offer to purchase Notes as described under "-Certain Covenants-Offer to Repurchase Notes Upon Change of Control Triggering Event". We or our affiliates may at any time and from time to time purchase Notes in the open market or otherwise.

Certain Covenants

The Indenture contains covenants, certain of which are described below. Certain defined terms used in these covenants are set forth under "-Certain Definitions".

Limitation on Liens

We will not, and will not permit any of our Restricted Subsidiaries to, create, incur or suffer to exist any Lien (other than Permitted Liens) upon any Principal Property or any shares of Capital Stock of any of our Restricted Subsidiaries, which Lien secures any Indebtedness, without making effective provisions whereby the Notes (together with, at our option, any other Indebtedness of ours or any of our Subsidiaries ranking equally in right of payment with the Notes) shall be secured by a Lien on such Principal Property or shares of Capital Stock, equally and ratably with (or prior to) such other Lien.

Any Lien created for the benefit of holders of the Notes pursuant to this covenant shall be deemed automatically and unconditionally released and discharged upon the release and discharge of each of the Liens described above.

Limitation on Sale and Leaseback Transactions

We will not, and will not permit any of our Restricted Subsidiaries to, enter into a Sale and Leaseback Transaction, other than any such Sale and Leaseback Transaction (a) involving a lease for a term of not more than three years (or which may be terminated by us or the applicable Restricted Subsidiary within a period of not more than three years), (b) involving a lease executed by the time of, or within 270 days after the latest of, the acquisition, the completion of construction or improvement or the commencement of commercial operation of the applicable Principal Property or (c) between us and one of our Restricted Subsidiaries or between Restricted Subsidiaries, unless either (i) we or such Restricted Subsidiary would be permitted, pursuant to the covenant described under "-Limitation on Liens", to incur a Lien on the Principal Property subject to such Sale and Leaseback Transaction securing Indebtedness in an amount equal to the Attributable Debt of such Sale and Leaseback Transaction without equally and ratably securing the Notes, or (ii) we or a Restricted Subsidiary, within 270 days of entering into such Sale and Leaseback Transaction, apply an amount equal to the fair market value of the Principal Property leased pursuant to such Sale and Leaseback Transaction at the time of entering into such Sale and Leaseback Transaction, as determined in good faith by our board of directors (which determination shall be conclusive) to either (A) the retirement (other than any mandatory retirement) of Funded Debt, which Funded Debt, in the case of us, is not subordinate and junior in right of payment to the prior payment of the Notes, or (B) the purchase, construction, development, expansion or improvement of other comparable property.

Consolidation, Merger or Sale of Assets

We will not consolidate with or merge into any other Person or sell, transfer or lease our properties and assets substantially as an entirety to any Person, nor may any other Person consolidate with or merge into us unless (a) the Person, if other than us, formed by or resulting from any such consolidation or merger or the Person which shall have purchased or received the transfer of, or which leases, our properties and assets substantially as an entirety, shall be a corporation, limited liability company or limited partnership organized and existing under the laws of the United States, or any state or territory thereof or the District of Columbia (and if such Person is not a corporation, a co-obligor of the Notes is a corporation organized and existing under such laws) and shall expressly assume, by a supplemental indenture, the payment of the principal of, premium, and interest, in each case if any, on all the Notes and the performance and observance of the covenants of the Indenture and (b) immediately thereafter no event of default and no event which after notice or lapse of time, or both, would become an event of default shall have happened and be continuing. Notwithstanding clause (b) of the immediately preceding sentence, the terms of the Indenture do not prohibit us from merging with any of our affiliates solely for the purpose of reincorporating ourselves in another jurisdiction to realize tax or other benefits.

In the case of any such consolidation, merger, sale or transfer, in a transaction in which there is a successor entity, the successor entity will succeed to, and be substituted for, us under the Indenture and, subject to the terms of the Indenture, we will be released from the obligation to pay principal and interest on the Notes and all obligations under the Indenture; however, in the case of a lease of our properties and assets substantially as an entirety, the predecessor entity will not be released from its obligation to pay principal of and interest on the Notes.

Offer to Repurchase Notes Upon Change of Control Triggering Event

If a Change of Control Triggering Event occurs, unless we have exercised our option to redeem the Notes as described under "-Optional Redemption" above, each holder of the Notes will have the right to require us to purchase all or a portion of such holder's Notes pursuant to the Change of Control Offer at the Change of Control Purchase Price, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following any Change of Control Triggering Event, or at our option, prior to any Change of Control but after public announcement of the pending Change of Control, we will be required to give notice to each holder of the Notes, with a copy to the Trustee. The notice will govern the terms of the Change of Control Offer and will describe, among other things, the transaction that constitutes or may constitute the Change of Control Triggering Event and the Change of Control Payment Date. If the notice is given prior to the date of consummation of the Change of Control, the notice will state that the Change of Control Offer is conditioned on the Change of Control occurring on or prior to the Change of Control Payment Date.

Holders of the Notes electing to have Notes purchased pursuant to a Change of Control Offer will be required to:

(i) surrender their Notes to the paying agent on the address specified in the notice, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed; or

(ii) transfer their Notes to the paying agent by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third business day prior to the Change of Control Payment Date.

We will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party purchases all Notes properly tendered and not withdrawn under its offer.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable, in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

Our ability to repurchase Notes pursuant to the Change of Control Offer may be limited by a number of factors. Certain events that may constitute a change of control under our and our subsidiaries' Indebtedness could cause a default under the agreements related to such Indebtedness but may not constitute a Change of Control Triggering Event under the Indenture. Our and our subsidiaries' future Indebtedness may also contain prohibitions of certain events that would constitute a Change of Control Triggering Event or require such Indebtedness to be repurchased upon a Change of Control Triggering Event. Moreover, the exercise by the holders of their right to require us to repurchase the Notes could cause a default under such Indebtedness, even if a Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on us. Finally, our ability to pay cash to the holders upon a repurchase may be limited by our then existing financial resources. We may not have sufficient funds when necessary to make any required repurchases.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to another person or group may be uncertain.

The provisions under the Indenture relating to our obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the holders of a majority in principal amount of each series of the Notes.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the definition of all terms used herein for which no definition is provided.

"Attributable Debt" means, with respect to any Sale and Leaseback Transaction at any particular time, the lesser of: (a) the fair market value of the Principal Property subject to such lease and (b) the present value, discounted at the rate of interest set forth or implicit in the terms of such lease (or, if not practicable to determine such rate, the weighted average interest rate per annum borne by the securities issued under the Indenture and then outstanding), compounded semi-annually, of the obligation of the lessee for rental payments, calculated in accordance with GAAP for capitalized leases, due during the remaining term of such lease. Such rental payments shall not include amounts payable by the lessee for maintenance and repairs, insurance, taxes, assessments and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such rental payments shall be the lesser of (x) the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but shall not include any rent that would be required to be paid under such lease subsequent to the first date upon which it may be so terminated) or (y) the net amount determined assuming no such termination.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Change of Control" means the occurrence of any of the following:

(a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than Brunswick or one of our subsidiaries;
(b) we become aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person"(as that term is used in Section 13(d)(3) of the Exchange Act), becomes the ultimate "beneficial owner"(as defined in Rule 13d-3 under the Exchange Act), of more than 50% of our outstanding Voting Stock;
(c) we consolidate with, or merge with or into, any person, or any person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction; or
(d) the adoption of a plan relating to our liquidation or dissolution.

"Change of Control Triggering Event" means the Notes cease to be rated Investment Grade by at least two of the three Rating Agencies on any date during the period (the "Trigger Period") commencing 60 days prior to the first public announcement of the Change of Control or our intention to effect a Change of Control and ending 60 days following consummation of such Change of Control, which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change. Unless at least two of the three Rating Agencies are providing a rating for the Notes at the commencement of any Trigger Period, the Notes will be deemed to have ceased to be rated Investment Grade by at least two of the three Rating Agencies during that Trigger Period. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Consolidated Current Liabilities" means the aggregate of the current liabilities of us and our Restricted Subsidiaries appearing on the most recent available consolidated balance sheet of us and our Restricted Subsidiaries, all in accordance with GAAP; *provided*, *however*, that in no event shall Consolidated Current Liabilities include (x) any obligation of us and our Restricted Subsidiaries issued under a revolving credit or similar agreement if the obligation issued under such agreement matures by its terms within 12 months from the date thereof but by the terms of such agreement such obligation may be renewed or extended or the amount thereof reborrowed or refunded at the option of us or any of our Restricted Subsidiaries for a term in excess of 12 months from the date of determination or (y) current maturities of long-term debt and obligations under capital leases.

"Consolidated Net Tangible Assets" means Consolidated Tangible Assets after deduction of Consolidated Current Liabilities. For purposes of calculating Consolidated Net Tangible Assets, investments, acquisitions, mergers, consolidations, dispositions, amalgamations and increases in ownership of Restricted Subsidiaries, and any incurrence or discharge of liabilities, subsequent to the date of the most recent available consolidated balance sheet and on or prior to the date of determination, will be given pro forma effect as if they had occurred at the end of such fiscal quarter. For purposes of this definition, whenever pro forma effect is given to a transaction or other event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of us.

"Consolidated Tangible Assets" means the aggregate of all assets of us and our Restricted Subsidiaries (including the value of all existing Sale and Leaseback Transactions, and any assets resulting from the capitalization of other long-term lease obligations in accordance with GAAP) appearing on the most recent available consolidated balance sheet of us and our Restricted Subsidiaries at their net book values, after deducting related depreciation, amortization and other valuation reserves and excluding patent and trademark rights, goodwill, unamortized discounts and expenses and any other intangible items, all in accordance with GAAP.

"Customer Finance Program Obligations" means inventory repurchase and recourse obligations, including any obligation of us or any Restricted Subsidiary to repurchase products of us and our Restricted Subsidiaries or to purchase or repurchase receivables created in connection with the sale of products or related services of us and our Restricted Subsidiaries under any customer finance program, in each case incurred in the ordinary course of business.

"Funded Debt" of any Person means any Indebtedness created, issued, incurred, assumed or guaranteed by such Person, whether secured or unsecured, maturing more than one year after the date of determination thereof or which may by its terms be reborrowed, refunded, renewed or extended to a time more than 12 months after the date of determination thereof.

"Hedging Obligations" means:

(a) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
(b) other agreements or arrangements designed to manage interest rates or interest rate risk;
(c) other agreements or arrangements designed to protect against fluctuations in currency exchange rates or commodity prices; and
(d) other agreements or arrangements designed to protect against fluctuations in equity prices.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;
(b) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
(c) Capitalized Lease Obligations and all Attributable Debt of such Person (whether or not such items would appear on the balance sheet of such Person);
(d) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination, as determined in good faith by the Company (which determination shall be conclusive), and (ii) the amount of such Indebtedness of such other Persons;
(e) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person (whether or not such items would appear on the balance sheet of the guarantor or obligor); *provided*, *however*, that Standard Securitization Undertakings shall not constitute a guarantee; and
(f) to the extent not otherwise included in this definition, investments by us or any Restricted Subsidiary in a Securitization Special Purpose Entity or any investment or borrowing by a Securitization Special Purpose Entity in or from any other Person, in each case, as part of, pursuant to or in connection with a Qualified Securitization Transaction, including contributions of Securitization Assets to a Securitization Special Purpose Entity, the retention of interests in Securitization Assets contributed, sold, conveyed, transferred or otherwise disposed of to a Securitization Special Purpose Entity and investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Transaction or any related Indebtedness.

The term "Indebtedness" shall not include Customer Finance Program Obligations.

“Investment Grade” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s; a rating equal to or higher than BBB- (or the equivalent) by S&P; a rating equal to or higher than BBB- (or the equivalent) by Fitch; and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by us.

“Issue Date” means, with respect to any series of securities, the first date on which securities of such series are issued under the Indenture.

“Lien” means any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement; *provided*, *however*, that in no event shall an operating lease be deemed to constitute a Lien.

“Permitted Liens”, with respect to any Person, means:

(a) Liens securing Indebtedness (including Capitalized Lease Obligations) incurred to finance the construction, purchase, replacement or lease of, or repairs, improvements or additions to, property (whether through the direct purchase of assets or property or the Capital Stock of any Person owning such assets or property) of such Person (plus additions, improvements, accessions and replacements and customary deposits in connection therewith and proceeds, products and distributions therefrom); *provided*, *however*, that the Lien may not extend to any other assets or property owned by such Person or any of its Subsidiaries at the time the Lien is incurred (other than assets and property affixed or appurtenant thereto or pursuant to customary after-acquired property clauses), and the Indebtedness (other than any interest thereon) secured by the Lien may not be incurred more than 270 days after the later of the acquisition, completion of construction, replacement, repair, improvement, addition or commencement of full operation of the assets or property subject to the Lien;

(b) Liens on assets, property or shares of Capital Stock (plus additions, improvements, accessions and replacements and customary deposits in connection therewith and proceeds, products and distributions therefrom) of another Person at the time such other Person becomes a Restricted Subsidiary of such Person (other than a Lien incurred in connection with, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of transactions pursuant to which such Person becomes such a Restricted Subsidiary); *provided*, *however*, that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto or pursuant to customary after-acquired property clauses);

(c) Liens on assets or property (plus additions, improvements, accessions and replacements and customary deposits in connection therewith and proceeds, products and distributions therefrom) at the time such Person or any of its Restricted Subsidiaries acquires the assets or property, including any acquisition by means of a merger or consolidation with or into such Person or a Restricted Subsidiary of such Person (other than a Lien incurred in connection with, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of transactions pursuant to which such Person or any of its Restricted Subsidiaries acquired such assets or property); *provided*, *however*, that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto or pursuant to customary after-acquired property clauses);

(d) Liens on the property of us or any of our Restricted Subsidiaries in favor or at the request of the United States or any State or territory thereof, or any department, agency or instrumentality or political subdivision of the United States or any State or territory thereof (including Liens to secure indebtedness of the pollution control or industrial revenue bond type), in order to permit us or a Restricted Subsidiary to perform any contract or subcontract made by it with or at the request of any of the foregoing, or to secure partial, progress, advance or other payments pursuant to any tender, bid, contract, regulation or statute, or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Liens;

(e) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to us or another Restricted Subsidiary;

(f) Liens existing on the Issue Date;

(g) Liens to secure any extension, renewal, refinancing or replacement (or successive extensions, renewals, refinancings or replacements) in whole or in part of Indebtedness secured by any Lien permitted by clauses (a) through (f) above or clause (l) below; *provided*, *however*, that (i) such new Lien shall be limited to all or part of the same property and assets that secured the original Lien (plus additions, improvements, accessions and replacements and customary deposits in connection therewith and proceeds, products and distributions therefrom) and (ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount of the Indebtedness so secured at the time of such extension, renewal, refinancing or replacement, and (B) an amount necessary to pay any fees, commissions, discounts and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(h) Liens under industrial revenue, municipal, economic development or similar tax-advantaged financings (including bonds and loan agreements);
(i) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Indenture, secured by a Lien on the same property securing such Hedging Obligation;
(j) any interest or title of a lessor under any operating lease;
(k) any Lien on shares of Capital Stock of any Securitization Special Purpose Entity, Liens on assets transferred to a Securitization Special Purpose Entity or on assets of a Securitization Special Purpose Entity and Standard Securitization Undertakings, in any case incurred as part of, pursuant to or in connection with a Qualified Securitization Transaction; and
(l) in addition to Liens (and related Indebtedness) permitted under clauses (a) through (k) of this definition, Liens securing Indebtedness (including Attributable Debt in respect of Sale and Leaseback Transactions) in an aggregate principal amount (together with the aggregate principal amount of all outstanding refinancing Indebtedness incurred pursuant to clause (g) above in respect of Indebtedness initially incurred pursuant to this clause (l)) at any one time outstanding not to exceed 15.0% of Consolidated Net Tangible Assets (measured, for purposes of this clause (l), solely at the time of the incurrence of the Indebtedness secured by such a Lien).

"Principal Property" means any manufacturing facility of us or any Restricted Subsidiary, whether now owned or hereafter acquired, other than any property which, in the opinion of the board of directors, is not of material importance to the business conducted by us and our Restricted Subsidiaries as a whole.

"Qualified Securitization Transaction" means any transaction or series of transactions entered into by us or any Restricted Subsidiary pursuant to which we or such Restricted Subsidiary contribute, sell, convey, grant a security interest in or otherwise transfer to a Securitization Special Purpose Entity, and such Securitization Special Purpose Entity contributes, sells, conveys, grants a security interest in or otherwise transfers to one or more other Persons, any Securitization Assets (whether now existing or arising in the future) or any beneficial or participation interests therein.

"Rating Agencies" means:

(i) each of Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("Moody's"), Fitch Ratings, Inc., and its successors ("Fitch"), and S&P Global Ratings, a division of S&P Global Inc., and its successors ("S&P"); and

(ii) if any of the Rating Agencies ceases to provide rating services to issuers or investors, and no Change of Control Triggering Event has occurred or is occurring, a "nationally recognized statistical rating organization" as defined in Section 3(a)(62) of the Exchange Act that is selected by us as a replacement for Moody's, S&P, Fitch or all of them, as the case may be.

"Restricted Subsidiary" means any Subsidiary of the Company, (a) substantially all the property of which is located, or substantially all the business of which is carried on, within the United States and (b) that owns any Principal Property.

"Sale and Leaseback Transaction" means the sale or transfer of any Principal Property owned or leased by the Company or any Restricted Subsidiary of the Company to any Person that leases back such Principal Property to the Company or a Restricted Subsidiary.

"Securitization Assets" means (a) all receivables, inventory or royalty or other revenue streams contributed, sold, conveyed, granted or otherwise transferred as part of, pursuant to or in connection with asset securitization transactions by us or any Restricted Subsidiary pursuant to agreements, instruments and other documents relating to any Qualified Securitization Transaction, (b) all assets related to such receivables, inventory or royalty or other revenue streams, including rights arising under the contracts governing or related to such receivables, inventory or royalty or other revenue streams, rights in respect of collateral and Liens securing such receivables, inventory or royalty or other revenue streams and all contracts and contractual and other rights, guarantees and other credit support in respect of such receivables, inventory or royalty or other revenue streams, any proceeds of such receivables, inventory or royalty or other revenue streams and any lockboxes or accounts in which such proceeds are deposited, spread accounts and other similar accounts (and any amounts on deposit therein) established as part of, pursuant to or in connection with a Qualified Securitization Transaction, any warranty, indemnity, repurchase, dilution and other claim, arising out of the agreements, instruments and other documents relating to such Qualified Securitization Transaction and other assets that are transferred or in respect of which security interests are granted in connection with asset securitizations involving similar assets, and (c) all collections (including recoveries) and other proceeds of the assets described in the foregoing clauses (a) and (b).

"Securitization Special Purpose Entity" means a Person (including, without limitation, a Restricted Subsidiary) created in connection with the transactions contemplated by a Qualified Securitization Transaction, which Person engages in no business or activities other than in connection with the acquisition, disposition and financing of Securitization Assets and any business or activities incidental or related thereto and holds no assets other than Securitization Assets and other assets incidental or related to such Qualified Securitization Transaction.

"Standard Securitization Undertakings" means all representations, warranties, covenants, indemnities, performance guarantees and servicing obligations entered into by us or any Subsidiary (other than a Securitization Special Purpose Entity) that, taken as a whole, are customary in connection with a Qualified Securitization Transaction.

Events of Default

The Indenture defines the following as events of default with respect to the Notes:

- a default in payment of any interest installment due on the Notes, and continuance of such default for a period of 30 days;
- a default in payment of principal or premium, if any, on any of the Notes;
- a default in performance of any other covenant applicable to the Notes for 90 days after notice to us by the Trustee, or to us and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding securities of such series;
- default by us or any Restricted Subsidiary under any Indebtedness for money borrowed of us or any Restricted Subsidiary having an aggregate principal amount equal to $110.0 million, whether such Indebtedness now exists or shall hereafter be created, which default shall constitute a failure to pay any portion of the principal of such Indebtedness when due and payable after the expiration of any applicable grace period with respect thereto or shall have resulted in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable; *provided*, *however*, that such acceleration shall not have been rescinded or annulled within 10 days after written notice is given to us by the Trustee or to the Company and the Trustee by holders of at least 25% of the outstanding principal amount of the Notes as provided in the Indenture; *provided* further that prior to any declaration of the acceleration of the Notes as provided in the Indenture, an event of default under this clause will be remedied, cured or waived without further action on the part of either the Trustee or any of the holders if the default under such other Indebtedness is remedied, cured or waived; or
- certain events of our bankruptcy, insolvency and reorganization.

If an event of default, other than events relating to our bankruptcy, insolvency and reorganization, occurs and is continuing, the Trustee or the holders of at least 25% of the aggregate principal amount of the outstanding Notes may declare the principal of all the Notes to be due and payable immediately. If an event of default relating to our bankruptcy, insolvency and reorganization occurs and is continuing, the principal, premium, if any, and accrued but unpaid interest on all outstanding Notes shall automatically, and without any declaration or other action on the part of the Trustee or any holder, become immediately due and payable. Prior to any declaration accelerating the maturity of any Notes (and, subject to conditions, after a declaration accelerating the maturity of any Notes but before any judgment or decree for the payment of the moneys due shall have been obtained or entered), the holders of a majority of the aggregate principal amount of the outstanding Notes may waive such default, except a default in the payment of principal of, or premium, if any, or interest on the Notes.

The Indenture contains a provision entitling the Trustee, subject to the duty of the Trustee during any event of default to act with the required standard of care, to be indemnified by holders of the Notes before proceeding to exercise any right or power under the Indenture at the request of such holders. The Indenture also provides that the holders of a majority of the aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Notes, subject to certain exceptions.

The Indenture contains a covenant requiring us to file annually with the Trustee a certificate of no default or a certificate specifying any default that exists.

Modification of the Indenture

The Indenture permits us and the Trustee, without the consent of the holders of the Notes, to execute supplemental indentures for the following purposes:

- to provide for a successor to us in accordance with the Indenture;
- to make any change that would provide any additional rights or benefits to the holders of the Notes;

- to cure any ambiguity or to correct or supplement any provision in the Indenture or in any supplemental indenture that is defective or inconsistent with the Indenture or any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture as shall not adversely affect the holders of the Notes in any material respect;
- to provide for a successor Trustee;
- to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;
- to conform the text of the Indenture or the terms of the Notes to the "Description of the Notes" section in the applicable prospectus supplement for each series of the Notes; and
- to make certain other changes specified in the Indenture.

The Indenture contains provisions permitting us and the Trustee, with the consent of the holders of at least a majority of the aggregate principal amount of the outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes), to execute supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the Indenture or modifying the rights of the holders of the Notes, except that no such supplemental indenture may:

- extend the fixed maturity of the Notes;
- reduce the rate or extend the time of payment of any interest on the Notes;
- reduce the principal amount of or any premium on the Notes;
- change the currency of payment of the Notes;
- waive a default or event of default in the payment of principal of or any premium or interest on the Notes issued under the Indenture (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes then outstanding with respect to a nonpayment default and a waiver of the payment default that resulted from such acceleration);
- reduce the amount payable upon the redemption of any note or accelerate the time at which such note may be redeemable as described above under "-Optional Redemption"(it being understood that the provisions described above under "-Certain Covenants-Offer to Repurchase Notes Upon Change of Control Triggering Event" and the related definitions are not subject to this clause); or
- impair the rights of the holder of the Notes to institute suit for the enforcement of any payment of principal, premium or interest, if any, on the Notes, in each case without the consent of the holder of each Note so affected. Further, no such supplemental indenture may reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all outstanding Notes.

Satisfaction and Discharge; Legal Defeasance and Covenant Defeasance

The Indenture provides that we, at our option, will be discharged from any and all obligations in respect of the Notes (except for certain obligations such as obligations to (a) register the transfer or exchange of securities, (b) replace stolen, lost or mutilated securities; and (c) maintain paying agencies) if at any time, we (i) have paid or caused to be paid the principal of and premium, if any, and interest on the Notes as and when the same shall have become due and payable, (ii) we have delivered to the Trustee for cancelation all of the Notes theretofore authenticated (other than any Notes which have been destroyed, lost or stolen and which have been replaced or paid) or (iii) (x) all such Notes not theretofore delivered to the Trustee for cancelation have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption and (y) we irrevocably deposit with the Trustee, in trust, cash or government securities that are sufficient, in the opinion of a nationally recognized firm of independent public accountants or investment bankers, without consideration of any reinvestment of interest, to pay the principal of, or interest and premium, if any, on the outstanding Notes issued thereunder on the dates such installments of interest or principal are due.

We may, at our option and at any time, elect to have all of our obligations discharged with respect to the Notes and the Indenture ("legal defeasance") except for:

- the rights of holders to receive payments in respect of the principal of, or interest or premium, if any, on the Notes when such payments are due from the trust referred to below;
- our obligations to (a) register the transfer or exchange of securities, (b) replace stolen, lost or mutilated securities; and (c) maintain paying agencies;
- the rights, powers, trusts, duties and immunities of the Trustee, and our obligations in connection therewith; and
- the legal defeasance provisions of the Indenture.

We may, at our option and at any time, elect to have our obligations terminated with respect to the Notes under various covenants applicable to the Notes, including those described under "-Certain Covenants-Limitation on Liens", "-Certain Covenants-Limitation on Sale and Leaseback Transactions", "-Certain Covenants-Consolidation, Merger or Sale of Assets", "-Certain Covenants-Offer to Repurchase Notes Upon Change of Control Triggering Event" and the operation of the event of default in connection with such failure to comply with such covenants and the cross-acceleration event of default described in the fourth bullet under "-Events of Default" ("covenant defeasance").

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

In order to exercise either legal defeasance or covenant defeasance under the Indenture:

- we must irrevocably deposit with the Trustee, in trust, for the benefit of the holders, cash or government securities that are sufficient, in the opinion of a nationally recognized firm of independent public accountants or investment bankers, without consideration of any reinvestment of interest, to pay the principal of, premium, if any, and interest on the outstanding Notes on the stated dates for the payment thereof or on the applicable redemption date;
- in the case of legal defeasance, we have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions, (a) we have received from, or there has been published by, the IRS a ruling or (b) since the date of the Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that the holders and beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;
- in the case of covenant defeasance, we have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions, the holders and beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;
- no event of default and no event which after notice or lapse of time, or both, would become an event of default has occurred and is continuing on the date of such deposit (other than an event of default or event which after notice or lapse of time, or both, would become an event of default resulting from the borrowing of funds to be applied to such deposit and the grant of any Lien securing such borrowings);
- such legal defeasance or covenant defeasance will not constitute an event of default or an event which after notice or lapse of time, or both, would become an event of default under the Indenture (other than an event of default or event which after notice or lapse of time, or both, would become an event of default resulting from the borrowing of funds to be applied to such deposit and the grant of any Lien securing such borrowings) or result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which we or any of our Restricted Subsidiaries is a party or is bound; and
- we must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent relating to the legal defeasance or the covenant defeasance have been complied with.

Concerning the Trustee

The Trustee under the Indenture is U.S. Bank National Association. In the ordinary course of business, we may borrow money from, and maintain other banking relationships with, the Trustee and its affiliates. Neither the Trustee nor any paying agent shall be responsible for monitoring our rating status, making any request upon any Rating Agency, or determining whether any rating event has occurred.

BRUNSWICK CORPORATION
TERMS AND CONDITIONS OF EMPLOYMENT[1]

These TERMS AND CONDITIONS OF EMPLOYMENT (the "Agreement"), entered into as of **[DATE]** (the "Effective Date"), between Brunswick Corporation, a Delaware corporation with its headquarters at 26125 N. Riverwoods Boulevard, Suite 500, Mettawa, Illinois, 60045 (the "Company"), and **[NAME]** (the "Executive").

WITNESSETH:

A. WHEREAS, the Company desires to employ the Executive upon and subject to the terms and conditions set forth herein and the Executive wishes to accept such employment upon and subject to such terms and conditions.

B. THEREFORE, in consideration of the foregoing and the agreements of the parties described below, the parties agree that:

1. **Definitions.** For purposes of this Agreement, capitalized terms used in this Agreement shall have the meanings ascribed to them in Appendix I to this Agreement.

2. **Employment and Duties.**

(a) Position. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Company, under the title of **[TITLE].** The Executive shall have such authority, duties and responsibilities as are commensurate with such position on the terms and conditions set forth in this Agreement, and shall directly report to the **[TITLE].**

(b) Performance of Duties. Subject to the provisions of Section 6, below, Executive shall diligently perform his duties as **[TITLE]** or as may otherwise be directed by the Chief Executive Officer, and agrees to use his reasonable best efforts to perform his duties faithfully and efficiently.

(c) Other Duties; Related Companies. The Executive agrees to serve, as requested, as an officer or director of any Related Company, and shall receive no additional compensation for such service. The Executive agrees that upon the termination of his employment by the Company for any reason he will be deemed to have resigned all such positions with any Related Company.

3. **Agreement Term.** The term of this Agreement (the "Term") shall begin on the Effective Date and shall continue until terminated in accordance with Sections 6(e) or 13. The Company shall employ the Executive for a period of time beginning on the Effective Date and continuing for as long as the Executive retains the confidence of the Chief Executive Officer, it being the express understanding that the Executive is an "employee at will," subject only to the protections provided by the specific terms of this Agreement. Subject to the terms and conditions set forth in this Agreement, the Chief Executive Officer may remove the Executive as **[TITLE]** and assign him to other duties within the Company or terminate his employment.

[1] David M. Foulkes' Terms and Conditions of Employment agreement is filed separately.

4. **Executive's Compensation and Benefits.** As remuneration to the Executive for his services to the Company hereunder, the Company shall compensate the Executive as provided in this Section 4 during the Term.

(a) Base Salary. Executive's annual rate of base salary ("Base Salary") shall be **$[AMOUNT][2]** commencing on the Effective Date and, except as it may be modified in accordance with this Section 4 by action of the Committee, continuing throughout the Term. The Base Salary shall be payable in conformity with the Company's then-current payroll practices, as modified from time to time. The Base Salary will be reviewed annually during the Term in accordance with the Company's usual salary review process for executive officers. Effective as of the date of any adjustment in the Executive's Base Salary, the Base Salary as so adjusted shall be considered the new Base Salary for all purposes of this Agreement. Any adjustments in Base Salary shall be determined by the Committee and communicated to the Executive.

(b) Brunswick Performance Plan. For each calendar year during the Term, the Executive shall be eligible to participate in the Brunswick Performance Plan and any and all successor or replacement plans as may be determined by the Board or the Committee (collectively, "BPP"). During the Term, the Executive's target annual bonus for each full calendar year shall be determined by the Committee in accordance with the terms of the BPP, as in effect from time to time ("Target Annual Bonus"). During the Term, the performance goals to be achieved, and the extent to which those goals have been achieved for purposes of calculating the amount of the actual payment as a percentage of the Target Annual Bonus, will be determined by the Committee. The amount of any award under BPP shall be reviewed and approved by the Committee and communicated to the Executive, and shall be paid to the Executive in accordance with the terms of the BPP.

(c) Equity-Based Awards. For each calendar year during the Term, the Executive shall be eligible to participate in and receive equity-based awards under the Company's 2014 Stock Incentive Plan, and any and all successor or replacement plans as may be determined by the Board or the Committee (collectively, "Incentive Plan").

(d) Retirement and Welfare Benefits. The Executive shall be entitled to participate in all Company-sponsored retirement, health, welfare and other benefits offered to similarly situated senior executives, provided that Executive otherwise meets the eligibility requirements of those plans.

(e) Vacation. The Executive shall earn pro rata four (4) weeks of paid vacation each calendar year unless the Company's vacation policy provides for a greater amount of vacation, to be earned and taken as generally provided for other similarly situated senior executives of the Company. Earned but unused vacation shall be paid within 30 days after termination of the Executive's employment. The Executive shall also be entitled to such personal days and paid holidays as are generally available to other similarly situated senior executives of the Company.

(f) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable and necessary expenses incurred by the Executive in connection with the performance of his duties, in accordance with Company policies for similarly situated senior executives.

[2] Annual base salaries for named executive officers as reflected in their Terms and Conditions of Employment agreements are as follows: William L. Metzger, $565,000; Christopher D. Drees, $485,000; Christopher F. Dekker, $470,000; and Huw S. Bower, $465,000.

5. **Restrictive Covenants.** The Executive acknowledges that during employment with the Company or a Related Company, the Executive has and will acquire, develop and have access to confidential and proprietary information that belongs to the Company or the Related Company. This information takes years and extensive resources to develop, is valuable to the Company or the Related Company and provides the Company or the Related Company with a competitive edge. In consideration of employment or continued employment, Executive knowingly and voluntarily agrees to the following restrictions and further acknowledges and agrees that they are reasonably designed to protect the Company or the Related Company interests and good will, and will not unduly restrict Executive's post-employment activities.

(a) Noncompetition; Nonsolicitation; Nondisparagement. The following provisions shall apply:

(i) During the Executive's employment and during the eighteen (18) month period immediately following termination of Executive's employment (unless such termination follows a Change in Control, in which case this Section 5(a)(i) and Section 5 (a)(ii) shall not apply), without the prior written consent of the Company: (A) the Executive shall not directly or indirectly be employed or retained by, or render any services for, or be financially interested in any manner, in any person, firm or corporation engaged in any business which is then materially competitive in any way with any business in which the Company or any Related Company was engaged (including any program of development or research) (a "Competitive Activity") during the Executive's employment; (B) the Executive shall not divert or attempt to divert any business away from the Company or a Related Company; (C) the Executive shall not disturb or attempt to disturb any business relationships of the Company or any Related Company; and (D) the Executive shall not assist any person in any way to do, or attempt to do, anything prohibited by the preceding clauses (A), (B) and (C).

(ii) In furtherance of Section 5(a)(i), the Executive shall promptly notify the Company through the Company's Chairman of the Board, Chief Executive Officer, General Counsel and Chief Human Resources Officer in advance in writing (which shall include a description of the proposed activity) of his intention to engage in any activity which could reasonably be deemed to be subject to the noncompetition provision set forth in Section 5(a)(i). The Company's Chairman of the Board and Chief Executive Officer, or General Counsel shall respond to the Executive in writing within thirty (30) calendar days indicating the Company's approval or objections to the Executive's engagement in the activity; provided, however, that if the Company's Chairman of the Board and Chief Executive Officer, or General Counsel does not respond to or request additional information from the Executive within such thirty (30) day period, the Company's approval shall be deemed to be granted. Nothing in this Agreement shall be construed as preventing the Executive from investing his personal assets in any business that competes with the Company, in such form or manner as will not require any services on the part of the Executive in the operation or affairs of the business in which such investments are made, but only if the Executive does not own or control more than two percent of any class of the outstanding stock of such business.

(iii) For the eighteen (18) month period following termination of Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company: (A) solicit, recruit or hire any individual who is employed by the Company or any Related Company (or who was so employed within 180 calendar days of the Executive's solicitation, recruitment or hiring); (B) solicit or encourage any employee of the Company or any Related Company to terminate or refrain from renewing or extending such employment or to become employed by or become a consultant to any other individual or entity other than the Company or a Related Company; or (C) initiate discussion with any such employee for any such purposes or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity; provided, however, that nothing herein shall prohibit the Executive from generally advertising for personnel not specifically targeting any executive or other personnel of the Company.

(iv) During the Executive's employment with the Company and thereafter, Executive will not make any comment or statement or engage in any other behavior that in any way defames or is otherwise detrimental to the reputation and goodwill of the Company, any Related Company, or any director, officer, executive, or agent of the Company or any Related Company; provided, however, that nothing herein shall be interpreted as prohibiting Executive from making truthful statements, including statements of opinion, to Company directors, officers, auditors or regulators or when required by a court or other body having jurisdiction to require such statements.

(b) Confidentiality. The following provisions shall apply:

(i) Except as may be required by the lawful order of a court or agency of competent jurisdiction, or except to the extent that the Executive has express written authorization from the Company, he will keep secret and confidential all Confidential Information (as defined below), and not disclose the same, either directly or indirectly, to any other person, firm, or business entity, or use it in any way. The Executive agrees that, to the extent that any court or agency seeks to have the Executive disclose Confidential Information, he shall promptly inform the Company, and he shall take such reasonable steps to prevent disclosure of Confidential Information until the Company has been informed of such required disclosure, and the Company has an opportunity to respond to such court or agency. If the Executive obtains information on behalf of the Company or a Related Company that may be subject to attorney-client privilege as to the Company or an affiliate's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege.

(ii) Upon his termination of employment with the Company for any reason, the Executive shall promptly return to the Company any keys, credit cards, passes, confidential documents and material, or other property belonging to the Company, and shall return all writings, files, records, correspondence, notebooks, notes and other documents and things (including any copies or electronic versions thereof) containing Confidential Information or relating to the business or proposed business of the Company or any Related Company or containing any trade secrets relating to the Company or any Related Company, except any personal diaries, calendars, contact lists or personal notes or correspondence.

(iii) For purposes of this Agreement, the term "Confidential Information" means all non-public information concerning the Company and any Related Company that was acquired by or disclosed to the Executive during the course of his employment with the Company or a Related Company, or during discussions between the Executive and the Company or any Related Company following his termination of employment arising out of his employment or this Agreement, including, without limitation: (A) all of the Company's or any Related Company's "trade secrets" as that term is used in the Illinois Trade Secrets Act (or, if that Act is repealed, the Uniform Trade Secrets Act upon which the Illinois Trade Secrets Act is based); (B) any non-public information regarding the Company's or a Related Company's directors, officers, employees, customers, equipment, processes, costs, operations and methods, whether past, current or planned, as well as knowledge and data relating to business plans, marketing and sales information originated, owned, controlled or possessed by the Company or a Related Company; and (C) information regarding litigation and threatened litigation involving or affecting the Company or a Related Company.

(c) Assistance with Claims. The Executive agrees that, taking into account the Executive's other commitments, during and after his employment by the Company, he will assist the Company and any Related Company in the defense of any claims or potential claims that may be made or threatened to be made against any of them in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), and will assist the Company and any Related Company in the prosecution of any claims that may be made by the Company or any Related Company in any Proceeding, to the extent that such claims may relate to the Executive's employment or the period of the Executive's employment by the Company. Executive agrees, unless precluded by law, to promptly inform the Company if Executive is asked to participate (or otherwise become involved) in any Proceeding involving such claims or potential claims. Executive also agrees, unless precluded by law, to promptly inform the Company if Executive is asked to assist in any investigation (whether governmental or private) of the Company or any Related Company (or their actions), regardless of whether a lawsuit has then been filed against the Company or any Related Company with respect to such investigation. The Company agrees to reimburse Executive for all of Executive's reasonable out-of-pocket expenses associated with such assistance, including travel expenses and any attorneys' fees and shall pay a reasonable per diem fee for Executive's service.

(d) The payments, benefits, and other entitlements under this Agreement are being made in consideration of, among other things, the obligations of this Section 5 and, in particular, compliance with Sections 5(a) and (b); provided, however, that all such payments, benefits, or other entitlements pursuant to Section 6 are subject to and conditioned upon the Executive's entering into the Release and Agreement referred to in Section 6(h).

(e) Remedies.

(i) The Executive acknowledges that the Company would be irreparably injured by any violation of Section 5.

(ii) Subject to Section 7, if the Executive materially breaches the provisions of Sections 5(a) or (b), (A) the Company shall be relieved of all obligations to make any further payments to the Executive pursuant to Sections 4 and 6 or otherwise under any incentive compensation plan of the Company or a Related Company; (B) all outstanding equity-based awards held by the Executive shall be immediately forfeited; (C) subject to the following provisos, the Executive will be required to pay to the Company, in cash, within five business days after written demand is made therefore by the Company, an amount equal to any payments received by the Executive under Sections 6(a), 6(b) and 6(f); and (D) subject to the following provisos, the Executive will be required to pay the Company, in cash, within five (5) business days after written demand is made therefore by the Company, an amount equal to any gain realized as a result of the exercise or vesting of equity awards during the period commencing twelve months prior to the Executive's termination of employment for any reason and ending on the date of payment; provided, however, that no forfeiture, cancellation, or repayment shall take place with respect to any payments, benefits, or entitlements under this Agreement or any other award agreement, plan, or practice, unless the Company shall have first given the Executive written notice of its intent to so forfeit, cancel, or require repayment and the Executive has not, within thirty (30) calendar days after such notice has been given, ceased such impermissible Competitive Activity or other activity in violation of this Agreement; and provided further, however, that such prior notice procedure shall not be required with respect to (A) a Competitive Activity or violation of Section 5(b) of this Agreement which the Executive initiated after the Company had informed the Executive in writing that it believed such activity violated this Agreement or the Company's noncompetition guidelines, or (B) any Competitive Activity regarding products or services which are part of a line of business which the Executive knew or should have known represented more than five percent (5%) of the Company's consolidated gross revenues for the most recently completed fiscal year prior to the termination of the Executive's employment.

(iii) Executive agrees that (A) the Company, in addition to any other remedies available to it for a breach or threatened breach of Sections 5(a) or (b), shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining the Executive from any actual or threatened breach of this Section 5; and (B) if a bond is required to be posted in order for the Company to secure an injunction or other equitable remedy, the parties agree that the bond need not be more than a nominal sum. If a final and non-appealable judicial determination is made that any of the provisions of this Section 5 constitutes an unreasonable or otherwise unenforceable restriction against the Executive, the provisions of this Section 5 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the greatest period and to the greatest extent that such court determines constitutes a reasonable restriction under the circumstances. Moreover, notwithstanding the fact that any provision of this Section 5 is determined not to be specifically enforceable, the Company will nevertheless be entitled to recover monetary damages as a result of the Executive's breach of such provision.

6. **Termination Provisions.**

(a) Severance Benefits. Prior to a Change in Control, if the Company terminates the Executive's employment for any reason other than Long-Term Disability or Cause, or if the Executive resigns for Good Reason, subject to Section 6(h), the Executive shall be entitled to:

(i) Severance payments in an aggregate amount equal to the sum of: (A) one and one-half (1.5) times Executive's then-current Base Salary (disregarding any reduction in salary made in contemplation of such termination of employment); (B) one and one-half (1.5) times the Company's profit-sharing, 401(k) match and other Company contributions made on behalf of the Executive to the Company's tax-qualified and nonqualified defined contribution plans during the twelve (12) month period prior to the date of termination; and (C) such amount, if any, as may be determined by the Chief Executive Officer in his sole discretion based on the Executive's Target Annual Bonus under the BPP ("Total Severance Payment"). If the Total Severance Payment becomes due to the Executive under this Agreement, subject to Section 7 including Section 7(h), such payment shall be made in equal installments, in accordance with the Company's regular payroll practices and procedures, as if it were to be paid over the eighteen (18) month period following the date of Executive's separation from service; provided, however, that all unpaid portions of the Total Severance Payment shall be distributed to the Executive in a lump sum on the payroll date immediately preceding March 15 of the calendar year following the calendar year in which the date of termination occurs.

(ii) If such termination occurs prior to the payment of the Executive's Annual Bonus payable with respect to the immediately preceding calendar year, payment of such Annual Bonus for such period, in the amount, and at such time, as he would otherwise have been entitled under the terms of the BPP had his employment not terminated.

(iii) All outstanding stock options, stock appreciation rights, restricted stock units, restricted shares and other equity-based awards (the "Equity Incentives") held by the Executive shall be governed by the terms and conditions of the equity compensation plans and award agreements pursuant to which they were granted.

(iv) The Executive shall be entitled to Company-provided continuation of medical, dental, vision and prescription coverage, but not Long-Term Disability coverage (the "Benefits") (on either an insured or a self-insured basis, in the sole discretion of the Company) for the Executive and his "Eligible Dependents" (as determined under the terms of the Company's health and welfare benefit plans in effect as of the date of termination), on substantially the same terms of such coverage as are in existence immediately prior to the Executive's date of termination (subject to commercial availability of such coverage), until the earlier of: (A) the date on which the Executive becomes eligible to be covered under Medicare or another employer's group health plan; or (B) the eighteen (18) month anniversary of the Executive's date of termination; provided, however, that such coverage shall run concurrently with any coverage available to the Executive and his Eligible Dependents under COBRA; and provided further, however, that the Executive shall immediately notify the Company if he or his Eligible Dependents become covered under Medicare or another employer's group health plan, at which time the Company's provision of medical coverage for the Executive and/or his Eligible Dependents, as applicable, will cease. The Executive shall not be entitled to any other perquisites (except as otherwise explicitly provided in the applicable perquisite plan or policy or in this Agreement).

(b) Change in Control Benefits. After a Change in Control, if the Company terminates the Executive's employment for any reason other than Cause or Long-Term Disability, or if the Executive resigns for Good Reason, subject to Section 6(h), the Executive shall be entitled to:

(i) Change in Control payments in a lump sum in an aggregate amount equal to **[three (3)][two and one-half (2.5)][two (2)]**[3] times the sum of: (A) the Executive's then-current Base Salary (disregarding any reduction in salary made after the Change in Control or in contemplation of the Change in Control); (B) the Executive's Target Annual Bonus for the year of termination or, if greater, the Target Annual Bonus for the year in which the Change in Control occurred; and (C) the Company's profit-sharing, 401(k) match and other Company contributions made on behalf of the Executive to the Company's tax-qualified and nonqualified defined contribution plans during the twelve (12) months prior to the date of termination ("Total Change in Control Payment"). The Total Change in Control Payment shall be paid within sixty (60) days after the date of the Executive's separation from service and shall be contingent on the release described in Section 6(h) becoming effective subject to the provision contained in Section 7(h).

(ii) If such termination occurs prior to the payment of the Executive's Annual Bonus payable with respect to the immediately preceding calendar year, payment of such Annual Bonus for such period, in the amount, and at such time, as he would otherwise have been entitled under the terms of the BPP had his employment not terminated.

(iii) Notwithstanding the terms and conditions of the equity compensation plans and award agreements pursuant to which outstanding awards were granted, upon termination of the Executive's employment, but subject to any accelerated vesting of any Equity Incentives that occurred upon the Change in Control, all Equity Incentives held by the Executive not already vested will become fully vested and, if applicable, immediately exercisable, and will remain outstanding pursuant to their terms; provided, however, that the treatment of all awards held by the Executive that are subject to performance-based vesting criteria shall be governed by the terms and conditions of the equity compensation plans and award agreements and/or award terms pursuant to which they were granted.

[3] Of the named executive officers, Mr. Metzger's agreement reads "three (3);" Mr. Bower's reads "two (2);" Mr. Drees' reads "two (2);" and Mr. Dekker's reads "two (2)."

(iv) The Executive shall be entitled to Company-provided continuation of Benefits (on either an insured or a self-insured basis, in the sole discretion of the Company) for the Executive and his Eligible Dependents, on substantially the same terms of such coverage as are in existence immediately prior to the Executive's date of termination (subject to commercial availability of such coverage), until the earlier of: (A) the date on which the Executive becomes eligible to be covered under Medicare or another employer's group health plan, or (B) the **[third][thirty month][second]**[4] anniversary of the Executive's date of termination; provided, however, that such coverage shall run concurrently with any coverage available to the Executive and his Eligible Dependents under COBRA; and provided further, however, that the Executive shall immediately notify the Company if he and his Eligible Dependents become covered under Medicare or another employer's group health plan, at which time the Company's provision of medical coverage for the Executive and/or his Eligible Dependents, as applicable, will cease. The Executive shall not be entitled to any other perquisites (except as otherwise explicitly provided in the applicable perquisite plan or policy or in this Agreement).

(c) Benefits Upon Termination Due to Death or Long-Term Disability. If, at any time during the Term, the Executive's employment terminates as a result of the Executive's death or Long-Term Disability, the Executive or his estate (as applicable) shall be entitled to:

(i) Payment of any unpaid Base Salary accrued through the date of termination (to be paid on the scheduled payment date for such Base Salary) and any unreimbursed business expenses incurred through the date of termination.

(ii) Subject to Section 6(h), such amount, if any, as may be determined by the Chief Executive Officer in his sole discretion based on the Executive's Target Annual Bonus under the BPP (to be paid within 60 (sixty) days after the date of the Executive's separation from service).

(iii) If such termination occurs prior to the payment of the Executive's Annual Bonus payable with respect to the immediately preceding calendar year, payment of such Annual Bonus for such period, in the amount, and at such time, as he would otherwise have been entitled under the terms of the BPP had his employment not terminated.

(iv) Continuation of the ability of the Executive or the Executive's beneficiaries (as applicable) to exercise all outstanding awards granted to the Executive under the Incentive Plan that became vested and exercisable on or prior to such date of termination in accordance with the terms and conditions of such grants.

[4]Of the named executive officers, Mr. Metzger's agreement reads "third;" Mr. Bower's reads "second;" Mr. Drees' reads "second;" and Mr. Dekker's reads "second."

(d) Termination for Cause. If the Executive's employment is terminated for Cause at any time during the Term, the Executive shall not receive any payments, benefits, or other amounts provided by this Agreement, other than payment of any unpaid Base Salary accrued through the date of termination (to be paid on the scheduled payment date for such Base Salary) and payment of any unreimbursed business expenses incurred through the date of termination (but shall still be subject to the restrictive covenants set forth in Section 5 of this Agreement). The Executive shall remain entitled to all benefits under the Company's tax-qualified retirement plans and shall remain eligible for certain benefits under other employee benefit plans, in each case subject to, and in accordance with, the terms of such plans. Provided that the activity, facts, or circumstances that precipitated the "for Cause" determination were not (i) the result of Executive's bad faith, or (ii) undertaken without a reasonable belief by the Executive that he was acting in the best interests of the Company or as required by applicable law, the Executive's employment may not be terminated for Cause prior to advance written notice to the Executive containing reasonable detail of the activity, facts, or circumstances constituting Cause for termination, the actions that the Executive must take to cease such activity or cure such facts and circumstances, and a reasonable amount of time (not to exceed thirty (30) calendar days) for the Executive to effectuate such cure. All determinations relating to a "for Cause" termination shall be made by the Company in its sole discretion.

(e) Termination Due to Voluntary Resignation Without Good Reason. In the event the Executive voluntarily resigns without Good Reason during the Term, the Executive shall not be entitled to any payments, benefits or other amounts under this Agreement, other than payment of any unpaid Base Salary accrued through the date of termination (to be paid on the scheduled payment date for such Base Salary), and payment of any unreimbursed business expenses incurred through the date of termination (but shall still be subject to the restrictive covenants set forth in Section 5 of this Agreement). The Executive shall remain entitled to all benefits under the Company's tax-qualified retirement plans and shall remain eligible for certain benefits under other employee benefit plans (including, without limitation, any plans providing for Equity Incentives), in each case subject to, and in accordance with, the terms of such plans.

(f) Outplacement. In addition to any rights to which the Executive may be entitled under Sections 6(a) through 6(e), above, if the Executive's employment is terminated during the Term by the Company, and such termination is other than for Cause, death or Long-Term Disability, or by the Executive for Good Reason, subject to Section 6(h), the Executive shall be entitled to the services of a Company-paid and Company-approved outplacement or career transition consultant in accordance with the Company's current practices for senior executives in effect as of the date of termination; provided, however, that commencement of such transition counseling services, if desired, must begin prior to the first (1^{st}) anniversary of the date of termination and must end prior to the last day of the second (2^{nd}) calendar year following the year in which the date of termination occurs.

(g) Notification Requirements for Termination for Good Reason.

(i) If the Executive determines that Good Reason exists to terminate his employment with the Company, the Executive shall notify the Company in writing of the specific event, within sixty (60) calendar days after the date that the Executive becomes aware of the occurrence of such event, and such notice shall also include the date on which the Executive will terminate employment with the Company, which date shall be no earlier than sixty (60) calendar days after the date of such notice and no later than the second anniversary of the date of the occurrence of the event giving rise to Good Reason; provided, however, that the Chief Executive Officer, in his sole discretion, may relieve the Executive of his duties effective immediately upon the Company's receipt of notice provided pursuant to this Section 6(g).

(ii) Within thirty (30) calendar days after the Company's receipt of such written notice, the Company shall notify the Executive that it agrees or disagrees with the Executive's determination that the event specified in the Executive's notice constitutes Good Reason. Notwithstanding any other provision of this Agreement, the Company's determination whether it agrees or disagrees with the Executive's determination that the event specified in the Executive's notice constitutes Good Reason shall be reasonable, based on all the relevant facts and circumstances. The arbitrator in any arbitration proceeding initiated pursuant to Section 12 of this Agreement, in which the existence of Good Reason is an issue, shall be expressly empowered and directed to review, *de novo*, the facts and circumstances claimed by the Executive to constitute Good Reason.

(iii) If the Company notifies the Executive that it agrees with the Executive's determination that the event specified in the Executive's notice constitutes Good Reason, the Company, in its sole discretion, shall either: (A) undertake to cure the circumstances that gave rise to Good Reason within thirty (30) calendar days of the Company's response to Executive under Section 6(g)(ii); or (B) advise the Executive that his employment with the Company shall terminate on his termination date as determined under Section 6(g)(i). If the Executive and the Company do not agree that the action undertaken by the Company cures the circumstances that gave rise to Good Reason, the Executive shall be entitled to pursue the arbitration procedures set out in Section 12 of this Agreement. If the Executive's claim in arbitration is ultimately concluded in the Executive's favor, the Executive shall retain the right to receive the payments and benefits under this Agreement. If, during the two-year period following a Change in Control, the Company attempts to cure the circumstances giving rise to Good Reason, the Company shall have the burden of proof to establish that such circumstances have been cured.

(iv) If the Company notifies the Executive that it disagrees with the Executive's determination that the event specified in the Executive's notice constitutes Good Reason, the Executive may terminate his employment on the date specified in the notice (or such earlier date as determined by the Chief Executive Officer in his sole discretion or such later date as the Executive and the Company may mutually agree in writing) or may elect to continue his employment by so notifying the Company in writing. In either event, the Executive shall be entitled to pursue the arbitration procedures set out in Section 12 of this Agreement. If the Executive's claim in arbitration is ultimately concluded in the Executive's favor, the Executive shall retain the right to receive the payments and benefits under this Agreement. If, during the two-year period following a Change in Control, the Company disputes the existence of Good Reason, the Company shall have the burden of proof to establish that Good Reason does not exist.

(v) Notwithstanding the date on which the Executive's termination occurs following the completion of the steps set forth in this Section 6(g), so long as an event that constitutes Good Reason occurs during the Term and the Executive delivers the written notice of termination for Good Reason to the Company at any time prior to the expiration of the Term, for purposes of the payments, benefits and other entitlements set forth in this Section 6, the termination of the Executive's employment pursuant thereto shall be deemed to be a resignation for Good Reason during the Term.

(h) Conditional Payments. Subject to Section 7, any payments or benefits made pursuant to this Section 6 will be subject to and conditioned upon the Executive's compliance with the provisions, restrictions and limitations of Section 5 of this Agreement, but not otherwise subject to offset or mitigation. In addition, unless on or prior to the sixtieth (60th) day following the date of termination: (i) the Executive or the Executive's estate (as applicable) shall have signed, and the Company shall have received, a Release and Agreement releasing the Company, Related Companies, and their respective directors, officers, employees and agents ("Released Parties") from any and all claims and liabilities, and promising to the fullest extent allowed by law, never to sue any of the Released Parties (such Release and Agreement shall be in the form set forth in Appendix III); and (ii) such Release and Agreement shall have become irrevocable, then: (A) no payment shall be paid or made available to the Executive under Section 6(a)(i) or 6(b)(i), (B) no unvested Equity Incentive shall become vested pursuant to Section 6(b)(iii) and instead, all then unvested Equity Incentives shall be immediately forfeited, (C) the Company shall be relieved of all obligations to make any further payments, or provide or make available any Benefits, to the Executive pursuant to Section 6(a)(iv) or 6(b)(iv) and (D) the Executive shall be required to repay the Company, in cash, within five (5) business days after written demand is made therefor by the Company, an amount equal to the value of any Benefits received by the Executive pursuant to Section 6(a)(iv) or 6(b)(iv).

7. **Section 409A of the Code**. The provisions of this Section 7 shall apply notwithstanding any provision in this Agreement to the contrary.

(a) Intent to Comply with Section 409A of the Code. The parties intend for this Agreement to comply with Section 409A of the Code, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code.

(b) Six-Month Delay of Certain Payments. If, at the time of the Executive's separation from service (within the meaning of Section 409A of the Code), (i) the Executive shall be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable under this Agreement or any other plan, policy, arrangement or agreement of or with the Company or any Related Company (this Agreement and such other plans, policies, arrangements and agreements, the "Company Plans") constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six (6)-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company (or a Related Company, as applicable) shall not pay any such amount on the otherwise scheduled payment date but shall instead accumulate such amount and pay it, without interest, on the first day of the seventh (7th) month following such separation from service.

(c) Prohibition of Offsets. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to or for the benefit of the Executive under any Company Plan may not be reduced by, or offset against, any amount owing by the Executive to the Company or any Related Company.

(d) Amendment of Deferred Compensation Plans; Indemnification for Section 409A Taxes. From and after the Effective Date and for the remainder of the Term, (i) the Company shall administer and operate this Agreement and any "nonqualified deferred compensation plan" (as defined in Section 409A of the Code) (and any other arrangement that could reasonably be expected to constitute such a plan) in which the Executive participates and the Executive's rights and benefits hereunder and thereunder in compliance with Section 409A of the Code and any rules, regulations or other guidance promulgated thereunder as in effect from time to time, (ii) if the Company determines that any provision of this Agreement or any such plan or arrangement does not comply with Section 409A of the Code or any such rules, regulations or guidance and that the Executive may become subject to additional taxes and penalties under Section 409A of the Code ("Section 409A Tax"), the Company shall amend or modify such provision to avoid the application of such Section 409A Tax but only to the minimum extent necessary to avoid the application of such Section 409A Tax and only to the extent that the Executive would not, as a result, suffer (A) any reduction in the total present value of the amounts otherwise payable to the Executive (determined without application of the Section 409A Tax), or the benefits otherwise to be provided to the Executive, by the Company, (B) any material increase in the risk of the Executive not receiving such amounts or benefits which he would have received without the application of the Section 409A Tax and any amendment pursuant to this Section 7 or (C) unless the Executive otherwise expressly consents in writing, any significant reduction in the Executive's legal rights under this Agreement or any Company Plan, and (iii) if, notwithstanding the foregoing, the Executive is subject to a Section 409A Tax with respect to any such provision, the Company shall indemnify and hold the Executive harmless against all taxes (and any interest or penalties imposed with respect to such taxes) imposed as a result of the Company's failure to comply with clause (i) of this Section 7(d).

(e) Payment Schedules Relating to Tax Indemnification. Any amounts payable to the Executive in respect of indemnification pursuant to Section 7(d) for the Section 409A Tax (each, a "Section 409A Tax Adjustment Payment") shall be paid to the Executive as soon as practicable after the applicable liability is incurred, but in any event not later than the last day of the calendar year after the calendar year in which the Executive remits the applicable taxes, interest or penalties to the applicable taxing authority, in accordance with Treas. Reg. Section 1.409A-3(i)(1)(v) or any successor thereto. Furthermore, any amounts that the Executive becomes entitled to receive in respect of costs and expenses incurred in connection with a contest relating to Section 7(d) shall be paid to the Executive as soon as practicable after the applicable cost is incurred, but in any event not later than the later of (i) the last day of the calendar year after the calendar year in which the Executive remits the underlying taxes to the applicable taxing authority and (ii) the last day of the calendar year after the calendar year in which the applicable contest is concluded.

(i) Notice. The Executive shall notify the Company in writing of any written claim by the IRS that, if successful, would require the payment by the Company of a Section 409A Tax Adjustment Payment or the recalculation of a Section 409A Tax Adjustment Payment. The notification shall apprise the Company of the nature of such claim, including (A) a copy of the written claim from the IRS; (B) the identification of the element of compensation and/or benefit that is the subject of such IRS claim; and (C) the date on which such claim is requested to be paid. Such notification shall be given as soon as practicable, but no later than ten (10) business days after the Executive actually receives notice in writing of such claim. The failure of the Executive to properly notify the Company of the IRS claim (or to provide any required information with respect thereto) shall not affect any rights granted to the Executive under this Section 7, except to the extent that the Company is materially prejudiced in the challenge to such claim as a direct result of such failure.

(ii) Payment. Within ten (10) business days following receipt of such written notification by the Executive of such IRS claim, the Company shall pay to the Executive a Section 409A Tax Adjustment Payment, or the excess of a recalculated Section 409A Tax Adjustment Payment over the initial Section 409A Tax Adjustment Payment, as applicable, related to the element of compensation and/or benefit which is the subject of the IRS claim. Within ten (10) business days following such payment to the Executive, the Executive shall provide to the Company written evidence that he has paid the claim to the IRS (the United States Treasury).

(iii) Contest. If the Company notifies the Executive in writing, within sixty (60) business days following receipt from the Executive of notification of the IRS claim, that it desires to contest such claim, the Executive shall:

(A) Give the Company any information reasonably requested by the Company relating to such claim;

(B) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Company and reasonably acceptable to the Executive;

(C) Cooperate with the Company in good faith in order to effectively contest such claim; and

(D) Permit the Company to participate in any proceedings relating to such claim if the Company elects not to assume and control the defense of such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold harmless the Executive, on an after-tax basis, for any Section 409A Tax and Income Taxes (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 7, the Company shall have the right, at its sole option, to assume the control of all proceedings in connection with such contest, in which case it may pursue or forego any and all administrative appeals, proceedings, hearings, and conferences with the taxing authority in respect of such claim, and may direct the Executive to sue for a refund or contest the claim in any permissible manner. The Executive agrees to prosecute such contest, as directed by the Company, to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; and provided further, however, that (A) if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Section 409A Tax or Income Taxes (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance and (B) any extension of the statute of limitations relating to payment of tax for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's rights to assume the control of the contest shall be limited to issues with respect to which a Section 409A Tax Adjustment Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the IRS or any other taxing authority. To the extent that the contest of the IRS claim is successful, the Section 409A Tax Adjustment Payment related to the element of compensation and/or benefit that was the subject of the claim shall be recalculated in accordance with the provisions of this Section 7(e).

(f) Designation of Installments as Separate Payments. For purposes of Section 409A of the Code, each installment payment to the Executive provided for in this Agreement or any Company Plan shall be deemed to be a "separate payment" within the meaning of Treas. Reg. Section 1.409A-2(b)(iii) or any successor thereto.

(g) Timing of Reimbursement Payments and Other Benefits. Except as specifically permitted by Section 409A of the Code, the benefits and reimbursements, including for legal fees, provided to the Executive under this Agreement and any Company Plan during any calendar year shall not affect the benefits and reimbursements to be provided to the Executive under the relevant section of this Agreement or Company Plan in any other calendar year and the right to such benefits and reimbursements cannot be liquidated or exchanged for any other benefit, in accordance with Treas. Reg. Section 1.409A-3(i)(1)(iv) or any successor thereto. Furthermore, reimbursement payments shall be made to the Executive as promptly as practicable following the date that the applicable expense is incurred, but in any event not later than the last day of the calendar year following the calendar year in which the underlying fee, cost or expense is incurred.

(h) Timing of Payments Following Execution of a Release. Any installments scheduled to be paid pursuant to Section 6(a)(i) during any sixty (60) day period following the date of the Executive's separation from service shall be delayed until the release described in Section 6(h) becomes effective, provided that if such sixty (60) day period begins in one calendar year and ends in another calendar year, then such installments shall be paid in the later of such calendar years. Similarly, if the sixty (60) day period provided for in Section 6(b)(i) begins in one calendar year and ands in another calendar year, then such payment shall be made in the later of such calendar years.

8. **Legal Fees.** If it shall be necessary or desirable for the Executive to retain legal counsel or incur other costs and expenses in connection with enforcement of the Executive's rights under this Agreement, the Company shall pay (or the Executive shall be entitled to recover from the Company, as the case may be) his reasonable attorneys' fees and cost and expenses incurred prior to the tenth anniversary of the expiration of the Term in connection with enforcement of his rights (including the enforcement of any arbitration award in court), (a) if the action relates to the Executive's employment with the Company or a Related Company during a period ending prior to a Change in Control, only if a final decision in connection with a material issue of the litigation (or arbitration) is issued in the Executive's favor by an arbitrator or a court of competent jurisdiction, and (b) if the action relates to the Executive's employment with the Company or a Related Company during a period following a Change in Control or during a period that both precedes and follows a Change in Control, regardless of the final outcome, unless, in the case of this clause (b), the arbitrator or court shall determine that under the circumstances recovery by the Executive of all or a part of any such fees and costs and expenses would be unjust.

9. **Indemnification.** The Executive shall be entitled to indemnification by the Company under the Indemnification Terms and Conditions described in Appendix III to this Agreement.

10. **Excise Tax.** If it is determined (by the reasonable computation by an independent accounting or consulting firm chosen by the Company (the "Firm"), which determination shall be certified by the Firm and set forth in a certificate delivered to the Executive) that the aggregate amount of the payments, distributions, benefits and entitlements of any type paid or provided to the Executive under the terms of this Agreement or under any other plan, program, policy, or other arrangement, either alone or in combination with other elements of compensation and benefits paid or provided to the Executive (including any payment, distribution, benefit or entitlement made by any person or entity effecting a Change in Control), in each case, that could be considered "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 10 would be payable to the Executive, exceeds the greatest amount of Parachute Payments that could be paid to the Executive without giving rise to any liability for any excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest or penalties, being hereafter collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to the Executive shall not exceed the amount which produces the greatest after-tax benefit to the Executive after taking into account any Excise Tax to be payable by the Executive as determined by the Firm upon discussion with, and reasonable approval by, the Executive. For the avoidance of doubt, this provision will reduce the amount of Parachute Payments otherwise payable to the Executive, if doing so would place the Executive in a better net after-tax economic position as compared with not doing so (taking into account the Excise Tax payable in respect of such Parachute Payments). The Executive shall be permitted to provide to the Company written notice specifying which of the Parachute Payments will be subject to reduction or elimination; provided, however, that to the extent that the Executive's ability to exercise such authority would cause any Parachute Payment to become subject to any Section 409A Tax, or if the Executive does not provide the Company with any such written notice, the Company shall reduce or eliminate the Parachute Payments by first reducing or eliminating the portion of

the Parachute Payments that are payable in cash and then by reducing or eliminating the non-cash portion of the Parachute Payments, in each case in reverse order beginning with payments or benefits which are to be paid the furthest in time from the date of the Firm's determination. Except as set forth in the preceding sentence, any notice given by the Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive's rights and entitlements to any benefits or compensation.

11. **Wage Withholding and Reporting**. All taxable payments, reimbursements, benefits, and other amounts payable or provided by the Company pursuant to this Agreement shall be subject to applicable wage withholding of Income Taxes and shall be reported on IRS Form W-2.

12. **Dispute Resolution.** Except as otherwise provided by Section 5(e) (Remedies) above, any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by arbitration in the City of Chicago in accordance with the laws of the State of Illinois by one arbitrator. The arbitrator shall be appointed pursuant to Rule 11 of the American Arbitration Association's Commercial Arbitration Rules, amended and effective September 15, 2005. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

13. **Termination Provisions.** The Agreement may be terminated at any time by the Company upon six (6) month's advance written notice to the Executive; provided, however, that if a Change in Control occurs prior to the expiration of the Term, the Term shall not terminate prior to the second (2^{nd}) anniversary of the date on which the Change in Control occurs.

14. **Company's Reservation of Rights.** The Company reserves the right to discontinue or modify its compensation, incentive, benefit, and perquisite plans, programs, and practices at any time and from time to time. Moreover, the brief summaries contained herein are subject to the terms of such plans, programs, and practices. For purposes of any and all employee benefit plans, the definition of compensation is as stated in such plans. The severance benefits payable under Section 6 are in lieu of all other severance benefits which the Executive would otherwise be entitled to receive from the Company and any Related Company, except as may otherwise be provided in a written agreement specifically referencing this Section 14. The Executive acknowledges and agrees that the severance benefits to which the Executive may become entitled under this Agreement are in excess of those to which the Executive would be entitled to under the Company's otherwise applicable severance pay plans, and that the Company is agreeing to provide such severance benefits in consideration for the Executive's agreement to the terms and conditions of Section 5 of this Agreement.

15. **Entire Agreement; Amendments .** This Agreement represents the entire agreement between the Executive and the Company in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations, or warranties, whether oral or written, by any officer, executive, or representative of any party hereto. Except as specifically provided in Section 7, no amendments or modifications to this Agreement may be made except in writing signed by the Company (as authorized by the Board or the Committee) and the Executive.

16. **Survivorship.** The respective rights and obligations of the parties hereunder shall survive the expiration of the Term and any termination of the Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

17. **Notices.** Any notice and all other communications provided for in this Agreement to be given to a party shall be in writing and shall be deemed to have been duly given when delivered in person or two

(2) business days after being placed in the United States mails by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the party concerned at the address indicated below or to such changed address as such party may subsequently furnish to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt:
If to the Company:

Brunswick Corporation
26125 N. Riverwoods Blvd., Suite 500
Mettawa, IL 60045
Attn: Vice President, General Counsel and Corporate Secretary

If to the Executive:

at the last address filed with the Company

18. **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. If any provision of this Agreement shall be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law. In furtherance and not in limitation of the foregoing, should the duration or geographical extent of, or business activities covered by, any provision of this Agreement be in excess of that which is valid and enforceable under applicable law, then such provision shall be construed to cover only that duration, extent, or activities which may be validly enforced.

19. **Headings.** Headings to Sections hereof are for convenience of reference only and shall not be construed to alter or affect the meaning of any provision of this Agreement.

20. **Injunctive Relief.** If there is a breach or threatened breach of the provisions of this Agreement, the non-breaching party shall be entitled to an injunction restraining the breaching party from such breach. Nothing herein shall be construed as prohibiting either party from pursuing any other remedies for a breach or threatened breach of this Agreement.

21. **No Assignment or Attachment.** Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect; provided, however, that nothing in this Section 21 shall preclude the assumption of such rights by executors, administrators, or other legal representatives of the Executive or his estate and their assigning any rights hereunder to the person or persons entitled thereto; and provided further, however, that the Company may not assign this Agreement except in connection with an assignment or disposition of all or substantially all of the assets or stock of the Company or the division, subsidiary, or business unit for which the Executive is providing services under this Agreement or by law as a result of a merger or consolidation.

22. **Successors, Assumption of Contract.** This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken

place. As used in this Agreement, except for purposes of Section 5(a), the term “Company” shall mean the Company as hereinbefore defined and any successor of the Company and any permitted assignee to which this Agreement is assigned.

23. **Work For Hire Acknowledgment; Assignment.** The Executive acknowledges that all of the Executive’s work on and contributions to the Company’s products (the “Products”) including, without limitation, any and all patterns, designs, and other expressions in any tangible medium (collectively, the “Works”) are within the scope of the Executive’s employment and are a part of the services, duties, and responsibilities of the Executive. All of the Executive’s work on and contributions to the Works will be rendered and made by the Executive for, at the instigation of, and under the overall direction of, the Company, and all of the Executive’s said work and contributions, as well as the Works, are and at all times shall be regarded as “work made for hire” as that term is used in the United States copyright laws. Without curtailing or limiting this acknowledgment, the Executive hereby assigns, grants, and delivers exclusively to the Company, as to work on and contribution to the Products pursuant hereto, all rights, titles, and renewals. The Executive will execute and deliver to the Company, or its successors and assigns, such other and further assignments, instruments, and documents as it from time to time reasonably may request for the purpose of establishing, evidencing, and enforcing or defending its complete, exclusive, perpetual, and worldwide ownership of all rights, titles, and interests of every kind and nature whatsoever, including all copyrights, in and to the Works. The Executive hereby constitutes and appoints the Company as his agent and attorney-in-fact, with full power of substitution, to execute and deliver said assignments, instruments, or documents as the Executive may fail or refuse to execute and deliver, this power and agency being coupled with an interest and being irrevocable.

24. **Governing Law.** The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Illinois, without regard to its choice of laws provisions, for contracts made and to be performed wholly in such state; provided, however, the rights of the Executive to indemnification under Section 9 shall be governed by the laws of the State of Delaware.

25. **Termination of Initial Agreement.** From and after the Effective Date, this Agreement shall supersede any other employment agreement, severance agreement, indemnification agreement and change of control agreement between the parties.

26. **Counterparts.** This Agreement may be executed in counterparts, any one of which shall be deemed the original without reference to the others.

IN WITNESS THEREOF, the Executive and the Company have executed these TERMS AND CONDITIONS OF EMPLOYMENT as of the Effective Date.

Executive	Brunswick Corporation
By: [Executive]	By: David M. Foulkes Chief Executive Officer

Definitions.

1. "Annual Bonus" shall have the meaning set forth in Section 4(b) of this Agreement.

2. "Brunswick" shall mean the Company.

3. "Base Salary" shall have the meaning set forth in Section 4(a) of this Agreement.

4. "Benefits" shall have the meaning set forth in Section 6(a)(iv) of this Agreement.

5. "Board" shall mean the Board of Directors of the Company.

6. "BPP" shall have the meaning set forth in Section 4(b) of this Agreement.

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

8. "Cause" shall mean the Executive's:
   (a) Conviction of a crime, including by a plea of guilty or *nolo contendere*, involving theft, fraud, perjury, or moral turpitude;

   (b) Intentional or grossly negligent disclosure of confidential or trade secret information of the Company or a Related Company to anyone not entitled to such information;

   (c) Willful omission or dereliction of any statutory or common law duty of loyalty to the Company or a Related Company;

   (d) A willful and material violation of the Company's Code of Conduct or any other written Company policy; or

   (e) Repeated failure to carry out the material components of the Executive's duties despite specific written notice to do so by the Chief Executive Officer, other than any such failure as a result of incapacity due to physical or mental illness.

9. "Change In Control" shall mean the happening of any of the following events:
   (a) Any individual, entity, or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Exchange Act) (an "Entity") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the outstanding shares of common stock of the Company (the "Outstanding Company Common Stock"), or (B) the combined voting power of the outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (1) any acquisition by the Company or any subsidiary, (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by, or under common control with, the Company, (3) any acquisition by an underwriter temporarily holding such Outstanding Company

Common Stock or Outstanding Company Voting Securities pursuant to an offering of such securities or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B), and (C) of paragraph (c) of this definition;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute a majority thereof; provided, however, that any individual becoming a director whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least 50% of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an Entity other than the Board;

(c) Consummation of a transaction involving (i) a merger, reorganization or consolidation of the Company or any direct or indirect subsidiary of the Company, or (ii) a sale or other disposition of all or substantially all of the assets of the Company (each, a "Corporate Transaction"); excluding, however, such a Corporate Transaction pursuant to which (A) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than sixty percent (60%) of, respectively, the outstanding shares of common stock, and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (each, a "Continuing Company") in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (excluding any outstanding voting securities of the Continuing Company that such beneficial owners hold immediately following the consummation of the Corporate Transaction as a result of their ownership prior to such consummation of voting securities of any corporation or other entity involved in or forming part of the Continuing Company, other than the Company or one of its subsidiaries), (B) no Entity (other than the Company, any employee benefit plan (or related trust) of the Company, or the Continuing Company will beneficially own, directly or indirectly, twenty-five percent (25%) or more of, respectively, the outstanding shares of common stock of the Continuing Company or the combined voting power of the outstanding voting securities of the Continuing Company entitled to vote generally in the election of directors, unless such ownership resulted solely from ownership of securities of the Company prior to the Corporate Transaction, and (C) individuals who were members of the Incumbent Board will, immediately after the consummation of the Corporate Transaction, constitute at least a majority of the members of the board of directors of the Continuing Company; or

(d) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

10. "<u>Chief Executive Officer</u>" shall mean the chief executive officer of the Company.

11. "COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

12. "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder as in effect from time to time.

13. "Committee" shall mean the Human Resources and Compensation Committee of the Board.

14. "Company" shall mean Brunswick Corporation, a Delaware corporation.

15. "Competitive Activity" shall have the meaning set forth in Section 5(a)(i) of this Agreement.

16. "Confidential Information" shall have the meaning set forth in Section 5(b)(iii) of this Agreement.

17. "Effective Date" shall have the meaning set forth in the Preamble of the Agreement.

18. "Eligible Dependents" shall have the meaning set forth in Section 6(a)(iv) of this Agreement.

19. "Equity Incentives" shall have the meaning set forth in Section 6(a)(iii) of this Agreement.

20. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

21. "Excise Tax" shall have the meaning set forth in Section 10 of this Agreement.

22. "Executive" shall mean the individual identified in the Preamble to this Agreement.

23. "Firm" shall have the meaning set forth in Section 10 of this Agreement.

24. "Good Reason" shall mean the occurrence of any of the following events without the Executive's express written consent:

    (a) A material breach by the Company of any provision of this Agreement including, without limitation, the Company's failure to pay any portion of Executive's compensation when due or to include Executive in any bonus or incentive plan that applies to similarly situated senior executives of the Company;

    (b) The Company's failure to provide, or continue to provide, Executive with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated senior executives of the Company;

    (c) A Reduction in Authority or Responsibility of the Executive;

    (d) A Reduction in Compensation;

    (e) A Business Relocation Beyond a Reasonable Commuting Distance; and

    (f) Following a Change in Control, the Company's failure to obtain a satisfactory agreement from any successor to assume and agree to abide by terms of this Agreement.
    Whether a Reduction in Authority or Responsibility of the Executive has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in

Authority or Responsibility; provided, however, that (A) a change in the Executive's reporting relationship to another executive who is within the same reporting level (as that term is used in the Company's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Executive's business unit's budget or a reduction in the Executive's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason.

25. "Income Taxes" shall mean any tax on personal income (including any employment and payroll tax) that is levied by the federal government of the United States or any by any state or local government within the United States or any foreign government.

26. "Incentive Plan" shall have the meaning set forth in Section 4(c) of this Agreement.

27. "IRS" shall mean the Internal Revenue Service.

28. "Long-Term Disability" shall mean the Executive's mental or physical condition which would render the Executive eligible to receive disability benefits under the Company's long-term disability plan then in effect.

29. "Parachute Payments" shall have the meaning set forth in Section 10 of this Agreement.

30. "Proceeding" shall have the meaning set forth in Section 5(c) of this Agreement.

31. "Products" shall have the meaning set forth in Section 24 of this Agreement.

32. "Reduction in Authority or Responsibility" shall mean, during the Term, (i) the assignment to the Executive, during the two-year period after a Change in Control, of any duties that are materially inconsistent in any respect with the Executive's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment, or (ii) prior to a Change in Control or after the second anniversary of a Change in Control, a material diminution in the Executive's authority, duties, or responsibilities, excluding for this purpose (A) an isolated, insubstantial, and inadvertent action taken in good faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive, or (B) any temporary Reduction in Authority or Responsibility while the Executive is absent from active service on any approved disability, or other approved leave of absence.

It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason.

33. "Reduction in Compensation" shall mean (A) if within two (2) years following a Change in Control, (i) a reduction in the Executive's "Total Annual Compensation" (defined as the sum of the Executive's Base Salary and Target Annual Bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Executive's Total Annual Compensation in effect immediately prior to such reduction ("Compensation Reduction"), (ii) the elimination of any Company incentive compensation plan in which Executive is a participant (including, without limitation, BPP and the Incentive Plan) without the adoption of a substantially comparable replacement plan ("Compensation Plan Elimination"), or (iii) the failure to provide the Executive with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Executive immediately prior to the Change in Control; or (B) if other than within two (2) years following a Change in Control, a

Compensation Reduction, a Compensation Plan Elimination or a reduction in equity compensation opportunities that is not applicable to all similarly situated senior executives of the Company.

34. "Related Company" shall mean any subsidiary or affiliate of the Company.

35. "Released Parties" shall have the meaning set forth in Section 6(h) of this Agreement.

36. "Section 409A Tax" shall have the meaning set forth in Section 7 of this Agreement.

37. "Section 409A Tax Adjustment Payment" shall have the meaning set forth in Section 7 of this Agreement.

38. "Target Annual Bonus" shall have the meaning set forth in Section 4(b) of this Agreement.

39. "Term" shall have the meaning set forth in Section 3 of this Agreement.

40. "Total Change in Control Payment" shall have the meaning set forth in Section 6(b)(i) of this Agreement.

41. "Total Severance Payment" shall have the meaning set forth in Section 6(a)(i) of this Agreement.

42. "Works" shall have the meaning set forth in Section 24 of this Agreement.

Appendix II

GENERAL RELEASE

1. I, [Name], for and in consideration of certain payments to be made and the benefits to be provided to me under the Terms and Conditions of Employment, dated November 14, 2016, (the “Agreement”) with Brunswick Corporation (the “Company”), and conditioned upon such payments and provisions, do hereby knowingly and voluntarily REMISE, RELEASE, AND FOREVER DISCHARGE the Company and each of its part, present and future subsidiaries and affiliates, their past, present and future officers, directors, shareholders, partners, distributees, owners, trustees, representatives, employees and agents, their respective successors and assigns, heirs, executors and administrators (hereinafter collectively included within the term the “Company”), acting in any capacity whatsoever, of and from any and all manner of actions and causes of action, suits, debts, claims, charges, complaints, grievances, liabilities, obligations, promises, agreements, controversies, damages, demands, rights, costs, losses, debts and expenses of any nature whatsoever, in law or in equity, which I ever had, now have, or hereafter may have, or which my heirs, executors or administrators hereafter may have, by reason of any matter, cause or thing whatsoever from the beginning of my employment with Brunswick Corporation, to the date of these presents arising from or relating in any way to my employment relationship, and the terms, conditions and benefits payments resulting therefrom, and the termination of my employment relationship with Brunswick Corporation, including but not limited to, any claims which have been asserted, could have been asserted, or could be asserted now or in the future under any federal, state or local law, statute, rule, ordinance, regulation, or the common law, including, but not limited to, claims or rights arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., as amended, the Americans With Disabilities Act, 42 U.S.C. 12101 et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., as amended, any contracts between the Company and me and my common law claims now or hereafter recognized and all claims for counsel fees and costs; provided, however, that this General Release shall not apply to (i) any entitlements under the terms of the Agreement; (ii) my right to be indemnified by the Company, pursuant to the bylaws of the Company, for any liability, cost or expense for which I would have been indemnified for actions taken on behalf of the Company during the term and within the scope of my employment by the Company; or (iii) any right I may have to challenge that I entered into this General Release knowingly and voluntarily.

2. Subject to the limitations of paragraph 1 above, I expressly waive all rights afforded by any statute which expressly limits the effect of a release with respect to unknown claims. I understand the significance of this release of unknown claims and the waiver of statutory protection against a release of unknown claims.

3. I agree and covenant that neither I, nor any person, organization, or other entity acting on my behalf, has filed in any forum a charge, claim, suit, or cause of action against the Company or its subsidiaries or affiliates relating in any way to my employment relationship with the Company, or the termination thereof. I further agree and acknowledge that the separation pay and benefits the Company is providing to me pursuant to the Agreement shall be the sole relief provided to me for the claims that are released by me in this General Release and that I will not be entitled to recover and agree to waive any monetary benefits or recovery against the Company or its subsidiaries or affiliates in connection with any proceeding, claim, or charge without regard to who has brought such proceeding, claim, or charge.

4. I hereby agree and recognize that my employment by the Company was permanently and irrevocably severed on _______________, and the Company has no obligation, contractual or otherwise to me

to hire, rehire or re-employ me in the future. I acknowledge that the terms of the Agreement provide me with payments and benefits which are in addition to any amounts to which I otherwise would have been entitled.

5. I hereby agree and acknowledge that the payments and benefits provided by the Company are to bring about an amicable resolution of my employment arrangements and are not to be construed as an admission of any violation of any federal, state or local law, statute, rule, ordinance, regulation or the common law, or of any duty owed by the Company and that the Agreement and this General Release are made voluntarily to provide an amicable resolution of my employment relationship with the Company and the termination of the Agreement.

6. I hereby certify that I have read the terms of this General Release, that I have been advised by the Company to discuss it with my attorney, and that I understand its terms and effects. I acknowledge, further, that I am executing this General Release of my own volition with a full understanding of its terms and effects and with the intention of releasing all claims recited herein in exchange for the consideration described in the Agreement, which I acknowledge is adequate and satisfactory to me. None of the above-named parties, nor their agents, representatives, or attorneys have made any representations to me concerning the terms or effects of this General Release other than those contained herein.

7. I hereby acknowledge that I have been informed that I have the right to consider this General Release for a period of 21 days prior to execution. I also understand that I have the right to revoke this General Release for a period of seven days following execution by giving written notice to the Company at 26125 N. Riverwoods Blvd., Suite 500, Lake Forest, IL 60045-4811, Attention: Vice President, General Counsel and Secretary.

8. I hereby acknowledge that the provisions of Section 5 of the Agreement shall continue in full force and effect for the balance of the time periods provided therein and that I will abide by and fully perform such obligations.

Intending to be legally bound hereby, I execute the foregoing General Release this _____ day of ________________, 20___.

____

[Name]

<u>INDEMNIFICATION TERMS AND CONDITIONS</u>

Brunswick Corporation (the “Corporation”) shall indemnify Executive (hereinafter, “Indemnitee”) against expenses and costs incurred by Indemnitee in connection with any claims, suits or proceedings arising from his service to the Corporation, to the fullest extent that is lawful in accordance with the following terms and conditions:

1. <u>Acts and Omissions Covered By This Agreement.</u> The Corporation’s agreement to indemnify Indemnitee (“Agreement”) shall cover any act or omission by an Indemnitee which (i) occurs or is alleged to have occurred by reason of his being or having been an officer or a director, (ii) occurs or is alleged to have occurred before, during or after the time when the Indemnitee served as an officer or a director and (iii) gives rise to, or is the direct or indirect subject of a claim in any threatened, pending or completed action, suit or proceeding at any time or times whether during or after his service as an officer or director.

2. <u>Indemnity.</u>

(a) The Corporation hereby agrees to indemnify, and keep indemnified in accordance with, and to the fullest extent permitted by the Corporation’s charter and that is lawful, and regardless of any by-law provision to the contrary, Indemnitee, from and against any expenses (including attorney’s fees), judgments, fines, taxes, penalties and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an officer or a director 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 and whether or not such action is by or in the right of the Corporation or that other corporation, partnership, joint venture, trust or other enterprise with respect to which the Indemnitee serves or has served.

(b) Despite anything to the contrary in subsection (a), the Corporation agrees to indemnify Indemnitee in a suit or proceeding initiated by the Indemnitee only if the Indemnitee acted with the authorization of the Corporation in initiating that suit or proceeding. However, an arbitration proceeding brought under Section 8 shall not be subject to this subsection (b).

(c) Except as set forth in Section 5 (Advancement of Expenses), the specific amounts that were actually and reasonably incurred shall be indemnified by the Corporation in the amount submitted by the Indemnitee unless the Board of Directors (the “Board”) determines that the request is unreasonable or unlawful. If the Board so determines and the Board and the Indemnitee cannot agree, any disagreement they have shall be resolved by a decision of the arbitrator in an arbitration proceeding pursuant to Section

8. For purposes of this Agreement, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(d) Any indemnification payments made to the Indemnitee shall be made in a manner that does not cause such payments to constitute deferred compensation under Treas. Reg. 1.409A-1(b)(10) and any successor thereto.

3. Burden of Proof. Indemnitee shall be presumed to be entitled to indemnification for any act or omission covered in Section 1 of this Agreement. The burden of proof of establishing that Indemnitee is not entitled to indemnification because of the failure to fulfill some requirement of Delaware law, the Corporation’s charter, by-laws, or this Agreement shall be on the Corporation.

4. Notice by Indemnitee. Indemnitee shall notify the Corporation in writing of any matter with respect to which Indemnitee intends to seek indemnification hereunder as soon as reasonably practicable following the receipt by Indemnitee of written threat thereof; provided, however, that failure to so notify the Corporation shall not constitute a waiver by Indemnitee of his rights hereunder.

5. Advancement of Expenses. In the event of any action, suit or proceeding against Indemnitee which may give rise to a right of indemnification from the Corporation pursuant to this Agreement, following written request to the Corporation by the Indemnitee, the Corporation shall advance to Indemnitee amounts to cover expenses incurred by Indemnitee in defending the action, suit or proceeding in advance of final disposition upon receipt of (i) an undertaking by or on behalf of the Indemnitee to repay the amount advanced if it shall be ultimately determined in accordance with Section 3 of this Agreement that he is not entitled to indemnification by the Corporation, and (ii) satisfactory evidence as to the amount of such expenses. Indemnitee’s written certification together with a copy of the statement paid or to be paid by Indemnitee shall constitute satisfactory evidence unless determined to the contrary in an arbitration proceeding conducted pursuant to Section 8 of this Agreement.

6. Non-Exclusivity of Right of Indemnification. The indemnification rights granted to Indemnitee under this Agreement shall not be deemed exclusive of, or in limitation of, any rights to which Indemnitee may be entitled under Delaware law, the Corporation's charter or By-laws, any other agreement, vote of stockholders or directors or otherwise.

7. Termination of Agreement and Survival of Right of Indemnification.

(a) Subject to subparagraph (b) of this section, this Agreement shall terminate when the Indemnitee's term of office as an officer or a director ends.

(b) The rights granted to Indemnitee hereunder shall continue after termination as provided in Section 1 and shall inure to the benefit of Indemnitee, his personal representative, heirs, executors, administrators and beneficiaries, and this Agreement shall be binding upon the Corporation, its successors and assigns.

8. Arbitration of all Disputes Concerning Entitlement. Any controversy or claim arising out of or relating to this Agreement including, without limitation, the Indemnitee's entitlement to indemnification under this Agreement, shall be settled by arbitration in the City of Chicago administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Interest on any judgment shall be assessed at a rate or rates the arbitrator considers just under the circumstances. If it is necessary or desirable for the Indemnitee to retain legal counsel or incur other costs and expenses in connection with enforcement of his rights under this Agreement, the Corporation shall pay his reasonable attorneys' fees and costs and expenses incurred prior to the tenth anniversary of the expiration of the "Term" (as defined in the Terms and Conditions of Employment agreement between the Corporation and the Indemnitee, dated as of [date], 20___, in connection with enforcement of his rights (including the enforcement of any arbitration award in court), regardless of the final outcome, unless the arbitrator determines that under the circumstances recovery by the Indemnitee of all or a part of any such fees and costs and expenses would be unjust.

9. Governing Law. The Corporation's obligations to indemnify Indemnitee under these terms and conditions shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to its choice of law provisions.

10. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, this invalidity or unenforceability shall not affect the validity or enforceability of any other provisions of this Agreement, and this Agreement shall be interpreted as though the invalid or unenforceable provision was not part of this Agreement.

[ADDENDUM TO
AMENDED AND RESTATED TERMS AND CONDITIONS OF EMPLOYMENT

Notwithstanding anything in the Agreement to the contrary, the Executive shall not be entitled to participate in the basic life insurance component of the Company-sponsored health and welfare benefits offered to senior executives of the Company. Instead, the Executive shall be entitled to participate in the Company's life insurance plan for senior executives (formerly the "Split Dollar Life Insurance Plan") under the terms and conditions described in the Memorandum dated April 14, 2004 and incorporated herein by reference.][5]

[5]Of the named executive officers, only Mr. Metzger's agreement contains this addendum.

BRUNSWICK

2020 Brunswick Performance Plan (BPP)
Summary Terms and Conditions

Purpose	Reward achievement of annual goals
Eligibility	Officers of the Company as approved by the Board of Directors
Performance Period	2020 fiscal year.

Performance Measures	Bonuses based 100% on achievement against the following financial measures as of the end of the performance period.
	
	* For Enterprise-level and Business Acceleration Officers,
	  * 75% based on Earnings Per Share ("EPS" (ex. items)), and
	  * 25% based on overall Brunswick Free Cash Flow ("FCF")
	
	* For Presidents of Mercury, Advanced Systems Group and Boat Group,
	  * 50% based on EPS (ex. items),
	  * 25% based on overall Brunswick FCF, and for the following:
	    * President, Mercury Marine
	      * 12.5% Propulsion Segment Earnings Before Interest and Taxes ("EBIT"), and
	      * 12.5% P&A Segment EBIT
	    * President, Advanced Systems Group
	      * 25% P&A Segment EBIT
	    * President, Boat Group
	      * 25% Boat Segment EBIT
	
	FCF is consistent with external reporting definition.
	
	FCF, EPS (ex. items) and EBIT (ex. items) from continuing operations results for the year will be adjusted for:
	
	* Restructuring, exit, integration, and impairment costs (including debt issuance and extinguishment costs) and associated savings - variance from budget;
	
	* Acquisition/sale of “strategic” assets (e.g., transformational or material acquisitions) not contemplated in the budget;
	
	* Impact of any “unusual in nature” or “infrequently occurring” charges or impacts related to changes in accounting principles;
	
	* Impact of unplanned financing arrangements (including debt issuance, off-balance sheet leasing and factoring);
	
	* Cash taxes--variance from budget;
	
	* Impact of change in tax law or statutory rates--variance from budget; and
	
	* Unusual tax items (i.e., FIN 48, Discrete Tax Items, Valuation Allowance Reversals, etc.).
	
	Performance results may be adjusted, as appropriate, for extraordinary or unanticipated items.
	
	The Human Resources and Compensation Committee will determine the applicable performance goals and the bonuses payable upon attainment of such goals, which determinations shall be conclusive and binding on all interested parties.
	
	Notwithstanding the above, no award shall be payable unless the blended performance metrics above are attained at a level that is at least 25% of the Enterprise-wide target payout level, as certified by the Human Resources and Compensation Committee.

Funding Review and Approval	The following steps will be taken to review and approve funding: * CFO will review performance to evaluate required accruals; * CEO will review performance at end of performance period and recommend bonuses to the Human Resources and Compensation Committee as appropriate; and * Human Resources and Compensation Committee will review and approve bonuses as deemed appropriate.
Individual Awards	Individual awards will be determined on a discretionary basis using overall approved funding, evaluation of individual performance for the performance period, target incentives as a percentage of salary and covered salary (actual paid for year). In no case shall an award exceed 200% of an individual's target incentive opportunity. Individuals must be employed at the end of the performance period to be eligible for an award, with ultimate payout at the discretion of the Human Resources and Compensation Committee. Those employees whose employment terminates due to death, permanent and total disability, or as a result of restructuring activities or plant shutdown will be eligible to receive individual awards solely at the discretion of the CEO and Chief Human Resources Officer. In addition, if an employee retires later than June 30th of the performance period and after either the sum of the employee's age and years of continuous service from his or her latest hire date equals 70 or more or the employee's age is 62 or more, provided that for purposes of age 62, participant must have at least 3 years of continuous service from their latest hire date, then, subject to prior approval by the Vice President and Chief Human Resources Officer or, in the case of the Corporation's executive officers, the Human Resources and Compensation Committee, in its sole discretion, such employee may be eligible for a prorated payout, based on the number of days of employment in the performance period completed prior to the date of retirement. Any awards payable in the event of termination due to death, permanent disability, as a result of restructuring activities or plant shutdown, or retirement shall be subject to the achievement of the applicable performance conditions and shall be paid as specified under "Timing and Form of Award Payments."
Timing and Form of Award Payments	In 2021, after financial results are confirmed and appropriate approvals are obtained; provided, however, that any such award shall be paid to U.S.-based employees (including any U.S.-based former employees who are eligible for payment following their termination of employment as described under "Individual Awards" above) by no later than March 15, 2021. Payment may be made in cash, shares of Brunswick common stock granted under the Brunswick Corporation 2014 Stock Incentive Plan, a combination of cash or stock, or an alternate form of equity, as determined by the Human Resources and Compensation Committee. All amounts payable under the BPP shall be subject to all applicable taxes and withholdings.
Claw Back	The Human Resources and Compensation Committee will evaluate the facts and circumstances of any restatement of earnings due to fraud or intentional misconduct that results in material noncompliance with any financial reporting requirement and, in its sole discretion, may require the repayment of all or a portion of bonus awards from individual(s) responsible for the restatement and others assigned to salary grade 21 and above, including senior executives, as deemed appropriate by the Human Resources and Compensation Committee. In addition, bonus awards shall be subject to forfeiture, recovery by Brunswick or other action pursuant to any other clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

Additional Terms & Conditions	Payment of any bonus is in the sole discretion of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee of the Board administers this plan. The Human Resources and Compensation Committee may interpret this plan, and adopt, amend and rescind administrative guidelines and other rules with respect to this plan as deemed appropriate. The Human Resources and Compensation Committee may modify, revise, discontinue, cancel or terminate this plan or any payments associated with this plan at any time, without notice. The BPP will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the employee owes to Brunswick or any affiliate thereof without the consent of the employee (or his or her beneficiary, in the event of the employee's death). The opportunity to receive a bonus hereunder does not guarantee any person the right to or expectation of any future bonus opportunities under the BPP or any future incentive plan adopted by Brunswick.

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

BRUNSWICK

2020 Performance Share Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the "Plan")

Purpose	To provide incentives to (i) support the execution of Brunswick Corporation's business strategies and (ii) more closely align the interests of the award recipient with those of Brunswick Corporation's stockholders. Any capitalized terms used but not defined herein shall have the meaning given to such terms in the Plan.
Grant Date	_______ __, 2020
Performance Shares	Shares of Brunswick Corporation ("Brunswick") common stock ("Common Stock") where the number of shares of Common Stock delivered is based on attainment of Performance Criteria set forth herein. Shares of Common Stock subject to this Grant shall be referred to herein as "Performance Shares."
Target Award	[_______] is the target number of Performance Shares with respect to which the Performance Criteria set forth below shall apply.
Performance Period	For purposes of these Terms and Conditions, "Performance Period" shall mean the three-year performance period commencing January 1, 2020 and ending December 31, 2022.
Performance Criteria	* CFROI: 75% of the Performance Shares shall be earned, if at all, based on the three-year average of Brunswick's annual CFROI, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on CFROI performance over the Performance Period, as set forth in Appendix A attached hereto. * Operating Margin: 25% of the Performance Shares shall be earned, if at all, based on the three-year average of Brunswick's annual Operating Margin, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on Operating Margin performance over the Performance Period, as set forth in Appendix A attached hereto.
Vesting Upon Death, Permanent Disability or Retirement (as defined below)	In the case of a termination of employment (other than for Cause (as defined below)) on or after the first anniversary of the beginning of the Performance Period and prior to a Change in Control due to (i) death, (ii) Permanent Disability (as defined below) or (iii) Retirement (as defined below), the Grantee or his or her estate or personal representative shall receive the award, calculated as if the Grantee had remained employed throughout the entire Performance Period and based on actual CFROI and Operating Margin Performance. The Performance Shares shall be distributed to the Grantee in accordance with the terms of this award under "Timing of Distribution." In the case of a termination of employment (other than for Cause) prior to the first anniversary of the beginning of the Performance Period and prior to a Change in Control due to (i) death, (ii) Permanent Disability or (iii) Retirement, a pro-rata portion of the award will be distributed to the Grantee or his or her estate or personal representative in accordance with the terms of this award under "Timing of Distribution." For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (x) the number of Performance Shares that would otherwise be paid out at the end of the Performance Period based on actual CFROI and Operating Margin Performance and (y) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Performance Period through the date of termination of the Grantee's employment, and the denominator of which is 365. All remaining Performance Shares shall be forfeited. The Performance Shares shall be forfeited in their entirety upon any termination for Cause, even if the Grantee would otherwise be eligible for Retirement.

Prorated Vesting Upon Involuntary Termination Without Cause	If the Grantee’s employment is terminated by Brunswick for a reason other than Cause or Permanent Disability, and the Grantee is not eligible for Retirement, a pro-rata portion of the award will be vested as of the date of such termination of employment and be distributed following the end of the Performance Period, subject to certification in writing of Brunswick’s attainment of the Performance Criteria, as described under “Timing of Distribution” . For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of Performance Shares that would otherwise be paid out at the end of the Performance Period based on actual CFROI and Operating Margin Performance and (y) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Performance Period through the date of termination of the Grantee’s employment, and the denominator of which is 1,095. All remaining Performance Shares shall be forfeited.
Other Terminations of Employment	The Performance Shares shall be forfeited in their entirety in the event the Grantee's employment terminates prior to the end of the Performance Period and prior to a Change in Control for a reason other than death, Permanent Disability (as defined below), Retirement or a termination by Brunswick for a reason other than Cause.
Change in Control	In the event of a Change in Control prior to the end of the Performance Period, the Performance Criteria shall be deemed to be achieved at target (and the remainder of the award shall be forfeited) and: If the award is effectively assumed or continued by the surviving or acquiring corporation and the Grantee remains continuously employed through the last day of the Performance Period, then the Performance Shares shall be distributed to Grantee in accordance with the terms of the award under "Timing of Distribution," provided that: In the event of Grantee’s termination of employment (other than for Cause) (i) due to death or Permanent Disability, (ii) Retirement, or (iii) by Brunswick without Cause or by the Grantee for Good Reason (as defined below), the vested portion of the award shall be distributed to the Grantee or his or her estate or personal representative within thirty (30) days following Grantee’s death or termination of employment (or, in the case of termination due to death, Permanent Disability or Retirement that had occurred prior to the Change in Control, within 30 days following the Change in Control to the extent permitted by Internal Revenue Code Section 409A); provided, however, that if the award is considered "nonqualified deferred compensation" and (x) the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or (y) the termination of employment occurred more than two years following the occurrence of such "change in control event," then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under "Timing of Distribution." If the award is not effectively assumed or continued by the surviving or acquiring corporation, then the vested portion of the award shall be distributed within thirty (30) days of such Change in Control; provided, however, if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under "Timing of Distribution." Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control. The Performance Shares shall be forfeited in their entirety upon any termination for Cause, even if the Grantee would otherwise be eligible for Retirement.

Timing of Distribution	Except as otherwise provided for herein, shares of Common Stock shall be delivered to the Grantee in settlement of the award within 60 days after the end of the Performance Period, subject to certification in writing of Brunswick's attainment of the Performance Criteria. If you are a "specified employee" (as such term is defined under Internal Revenue Code Section 409A) as of the date of your "separation from service" (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee's "separation from service" and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death). In all cases, fractional shares shall be rounded down to the nearest whole share.
Tax Withholding	Tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.
Form of Distribution	Shares will be deposited to your brokerage account on record with Brunswick's stock plan administrator.

Definitions	"<u>Cause</u>" shall mean willful misconduct in the performance of duties. "<u>Good Reason</u>" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); or (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below; <u>provided</u>, <u>however</u>, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof. * Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee's reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee's business unit's budget or a reduction in the Grantee's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason. * "Reduction in Authority or Responsibility" shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason. * "Reduction in Compensation" shall mean (i) a reduction in the Grantee's total annual compensation (defined as the sum of the Grantee's base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee's total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide the Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control.

Definitions	* "Business Relocation Beyond a Reasonable Commuting Distance" shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee's principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee's principal work location immediately prior to the relocation, and (ii) increases the Grantee's commuting distance in highway mileage. "Permanent Disability" means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days. "Retirement" shall mean that the Grantee's employment terminates for a reason other than Cause on or after the date on which either (i) the Grantee has either attained age 62, provided that for purposes of age 62, participant must have at least 3 years of continuous service from their latest hire date or (ii) the sum of the Grantee's age plus years of continuous service from his or her latest hire date equals 70 or more. Notwithstanding anything to the contrary in these terms and conditions, for purposes of applying the favorable Retirement vesting terms set forth herein to grants made to residents of the European Union, the Grantee shall be deemed to be eligible for Retirement if, and only if, the Grantee has attained the retirement date specified in the retirement plan in which such Grantee participates.
Additional Terms and Conditions	This award is subject to the terms of the Plan. The Plan and these Terms and Conditions together constitute the entire agreement of the parties with respect to the subject matter specifically addressed herein. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are conclusive and binding on all interested parties. This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the Grantee owes to Brunswick or any affiliate thereof without the consent of the Grantee (or his or her beneficiary, in the event of the Grantee's death). The grant of this award does not guarantee the Grantee the right to or expectation of any future awards under the Plan or any future incentive plan adopted by Brunswick, and the value of the Performance Shares is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or other similar employee benefit. The Plan may be amended, suspended or terminated at any time. The Plan, these Terms and Conditions, and the Performance Shares will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

2020 Performance Share Grant
Appendix A - Performance Criteria

<table>
<tr>
<td rowspan="4">Annual Cash Flow Return on Investment (CFROI): Applicable to 75% of Performance Shares

CFROI defined as Adjusted Free Cash Flow divided by Operating Capital Employed.

Adjusted Free Cash Flow is defined as Free Cash Flow consistent with the external reporting definition excluding the impact of cash tax payments or refunds.

Operating Capital Employed defined as total assets less current liabilities excluding cash, debt, tax balances and lease assets and liabilities related to ASC 842. Operating Capital Employed will be calculated on a two point basis.

Adjusted Free Cash Flow and Operating Capital Employed will be adjusted for the following variances from plan:
* Acquisition/sale of “strategic” assets (e.g., transformational or material acquisitions) not contemplated in the plan;
* Restructuring, integration, and exit activities;
* Impact of unplanned financing arrangements (including debt issuance, off-balance sheet leasing and factoring);
* Impact of change in accounting standards; and
* Executive deferred compensation payouts not included in plan.

Performance results may be adjusted, as appropriate, for extraordinary or unanticipated items.</td>
<td></td>
<td>Payout as a % of Target (1)</td>
<td><u>2019 - 2021 Average</u></td>
</tr>
<tr><td>Threshold</td><td>0%</td><td>XX.X%</td></tr>
<tr><td>Target</td><td>100%</td><td>YY.Y%</td></tr>
<tr><td>Maximum</td><td>200%</td><td>ZZ.Z%</td></tr>
</table>

Annual Operating Margin: Applicable to 25% of Performance Shares		**Payout as a % of Target [1]**	**<u>2019 - 2021 Average</u>**
Operating Margin defined as Operating Earnings (ex. items) divided by Sales.	Threshold	0%	X.X%
Operating Earnings and Sales are consistent with reporting definitions.	Target	100%	Y.Y%
Operating Earnings (on an ex. items basis) and Sales will be adjusted for the following variances from plan**:** * Acquisition/sale of "strategic" assets (e.g., transformational or material acquisitions) not contemplated in the plan; * Restructuring, exit, integration and impairment activities; * Impact of any "unusual in nature" or "infrequently occurring" charges or impacts related to changes in accounting principles; * Impact of unplanned financing arrangements (including debt issuance, off-balance sheet leasing and factoring). Performance results may be adjusted, as appropriate, for extraordinary or unanticipated items.	Maximum	200%	Z.Z%

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

* * * * *

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

For questions and or a copy of the Prospectus, please contact:

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Mettawa, Illinois 60045
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edward.dabrowski@brunswick.com

BRUNSWICK

2020 Performance Share Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)

Purpose	To provide incentives to (i) support the execution of Brunswick Corporation’s business strategies and (ii) more closely align the interests of the award recipient with those of Brunswick Corporation’s stockholders. Any capitalized terms used but not defined herein shall have the meaning given to such terms in the Plan.
Grant Date	_______ __, 2020
Performance Shares	Shares of Brunswick Corporation (“Brunswick”) common stock (“Common Stock”) where the number of shares of Common Stock delivered is based on attainment of Performance Criteria set forth herein. Shares of Common Stock subject to this Grant shall be referred to herein as “Performance Shares.”
Target Award	[_______] is the target number of Performance Shares with respect to which the Performance Criteria set forth below shall apply.
Performance Period	For purposes of these Terms and Conditions, “Performance Period” shall mean the three-year performance period commencing January 1, 2020 and ending December 31, 2022.
Performance Criteria	* CFROI: 75% of the Performance Shares shall be earned, if at all, based on the three-year average of Brunswick's annual CFROI, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on CFROI performance over the Performance Period, as set forth in Appendix A attached hereto. * Operating Margin: 25% of the Performance Shares shall be earned, if at all, based on the three-year average of Brunswick's annual Operating Margin, as defined in Appendix A attached hereto, with payout between 0% and 200% of such percentage of the target number of Performance Shares, based solely on Operating Margin performance over the Performance Period, as set forth in Appendix A attached hereto. * TSR Modifier: Performance Shares calculated based on CFROI and Operating Margin performance (the "CFROI/OM Earned Award") shall be subject to a +/- 20% modifier for Brunswick’s TSR Performance against TSR Comparator Group. If Brunswick’s TSR Performance is equal to or below the 25th percentile of the TSR Performance of the TSR Comparator Group over the Performance Period, then the CFROI/OM Earned Award shall be reduced by 20%. If Brunswick’s TSR Performance is equal to or greater than the 75th percentile of the TSR Performance of the TSR Comparator Group over the Performance Period, then the CFROI/OM Earned Award shall be increased by 20%; provided that in no event shall the number of Performance Shares that become payable exceed 200% of the target number of Performance Shares. The CFROI/OM Earned Award shall not be modified for Brunswick’s TSR Performance between the 25th and 75th percentile of the TSR Performance of the TSR Comparator Group over the Performance Period. See Appendix A attached hereto for the definitions of "TSR Performance" and "TSR Comparator Group." Notwithstanding the level of performance achieved, the number of shares of Common Stock delivered pursuant to the "Timing of Distribution" discussed below shall not exceed the number of shares having a Fair Market Value, as of the date of distribution, equal to 400% of the target dollar value of the award as of the Grant Date, as set forth in the award notice given to the Grantee in connection with the award.

Vesting Upon Death, Permanent Disability or Retirement (as defined below)	In the case of a termination of employment (other than for Cause (as defined below)) on or after the first anniversary of the beginning of the Performance Period and prior to a Change in Control due to (i) death, (ii) Permanent Disability (as defined below) or (iii) Retirement (as defined below), the Grantee or his or her estate or personal representative shall receive the award, calculated as if the Grantee had remained employed throughout the entire Performance Period and based on actual CFROI, Operating Margin, and TSR Performance. The Performance Shares shall be distributed to the Grantee in accordance with the terms of this award under "Timing of Distribution." In the case of a termination of employment (other than for Cause) prior to the first anniversary of the beginning of the Performance Period and prior to a Change in Control due to (i) death, (ii) Permanent Disability or (iii) Retirement, a pro-rata portion of the award will be distributed to the Grantee or his or her estate or personal representative in accordance with the terms of this award under "Timing of Distribution." For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (x) the number of Performance Shares that would otherwise be paid out at the end of the Performance Period based on actual CFROI, Operating Margin and TSR Performance and (y) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Performance Period through the date of termination of the Grantee's employment, and the denominator of which is 365. All remaining Performance Shares shall be forfeited. The Performance Shares shall be forfeited in their entirety upon any termination for Cause, even if the Grantee would otherwise be eligible for Retirement.
Prorated Vesting Upon Involuntary Termination Without Cause	If the Grantee’s employment is terminated by Brunswick for a reason other than Cause or Permanent Disability, and the Grantee is not eligible for Retirement, a pro-rata portion of the award will be vested as of the date of such termination of employment and be distributed following the end of the Performance Period, subject to certification in writing of Brunswick’s attainment of the Performance Criteria, as described under “Timing of Distribution” . For purposes of the foregoing sentence, a “pro-rata portion” will mean the product of (x) the number of Performance Shares that would otherwise be paid out at the end of the Performance Period based on actual CFROI, Operating Margin and TSR Performance and (y) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Performance Period through the date of termination of the Grantee’s employment, and the denominator of which is 1,095. All remaining Performance Shares shall be forfeited.
Other Terminations of Employment	The Performance Shares shall be forfeited in their entirety in the event the Grantee's employment terminates prior to the end of the Performance Period and prior to a Change in Control for a reason other than death, Permanent Disability (as defined below), Retirement or a termination by Brunswick for a reason other than Cause.

Change in Control	In the event of a Change in Control prior to the end of the Performance Period, the Performance Criteria shall be deemed to be achieved at target (and the remainder of the award shall be forfeited) and: If the award is effectively assumed or continued by the surviving or acquiring corporation and the Grantee remains continuously employed through the last day of the Performance Period, then the Performance Shares shall be distributed to Grantee in accordance with the terms of the award under "Timing of Distribution," provided that: In the event of Grantee's termination of employment (other than for Cause) (i) due to death or Permanent Disability, (ii) Retirement, or (iii) by Brunswick without Cause or by the Grantee for Good Reason (as defined below), the vested portion of the award shall be distributed to the Grantee or his or her estate or personal representative within thirty (30) days following Grantee's death or termination of employment (or, in the case of termination due to death, Permanent Disability or Retirement that had occurred prior to the Change in Control, within 30 days following the Change in Control to the extent permitted by Internal Revenue Code Section 409A); provided, however, that if the award is considered "nonqualified deferred compensation" and (x) the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or (y) the termination of employment occurred more than two years following the occurrence of such "change in control event," then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under "Timing of Distribution." If the award is not effectively assumed or continued by the surviving or acquiring corporation, then the vested portion of the award shall be distributed within thirty (30) days of such Change in Control; provided, however, if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested portion of the award shall be distributed to Grantee in accordance with the terms of this award under "Timing of Distribution." Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control. The Performance Shares shall be forfeited in their entirety upon any termination for Cause, even if the Grantee would otherwise be eligible for Retirement.
Timing of Distribution	Except as otherwise provided for herein, shares of Common Stock shall be delivered to the Grantee in settlement of the award within 60 days after the end of the Performance Period, subject to certification in writing of Brunswick's attainment of the Performance Criteria. If you are a "specified employee" (as such term is defined under Internal Revenue Code Section 409A) as of the date of your "separation from service" (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee's "separation from service" and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death). In all cases, fractional shares shall be rounded down to the nearest whole share.
Tax Withholding	Tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.
Form of Distribution	Shares will be deposited to your brokerage account on record with Brunswick's stock plan administrator.

Definitions	"Cause" shall mean willful misconduct in the performance of duties. "Good Reason" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); or (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below; provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof. Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee's reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee's business unit's budget or a reduction in the Grantee's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason. "Reduction in Authority or Responsibility" shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason. "Reduction in Compensation" shall mean (i) a reduction in the Grantee's total annual compensation (defined as the sum of the Grantee's base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee's total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide the Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control. "Business Relocation Beyond a Reasonable Commuting Distance" shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee's principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee's principal work location immediately prior to the relocation, and (ii) increases the Grantee's commuting distance in highway mileage.

Definitions	"Permanent Disability" means the inability, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days. "Retirement" shall mean that the Grantee's employment terminates for a reason other than Cause on or after the date on which either (i) the Grantee has either attained age 62, provided that for purposes of age 62, participant must have at least 3 years of continuous service from their latest hire date or (ii) the sum of the Grantee's age plus years of continuous service from his or her latest hire date equals 70 or more. Notwithstanding anything to the contrary in these terms and conditions, for purposes of applying the favorable Retirement vesting terms set forth herein to grants made to residents of the European Union, the Grantee shall be deemed to be eligible for Retirement if, and only if, the Grantee has attained the retirement date specified in the retirement plan in which such Grantee participates.
Additional Terms and Conditions	This award is subject to the terms of the Plan. The Plan and these Terms and Conditions together constitute the entire agreement of the parties with respect to the subject matter specifically addressed herein. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are conclusive and binding on all interested parties. This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the Grantee owes to Brunswick or any affiliate thereof without the consent of the Grantee (or his or her beneficiary, in the event of the Grantee's death). The grant of this award does not guarantee the Grantee the right to or expectation of any future awards under the Plan or any future incentive plan adopted by Brunswick, and the value of the Performance Shares is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or other similar employee benefit. The Plan may be amended, suspended or terminated at any time. The Plan, these Terms and Conditions, and the Performance Shares will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

2020 Performance Share Grant
Appendix A - Performance Criteria

<table>
<tr>
<td rowspan="4">Annual Cash Flow Return on Investment (CFROI): Applicable to 75% of Performance Shares

CFROI defined as Adjusted Free Cash Flow divided by Operating Capital Employed.

Adjusted Free Cash Flow is defined as Free Cash Flow consistent with the external reporting definition excluding the impact of cash tax payments or refunds.

Operating Capital Employed defined as total assets less current liabilities excluding cash, debt, tax balances and lease assets and liabilities related to ASC 842. Operating Capital Employed will be calculated on a two point basis.

Adjusted Free Cash Flow and Operating Capital Employed will be adjusted for the following variances from plan:
* Acquisition/sale of “strategic” assets (e.g., transformational or material acquisitions) not contemplated in the plan;
* Restructuring, integration, and exit activities;
* Impact of unplanned financing arrangements (including debt issuance, off-balance sheet leasing and factoring);
* Impact of change in accounting standards; and
* Executive deferred compensation payouts not included in plan.

Performance results may be adjusted, as appropriate, for extraordinary or unanticipated items.</td>
<td></td>
<td>Payout as a % of Target (1)</td>
<td><u>2020 - 2022 Average</u></td>
</tr>
<tr><td>Threshold</td><td>0%</td><td>XX.X%</td></tr>
<tr><td>Target</td><td>100%</td><td>YY.Y%</td></tr>
<tr><td>Maximum</td><td>200%</td><td>ZZ.Z%</td></tr>
</table>

Annual Operating Margin: Applicable to 25% of Performance Shares		**Payout as a % of Target [1]**	**2020 - 2022 Average**
Operating Margin defined as Operating Earnings (ex. items) divided by Sales. Operating Earnings and Sales are consistent with reporting definitions. Operating Earnings (on an ex. items basis) and Sales will be adjusted for the following variances from plan**:** * Acquisition/sale of "strategic" assets (e.g., transformational or material acquisitions) not contemplated in the plan; * Restructuring, exit, integration and impairment activities; * Impact of any "unusual in nature" or "infrequently occurring" charges or impacts related to changes in accounting principles; and * Impact of unplanned financing arrangements (including debt issuance, off-balance sheet leasing and factoring). Performance results may be adjusted, as appropriate, for extraordinary or unanticipated items.	Threshold	0%	X.X%
	Target	100%	Y.Y%
	Maximum	200%	Z.Z%

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

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

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

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

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

* * * * *

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

For questions and or a copy of the Prospectus, please contact:

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BRUNSWICK

2020 Stock-Settled Restricted Stock Unit Grant Terms and Conditions For Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the "Plan")

Purpose	To encourage retention of key managers so as to support the execution of business strategies in order to encourage and reward the creation of sustainable, long-term shareholder value and achieve future goals. Any capitalized terms used but not defined herein shall have the meaning given to such terms in the Plan.
Restricted Stock Units	Restricted Stock Units valued on the same basis as Brunswick Corporation ("Brunswick") common stock ("Stock") where one unit equals one share. Dividend equivalents will be reinvested in additional Restricted Stock Units, which will be subject to the same vesting conditions applicable to (and settled at the same time as) the underlying Restricted Stock Units. There are no voting rights or any other rights as a stockholder attached to Restricted Stock Units.
Grant Date	____________, 2020
Award	____________ Restricted Stock Units.
Normal Vesting	Restricted Stock Units will vest and be distributed three years after the Grant Date, subject to the Grantee's continued employment through such date.
Prorated Vesting Upon Involuntary Termination Without Cause	If the Grantee's employment is terminated by Brunswick for a reason other than Cause or Permanent Disability, a pro-rata portion of the award will be vested as of the date of such termination of employment and be distributed as of the third anniversary of the Grant Date. For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (i) the number of Restricted Stock Units awarded that would have vested on the normal vesting date and (ii) a fraction, the numerator of which is the number of days that have elapsed since the Grant Date through the date of termination of the Grantee's employment, and the denominator of which is 1,095.
Vesting Upon Death or Permanent Disability	In the case of a termination of employment due to death or a Permanent Disability, the award will become fully vested and distributed as of the date of such death or Permanent Disability.
Vesting Upon Termination After Change in Control	If the award is effectively assumed or continued by the surviving or acquiring corporation in a Change in Control and (i) Brunswick terminates the Grantee's employment without Cause or (ii) the Grantee resigns for Good Reason (as defined below), then in each case all of the award will be vested and distributed as of the date of such termination of employment; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and (A) the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or (B) the termination of employment occurred more than two years following the occurrence of the "change in control event," then the vested award shall be distributed three years after the Grant Date. ▪ If the award is not effectively assumed or continued by the surviving or acquiring corporation in a Change in Control, the award shall vest in full and be distributed as of the date of the Change in Control; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested award shall be distributed three years after the Grant Date. ▪ Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.

Forfeiture Upon Termination	Except as otherwise provided herein, Restricted Stock Units will be forfeited upon a termination of employment prior to vesting. The Restricted Stock Units shall be forfeited in their entirety upon any termination for Cause.
Timing and Form of Distribution	Upon distribution, shares will be deposited to Grantee's brokerage account on record with Shareholder Services. Distributions will occur as soon as practicable, but no later than 30 days after the distribution date provided above, except that if the Grantee is a “specified employee” (as such term is defined under Internal Revenue Code Section 409A) as of the date of his or her “separation from service” (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee’s “separation from service” and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).
Tax Withholding	For those whose employment is terminated by Brunswick for a reason other than Cause or Permanent Disability prior to the year of a scheduled distribution, tax withholding liability to meet required FICA must be paid via payroll or participant check by the end of the year of such termination. Subsequent Federal, state and local income tax withholding must be paid via share reduction upon distribution. For all others, tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.

Definitions	"Cause" shall mean the Grantee's willful misconduct in the performance of his or her duties. "Good Reason" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof. For purposes of this definition: Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee's reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee's business unit's budget or a reduction in the Grantee's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason. "Reduction in Authority or Responsibility" shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason. "Reduction in Compensation" shall mean (i) a reduction in the Grantee's total annual compensation (defined as the sum of the Grantee's base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee's total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control. "Business Relocation Beyond a Reasonable Commuting Distance" shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee's principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee's principal work location immediately prior to the relocation, and (ii) increases the Grantee's commuting distance in highway mileage. "Permanent Disability" means the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

Additional Terms and Conditions	This award is subject to the terms of the Plan. The Plan and these Terms and Conditions together constitute the entire agreement of the parties with respect to the subject matter specifically addressed herein. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are conclusive and binding on all interested parties. This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the Grantee owes to Brunswick or any affiliate thereof without the consent of the Grantee (or his or her beneficiary, in the event of the Grantee's death). The grant of this award does not guarantee the Grantee the right to or expectation of any future awards under the Plan or any future incentive plan adopted by Brunswick, and the value of the Restricted Stock Units is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or other similar employee benefit. The Plan may be amended, suspended or terminated at any time. The Plan, these Terms and Conditions, and the Restricted Stock Units will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

* * * * *

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

For questions and or a copy of the Prospectus, please contact:

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Mettawa, Illinois 60045-4811
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BRUNSWICK

2020 Stock-Settled Restricted Stock Unit Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the "Plan")

Purpose	To encourage retention of key managers so as to support the execution of business strategies in order to encourage and reward the creation of sustainable, long-term shareholder value and achieve future goals. Any capitalized terms used but not defined herein shall have the meaning given to such terms in the Plan.
Restricted Stock Units	Restricted Stock Units valued on the same basis as Brunswick Corporation ("Brunswick") common stock ("Stock") where one unit equals one share. Dividend equivalents will be reinvested in additional Restricted Stock Units, which will be subject to the same vesting conditions applicable to (and settled at the same time as) the underlying Restricted Stock Units. There are no voting rights or any other rights as a stockholder attached to Restricted Stock Units.
Grant Date	____________, 2020
Award	____________ Restricted Stock Units.
Normal Vesting	Restricted Stock Units will vest and be distributed three years after the Grant Date, subject to the Grantee's continued employment through such date.
Vesting Upon Retirement (as defined below)	Upon a termination of employment due to Retirement (as defined below) on or after the first anniversary of the Grant Date, and prior to a Change in Control (as defined in the Plan), all of the award will become fully vested as of the date of Retirement and be distributed as of the third anniversary of the Grant Date. Upon a termination of employment due to Retirement prior to the first anniversary of the Grant Date, and prior to a Change in Control, a "pro-rata portion" of the award will be vested as of the date of Retirement and be distributed as of the third anniversary of the Grant Date. For purposes of the foregoing sentence, a pro-rata portion will mean the product of (i) the number of restricted stock units awarded that would have vested on the normal vesting date and (ii) a fraction, the numerator of which is the number of days that have elapsed since January 1 of the year of grant through the date of termination of the Grantee's employment, provided such number does not exceed 365, and the denominator of which is 365. The award shall be forfeited in its entirety upon a termination for Cause, even if the Grantee would otherwise be eligible for Retirement.
Prorated Vesting Upon Involuntary Termination Without Cause	If the Grantee's employment is terminated by Brunswick for a reason other than Cause or Permanent Disability, and the Grantee is not eligible for Retirement, a pro-rata portion of the award will be vested as of the date of such termination of employment and be distributed as of the third anniversary of the Grant Date. For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (i) the number of Restricted Stock Units awarded that would have vested on the normal vesting date and (ii) a fraction, the numerator of which is the number of days that have elapsed since the Grant Date through the date of termination of the Grantee's employment, and the denominator of which is 1,095.
Vesting Upon Death or Permanent Disability	In the case of a termination of employment due to death or a Permanent Disability, the award will become fully vested and distributed as of the date of such death or Permanent Disability.

Vesting Upon Termination After Change in Control	If the award is effectively assumed or continued by the surviving or acquiring corporation in a Change in Control and (i) the Grantee’s employment terminates due to Retirement (and not for Cause or due to Permanent Disability), (ii) Brunswick terminates the Grantee’s employment without Cause or (iii) the Grantee resigns for Good Reason (as defined below), then in each case all of the award will be vested and distributed as of the date of such termination of employment; provided, however, that if the award is considered “nonqualified deferred compensation” within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and (A) the Change in Control was not a “change in control event” within the meaning of Internal Revenue Code Section 409A or (B) the termination of employment occurred more than two years following the occurrence of the “change in control event,” then the vested award shall be distributed three years after the Grant Date. If the award is not effectively assumed or continued by the surviving or acquiring corporation in a Change in Control, the award shall vest in full and be distributed as of the date of the Change in Control; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested award shall be distributed three years after the Grant Date. Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.
Forfeiture Upon Termination	Except as otherwise provided herein, Restricted Stock Units will be forfeited upon a termination of employment prior to vesting.
Timing and Form of Distribution	Upon distribution, shares will be deposited to Grantee's brokerage account on record with Shareholder Services. Distributions will occur as soon as practicable, but no later than 30 days after the distribution date provided above, except that if the Grantee is a “specified employee” (as such term is defined under Internal Revenue Code Section 409A) as of the date of his or her “separation from service” (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee’s “separation from service” and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).
Tax Withholding	For those becoming eligible for Retirement or whose employment is terminated by Brunswick for a reason other than Cause or Permanent Disability prior to the year of a scheduled distribution, tax withholding liability to meet required FICA must be paid via payroll or participant check by the end of the year of becoming eligible for Retirement or terminating employment, as the case may be, except that the FICA taxes on amounts vesting during the first December after grant for those who have become eligible for Retirement during the year of grant will be collected during the next calendar quarter. Subsequent Federal, state and local income tax withholding must be paid via share reduction upon distribution. For all others, tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be paid via share reduction upon distribution.

Definitions	"Cause" shall mean the Grantee's willful misconduct in the performance of his or her duties. "Good Reason" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof. For purposes of this definition: Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee's reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee's business unit's budget or a reduction in the Grantee's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason. "Reduction in Authority or Responsibility" shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason. "Reduction in Compensation" shall mean (i) a reduction in the Grantee's total annual compensation (defined as the sum of the Grantee's base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee's total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control. "Business Relocation Beyond a Reasonable Commuting Distance" shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee's principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee's principal work location immediately prior to the relocation, and (ii) increases the Grantee's commuting distance in highway mileage. "Permanent Disability" means the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. "Retirement" shall mean that the Grantee's employment terminates for a reason other than Cause on or after the date on which either (i) the Grantee has either attained age 62, provided that for purposes of age 62, participant must have at least 3 years of continuous service from their latest hire date or (ii) the sum of the Grantee's age plus years of continuous service from his or her latest hire date equals 70 or more. Notwithstanding anything to the contrary in these terms and conditions, for purposes of applying the favorable Retirement vesting terms set forth herein to grants made to residents of the European Union, the Grantee shall be deemed to be eligible for Retirement if, and only if, the Grantee has attained the retirement date specified in the retirement plan in which such Grantee participates.

Additional Terms and Conditions	This award is subject to the terms of the Plan. The Plan and these Terms and Conditions together constitute the entire agreement of the parties with respect to the subject matter specifically addressed herein. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are conclusive and binding on all interested parties. This award and any shares delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the Grantee owes to Brunswick or any affiliate thereof without the consent of the Grantee (or his or her beneficiary, in the event of the Grantee's death). The grant of this award does not guarantee the Grantee the right to or expectation of any future awards under the Plan or any future incentive plan adopted by Brunswick, and the value of the Restricted Stock Units is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or other similar employee benefit. The Plan may be amended, suspended or terminated at any time. The Plan, these Terms and Conditions, and the Restricted Stock Units will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

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

For questions and or a copy of the Prospectus, please contact:

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BRUNSWICK

2020 Cash-Settled Restricted Stock Unit Grant Terms and Conditions
Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the “Plan”)

Purpose	To encourage retention of key managers so as to support the execution of business strategies in order to encourage and reward the creation of sustainable, long-term shareholder value and achieve future goals. Any capitalized terms used but not defined herein shall have the meaning given to such terms in the Plan.
Cash-settled Restricted Stock Units	Cash-settled Restricted Stock Units valued on the same basis as Brunswick Corporation (“Brunswick”) common stock (“Stock”) where one unit equals one share. Dividend equivalents will be reinvested in additional Cash-settled Restricted Stock Units, which will be subject to the same vesting conditions applicable to (and settled at the same time as) the underlying Cash-settled Restricted Stock Units. There are no voting rights or any other rights as a stockholder attached to Restricted Stock Units.
Grant Date	_____________, 2020
Award	____________ Cash-settled Restricted Stock Units.
Normal Vesting	Cash-settled Restricted Stock Units will vest and be distributed three years after the Grant Date, subject to continued employment through such date.
Vesting Upon Retirement (as defined below)	Upon a termination of employment due to Retirement (as defined below) on or after the first anniversary of the Grant Date, and prior to a Change in Control (as defined in the Plan), all of the award will become fully vested as of the date of Retirement and be distributed as of the third anniversary of the Grant Date. Upon a termination of employment due to Retirement prior to the first anniversary of the Grant Date, and prior to a Change in Control, a pro-rata portion of the award will be vested as of the date of Retirement and be distributed as of the third anniversary of the Grant Date. For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (i) the number of Cash-settled Restricted Stock Units awarded that would have vested on the normal vesting date and (ii) a fraction, the numerator of which is the number of days that have elapsed since January 1 of the year of grant through the date of termination of the Grantee’s employment, provided such number does not exceed 365, and the denominator of which is 365. The award shall be forfeited in its entirety upon a termination for Cause, even if the Grantee would otherwise be eligible for Retirement.
Prorated Vesting Upon Involuntary Termination Without Cause	If the Grantee’s employment is terminated by Brunswick for a reason other than Cause or Permanent Disability, and the Grantee is not eligible for Retirement, a pro-rata portion of the award will be vested as of the date of such termination of employment and be distributed as of the third anniversary of the Grant Date. For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (i) the number of Cash-settled Restricted Stock Units awarded that would have vested on the normal vesting date and (ii) a fraction, the numerator of which is the number of days that have elapsed since the Grant Date through the date of termination of the Grantee’s employment, and the denominator of which is 1,095.
Vesting Upon Death or Permanent Disability	In the case of a termination of employment due to death or a Permanent Disability, the award will become fully vested and distributed as of the date of such death or Permanent Disability.

Vesting Upon Termination After Change in Control	If the award is effectively assumed or continued by the surviving or acquiring corporation in a Change in Control and (i) the Grantee's employment terminates due to Retirement (and not for Cause or due to Permanent Disability), (ii) Brunswick terminates the Grantee's employment without Cause or (iii) the Grantee resigns for Good Reason (as defined below), then in each case all of the award will be vested and distributed as of the date of such termination of employment; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and (A) the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or (B) the termination of employment occurred more than two years following the occurrence of the "change in control event," then the vested award shall be distributed three years after the Grant Date. If the award is not effectively assumed or continued by the surviving or acquiring corporation in a Change in Control, the award shall vest in full and be distributed as of the date of the Change in Control; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested award shall be distributed three years after the Grant Date. Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.
Forfeiture Upon Termination	Except as otherwise provided herein, Cash-settled Restricted Stock Units will be forfeited upon a termination of employment prior to vesting.
Timing and Form of Distribution	Distribution will be in the form of a cash payment in an amount equal to the number of Cash-Settled Restricted Stock Units that have become vested multiplied by the Fair Market Value of a share of Stock at the time of distribution, less applicable withholding. Distributions will occur as soon as practicable, but no later than 30 days after the distribution date provided above, except that if the Grantee is a "specified employee" (as such term is defined under Internal Revenue Code Section 409A) as of the date of his or her "separation from service" (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee's "separation from service" and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).
Tax Withholding	For those becoming eligible for Retirement or whose employment is terminated by Brunswick for a reason other than Cause or Permanent Disability prior to the year of a scheduled distribution, tax withholding liability to meet required FICA must be paid via payroll or participant check by the end of the year of becoming eligible for Retirement or terminating employment, as the case may be, except that the FICA taxes on amounts vesting during the first December after grant for those who have become eligible for Retirement during the year of grant will be collected during the next calendar quarter. Subsequent Federal, state and local income tax withholding will be paid from the gross payment upon distribution. For all others, tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be deducted from the gross payment upon distribution.

Definitions	"Cause" shall mean the Grantee's willful misconduct in the performance of his or her duties. "Good Reason" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof. For purposes of this definition: Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee's reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee's business unit's budget or a reduction in the Grantee's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason. "Reduction in Authority or Responsibility" shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason. "Reduction in Compensation" shall mean (i) a reduction in the Grantee's total annual compensation (defined as the sum of the Grantee's base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee's total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control. "Business Relocation Beyond a Reasonable Commuting Distance" shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee's principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee's principal work location immediately prior to the relocation, and (ii) increases the Grantee's commuting distance in highway mileage. "Permanent Disability" means the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. "Retirement" shall mean that the Grantee's employment terminates for a reason other than Cause on or after the date on which either (i) the Grantee has either attained age 62, provided that for purposes of age 62, participant must have at least 3 years of continuous service from their latest hire date or (ii) the sum of the Grantee's age plus years of continuous service from his or her latest hire date equals 70 or more. Notwithstanding anything to the contrary in these terms and conditions, for purposes of applying the favorable Retirement vesting terms set forth herein to grants made to residents of the European Union, the Grantee shall be deemed to be eligible for Retirement if, and only if, the Grantee has attained the retirement date specified in the retirement plan in which such Grantee participates.

Additional Terms and Conditions	This award is subject to the terms of the Plan. The Plan and these Terms and Conditions together constitute the entire agreement of the parties with respect to the subject matter specifically addressed herein. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are conclusive and binding on all interested parties. This award and any amounts delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the Grantee owes to Brunswick or any affiliate thereof without the consent of the Grantee (or his or her beneficiary, in the event of the Grantee's death). The grant of this award does not guarantee the Grantee the right to or expectation of any future awards under the Plan or any future incentive plan adopted by Brunswick, and the value of the Cash-settled Restricted Stock Units is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or other similar employee benefit. The Plan may be amended, suspended or terminated at any time. The Plan, these Terms and Conditions, and the Cash-settled Restricted Stock Units will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

* * * * *

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

For questions and or a copy of the Prospectus, please contact:

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BRUNSWICK

2020 Cash-Settled Restricted Stock Unit Grant Terms and Conditions For Select Key Employees Pursuant to the Brunswick Corporation 2014 Stock Incentive Plan (the "Plan")

Purpose	To encourage retention of key managers so as to support the execution of business strategies in order to encourage and reward the creation of sustainable, long-term shareholder value and achieve future goals. Any capitalized terms used but not defined herein shall have the meaning given to such terms in the Plan.
Cash-settled Restricted Stock Units	Cash-settled Restricted Stock Units valued on the same basis as Brunswick Corporation ("Brunswick") common stock ("Stock") where one unit equals one share. Dividend equivalents will be reinvested in additional Cash-settled Restricted Stock Units, which will be subject to the same vesting conditions applicable to (and settled at the same time as) the underlying Cash-settled Restricted Stock Units. There are no voting rights or any other rights as a stockholder attached to Cash-settled Restricted Stock Units.
Grant Date	_____________, 2020
Award	____________ Cash-settled Restricted Stock Units.
Normal Vesting	Cash-settled Restricted Stock Units will vest and be distributed three years after the Grant Date, subject to continued employment through such date.
Prorated Vesting Upon Involuntary Termination Without Cause	If the Grantee's employment is terminated by Brunswick for a reason other than Cause or Permanent Disability, a pro-rata portion of the award will be vested as of the date of such termination of employment and be distributed as of the third anniversary of the Grant Date. For purposes of the foregoing sentence, a "pro-rata portion" will mean the product of (i) the number of Cash-settled Restricted Stock Units awarded that would have vested on the normal vesting date and (ii) a fraction, the numerator of which is the number of days that have elapsed since the Grant Date through the date of termination of the Grantee's employment, and the denominator of which is 1,095.
Vesting Upon Death or Permanent Disability	In the case of a termination of employment due to death or a Permanent Disability, the award will become fully vested and distributed as of the date of such death or Permanent Disability.
Vesting Upon Termination After Change in Control	If the award is effectively assumed or continued by the surviving or acquiring corporation in a Change in Control and (i) Brunswick terminates the Grantee's employment without Cause or (ii) the Grantee resigns for Good Reason (as defined below), then in each case all of the award will be vested and distributed as of the date of such termination of employment; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and (A) the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or (B) the termination of employment occurred more than two years following the occurrence of the "change in control event," then the vested award shall be distributed three years after the Grant Date. If the award is not effectively assumed or continued by the surviving or acquiring corporation in a Change in Control, the award shall vest in full and be distributed as of the date of the Change in Control; provided, however, that if the award is considered "nonqualified deferred compensation" within the meaning of Internal Revenue Code Section 409A with respect to the Grantee and the Change in Control was not a "change in control event" within the meaning of Internal Revenue Code Section 409A or to the extent distribution would be impermissible under Internal Revenue Code Section 409A, then the vested award shall be distributed three years after the Grant Date. Determinations as to whether the award has been effectively assumed or continued by the surviving or acquiring corporation shall be made by the Human Resources and Compensation Committee, as constituted prior to the Change in Control.

Forfeiture Upon Termination	Except as otherwise provided herein, Cash-settled Restricted Stock Units will be forfeited upon a termination of employment prior to vesting. The Cash-settled Restricted Stock Units shall be forfeited in their entirety upon any termination for Cause.
Timing and Form of Distribution	Distribution will be in the form of a cash payment in an amount equal to the number of Cash-Settled Restricted Stock Units multiplied by the Fair Market Value of a share of Stock at the time of distribution, less applicable withholding. Distributions will occur as soon as practicable, but no later than 30 days after the distribution date provided above, except that if the Grantee is a "specified employee" (as such term is defined under Internal Revenue Code Section 409A) as of the date of his or her "separation from service" (as such term is defined under Internal Revenue Code Section 409A), then to the extent any amount to be distributed in connection with the settlement of the award is payable upon the Grantee's "separation from service" and constitutes the payment of nonqualified deferred compensation, within the meaning of Internal Revenue Code Section 409A, the distribution will not be made before 6 months after separation from service (or, if earlier, death).
Tax Withholding	For those whose employment is terminated by Brunswick for a reason other than Cause or Permanent Disability prior to the year of a scheduled distribution, tax withholding liability to meet required FICA must be paid via payroll or participant check by the end of the year of such termination. Subsequent Federal, state and local income tax withholding must be paid via share reduction upon distribution. For all others, tax withholding liability (to meet required FICA, Federal, state, and local withholding) must be deducted from the gross payment upon distribution.

Definitions	"Cause" shall mean the Grantee's willful misconduct in the performance of his or her duties. "Good Reason" shall have the meaning set forth in the employment agreement, if any, between the Grantee and Brunswick as in effect on the Grant Date, provided that if the Grantee is not a party to an employment agreement that contains such definition, then Good Reason means the occurrence of any of the following events without the Grantee's express written consent: (a) a material breach by Brunswick of any provision of this Agreement; (b) Brunswick's failure to pay any portion of Grantee's compensation when due or to include Grantee in any bonus or incentive plan that applies to similarly situated employees of Brunswick; (c) Brunswick's failure to provide, or continue to provide, Grantee with either the perquisites or employee health and welfare benefits (including, without limitation, life insurance, medical, dental, vision, long-term disability and similar benefits), generally provided to similarly situated employees of Brunswick; (d) a Reduction in Authority or Responsibility of the Grantee (as defined below); (e) a Reduction in Compensation (as defined below); and (f) a Business Relocation Beyond a Reasonable Commuting Distance (as defined below); provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (x) the Grantee provides written notice to Brunswick of the existence of such condition not later than 60 days after the Grantee knows or reasonably should know of the existence of such condition, (y) Brunswick fails to remedy such condition within 30 days after receipt of such notice and (z) Grantee resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (y) hereof. For purposes of this definition: Whether a Reduction in Authority or Responsibility of the Grantee has occurred shall be determined in accordance with the criteria set forth below in the definition of Reduction in Authority or Responsibility; provided, however, that (A) a change in the Grantee's reporting relationship to another employee who is within the same reporting level (as that term is used in Brunswick's Delegation of Authority Policy or any successor policy); or (B) a reduction in the Grantee's business unit's budget or a reduction in the Grantee's business unit's head count or number of direct reports, by themselves, shall not constitute Good Reason. "Reduction in Authority or Responsibility" shall mean the assignment to the Grantee of any duties that are materially inconsistent in any respect with the Grantee's position (which may include status, offices, titles, and reporting requirements), authority, duties, or responsibilities as in effect immediately prior to such assignment. It is intended by this definition that a Change in Control by itself, absent a Reduction in Authority or Responsibility as described above, will not constitute Good Reason. "Reduction in Compensation" shall mean (i) a reduction in the Grantee's total annual compensation (defined as the sum of the Grantee's base salary and target annual bonus) for any calendar or fiscal year, as applicable, to an amount that is less than the Grantee's total annual compensation in effect immediately prior to such reduction, (ii) the elimination of any Brunswick incentive compensation plan in which Grantee is a participant without the adoption of a substantially comparable replacement plan, or (iii) the failure to provide Grantee with equity compensation opportunities or long-term cash incentive compensation opportunities that have a value that is substantially comparable to the value of the equity compensation opportunities provided to the Grantee immediately prior to the Change in Control. "Business Relocation Beyond a Reasonable Commuting Distance" shall mean that, as a result of either a relocation of Brunswick or a reassignment of the Grantee, a change occurs in the Grantee's principal work location to a location that (i) is more than fifty (50) highway miles from the Grantee's principal work location immediately prior to the relocation, and (ii) increases the Grantee's commuting distance in highway mileage. "Permanent Disability" means the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

Additional Terms and Conditions	This award is subject to the terms of the Plan. The Plan and these Terms and Conditions together constitute the entire agreement of the parties with respect to the subject matter specifically addressed herein. To the extent any provision herein conflicts with the Plan, the Plan shall govern. The Human Resources and Compensation Committee of the Board administers the Plan. The Committee may interpret the Plan and adopt, amend and rescind administrative guidelines and other rules as deemed appropriate. Committee determinations are conclusive and binding on all interested parties. This award and any amounts delivered pursuant to this award are subject to forfeiture, recovery by Brunswick or other action pursuant to any clawback or recoupment policy which Brunswick may adopt from time to time, including without limitation any such policy which Brunswick may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law. To the extent permitted by applicable law, Brunswick shall have the right to offset from any amount distributable hereunder any amount that the Grantee owes to Brunswick or any affiliate thereof without the consent of the Grantee (or his or her beneficiary, in the event of the Grantee's death). The grant of this award does not guarantee the Grantee the right to or expectation of any future awards under the Plan or any future incentive plan adopted by Brunswick, and the value of the Cash-settled Restricted Stock Units is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or other similar employee benefit. The Plan may be amended, suspended or terminated at any time. The Plan, these Terms and Conditions, and the Cash-settled Restricted Stock Units will be governed by the laws of the State of Illinois, without regard to the conflict of law provisions of any jurisdiction.

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

* * * * *

For questions and or a copy of the Prospectus, please contact:

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847-735-4082
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Brunswick Corporation
Computation of Ratio of Earnings to Fixed Charges
(in millions)

		Years Ended December 31,				
		2019	**2018**	**2017**	**2016**	**2015**
Earnings (A)						
	Earnings from continuing operations	**$ 30.4**	$ 253.4	$ 101.3	$ 188.4	$ 143.5
Add:	Income tax provision	**80.3**	57.3	111.6	78.6	49.9
	Interest and other financial charges included in expense	**76.0**	46.0	26.4	27.5	27.8
	Interest portion of rent expense	**4.1**	5.3	9.0	8.9	7.3
	Dividends received from 50%-or-less-owned affiliates	**—**	—	0.4	—	—
Subtract:	Gain (impairment) of equity investment	**—**	2.3	—	—	—
	Earnings from 50%-or-less-owned affiliates	**7.3**	7.7	6.1	4.3	3.7
		$ 183.5	$ 352.0	$ 242.6	$ 299.1	$ 224.8
Fixed Charges (A)						
	Interest and other financial charges	**$ 76.0**	$ 46.0	$ 26.4	$ 27.5	$ 27.8
	Interest portion of rent expense	**4.1**	5.3	9.0	8.9	7.3
	Capitalized interest	**5.0**	2.2	4.6	2.6	0.7
		$ 85.1	$ 53.5	$ 40.0	$ 39.0	$ 35.8
Ratio of earnings to fixed charges		**2.2x**	6.6x	6.1x	7.7x	6.3x

(A) For computation of the ratio of earnings to fixed charges, earnings has been calculated by adding fixed charges, excluding capitalized interest, to earnings from continuing operations before income taxes and dividends received from equity affiliates, then deducting the gain (impairment) of equity investment and undistributed earnings of affiliates. Fixed charges consist of interest expense, estimated interest portion of rent expense and capitalized interest.

Subsidiaries of the Company

The following is a list of directly or indirectly wholly-owned subsidiaries of Brunswick Corporation, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Subsidiary	Place of Incorporation	Names Under Which Subsidiaries Do Business
Attwood Corporation	Delaware	
Aus Holdco Pty Limited	Australia	BLA Distribution
B.E.P. Marine Limited	New Zealand	
Blue Sea Systems, Inc	Washington	
Boston Whaler, Inc.	Delaware	
Brunswick Boat Club Holdings, LLC	Delaware	
Brunswick Compañías de México, S.A. de C.V.	Mexico	
Brunswick Family Boat Co. Inc.	Delaware	Bayliner, Heyday Inboards, Heyday Wake Boats
Brunswick Financial Services Corporation	Delaware	Boating Services Network
Brunswick GmbH	Germany	
Brunswick International GmbH	Germany	
Brunswick International Group S.a.r.l.	Luxembourg	
Brunswick International Limited	Delaware	
Brunswick Leisure Boat Company, LLC	Indiana	Cypress Cay, Harris
Brunswick Luxembourg Finance S.a.r.l.	Luxembourg	
Brunswick Marine in EMEA, Inc.	Delaware	
Brunswick Marine - EMEA Operations, LDA	Portugal	
Brunswick Marine in Finland and the Baltic States Oy	Finland	
Brunswick Marine in France S.A.	France	
Brunswick Marine in Italia S.p.A.	Italy	
Brunswick Marine in Poland Sp. z o.o	Poland	
Brunswick Product Protection Corporation	Delaware	
Brunswick Product Protection Corporation of Florida	Delaware	
Brunswick Singapore Holdings Pte. Ltd.	Singapore	
Brunswick Trading (Suzhou) Co., Ltd.	China	
Freedom Boat Club, LLC	Florida	
Freedom Outdoor Delaware, LLC	Delaware	
Land 'N' Sea Corporation	Delaware	
Land 'N' Sea Distributing, Inc.	Florida	Kellogg Marine Supply, Seachoice Products
Lankhorst Taselaar B.V.	Netherlands	
Lenco Marine Solutions, LLC	Florida	
Lund Boats Canada Inc./Les Bateaux Lund Canada Inc.	Canada	
Lund Boat Company	Delaware	
Marine Power International Limited	Delaware	
Mastervolt B.V.	Netherlands	
Mercury Marine do Brasil Industria e Comercio Ltda	Brazil	
Mercury Marine Limited / Mercury Marine Limitee	Canada	
Mercury Marine Singapore Pte Ltd	Singapore	
Mercury Marine Technology Suzhou Company Ltd.	China	
Munster Simms Engineering Limited	Northern Ireland	
Normalduns B.V.	Netherlands	
Power Products, Inc.	Delaware	
Power Products, LLC	Delaware	
Power Products Global Holdings, Inc.	Delaware	
Power Products Holdings, LLC	Delaware	
Princecraft Boats Inc. / Bateaux Princecraft Inc.	Canada	
PSW (NI) Limited	Northern Ireland	
Rayglass Sales and Marketing Limited	New Zealand	
Sea Ray Boats, Inc	Florida	Meridian Yachts, Sea Ray Boats
Thunder Jet Boats, Inc.	Delaware	

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-27157, 333-112877, 333-112878, 333-112880, 333-136087, 333-159073, and 333-195837 on Form S-8, as amended, of our reports dated February 18, 2020, relating to the consolidated financial statements of Brunswick Corporation and the effectiveness of Brunswick Corporation's internal control over financial reporting appearing in this Annual Report on Form 10-K of Brunswick Corporation for the year ended December 31, 2019.

Chicago, Illinois
February 18, 2020

POWER OF ATTORNEY

The undersigned directors and officers of Brunswick Corporation, a Delaware corporation (the "Corporation"), do hereby nominate, constitute, and appoint David M. Foulkes, William L. Metzger, and Christopher F. Dekker, and each of them individually, the true and lawful attorney or attorneys of the undersigned, with power to act with or without the other 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, 2019, 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 or her name.

Capacity	Signature	Date
Chief Executive Officer (Principal Executive Officer) and Director	/S/ DAVID M. FOULKES David M. Foulkes	February 18, 2020
Director	/S/ NANCY E. COOPER Nancy E. Cooper	February 18, 2020
Director	/S/ DAVID C. EVERITT David C. Everitt	February 18, 2020
Chairman of the Board and Director	/S/ MANUEL A. FERNANDEZ Manuel A. Fernandez	February 18, 2020
Director	/S/ LAUREN PATRICIA FLAHERTY Lauren Patricia Flaherty	February 18, 2020
Director	/S/ JOSEPH W. MCCLANATHAN Joseph W. McClanathan	February 18, 2020
Director	/S/ DAVID V. SINGER David V. Singer	February 18, 2020
Director	/S/ JANE L. WARNER Jane L. Warner	February 18, 2020
Director	/S/ J. STEVEN WHISLER J. Steven Whisler	February 18, 2020
Director	/S/ ROGER J. WOOD Roger J. Wood	February 18, 2020

Exhibit 31.1

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

I, David M. Foulkes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brunswick Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BRUNSWICK CORPORATION

February 18, 2020

By: /s/ DAVID M. FOULKES
David M. Foulkes
Chief Executive Officer

Exhibit 31.2

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

I, William L. Metzger, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brunswick Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BRUNSWICK CORPORATION

February 18, 2020

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

Exhibit 32.1

<u>Certification Pursuant to Section 1350 of Chapter 63</u>
<u>of Title 18 of the United States Code</u>

I, David M. Foulkes, Chief Executive Officer of Brunswick Corporation, certify that: (i) Brunswick Corporation's Annual Report on Form 10-K for the year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in Brunswick Corporation's Annual Report on Form 10-K for the year ended December 31, 2019 fairly presents, in all material respects, the financial condition and results of operations of Brunswick Corporation.

BRUNSWICK CORPORATION

February 18, 2020

By: /s/ DAVID M. FOULKES
David M. Foulkes
Chief Executive Officer

Exhibit 32.2

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

I, William L. Metzger, Chief Financial Officer of Brunswick Corporation, certify that: (i) Brunswick Corporation's Annual Report on Form 10-K for the year ended December 31, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in Brunswick Corporation's Annual Report on Form 10-K for the year ended December 31, 2018 fairly presents, in all material respects, the financial condition and results of operations of Brunswick Corporation.

BRUNSWICK CORPORATION

February 18, 2020

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