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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, 1998
Commission file number 1-1043

BRUNSWICK CORPORATION
(Exact name of registrant in its charter)

Delaware	36-0848180
(State of incorporation)	(I.R.S. Employer Identification No.)
1 N. Field Ct. Lake Forest, Illinois (Address of principal executive offices)	60045-4811 (zip code)

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

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

<TABLE>
<CAPTION>

Title of each class	Name of each exchange on which registered
<S>	<C>
Common Stock ($.75 par value)	New York, Chicago, Pacific, and London Stock Exchanges

</TABLE>

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

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 [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

As of March 17, 1999, the aggregate market value of the voting stock of the registrant held by non-affiliates was $1,787,833,163. Such number excludes stock beneficially owned by officers and directors. This does not constitute an admission that they are affiliates.

The number of shares of Common Stock ($.75 par value) of the registrant outstanding as of March 17, 1999, was 91,978,555.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Report on Form 10-K incorporates by reference certain

information from the Company's definitive Proxy Statement for the Annual Meeting scheduled to be held on April 21, 1999.

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PART I

Item 1. Business

Brunswick Corporation (the Company) is a multinational, branded consumer products company serving the outdoor and indoor active recreation markets. Its major brands include Zebco, Quantum, Martin, and Browning fishing reels and reel/rod combinations; MotorGuide and Thruster trolling motors; Swivl-Eze marine accessories; American Camper, Remington and American Trails camping products; Remington and Weather-Rite apparel; Igloo and Playmate coolers and ice chests and Kool Mate thermoelectric products; Hoppe's gun care products; Mongoose, Mongoose Pro and Roadmaster bicycles; Flexible Flyer wagons and sleds; Brunswick Recreation Centers and Brunswick bowling capital equipment, supplies and consumer products; Brunswick billiards tables; Life Fitness, Hammer Strength and ParaBody fitness equipment; Sea Ray, Bayliner and Maxum pleasure boats; Baja high-performance boats; Boston Whaler and Robalo offshore fishing boats; Mercury and Mariner outboard engines; and Mercury MerCruiser sterndrives and inboard engines.

Since mid-1995, the Company has been implementing growth strategies to expand its active recreation business by creating superior products and services, pursuing innovation, aggressively marketing its leading brands and acquiring complementary businesses to enhance growth of its core products. Further, the Company uses effective cost management and investments in technology to drive operating margin improvement.

The Company operates in four operating segments: Outdoor Recreation, Indoor Recreation, Boat and Marine Engine. See Note 3 to consolidated financial statements on pages 37 to 39 for financial information about these segments.

Outdoor Recreation Segment

The Outdoor Recreation segment consists of the Zebco, American Camper, Brunswick Bicycles and Igloo businesses.

Zebco markets and manufactures fishing equipment, and the Company believes that it holds the leading domestic market share of fishing reels and reel/rod combinations. Zebco also manufactures and sells fishing pedestals, ski tows, pylons and electric trolling motors for anglers and for use by boat manufacturers including the Company's boat units. In addition, Zebco manufactures and sells gun care products under the Hoppe's brand.

American Camper markets and manufactures camping products, which include sleeping bags, tents, backpacks, canvas bags, foul-weather gear, waders, hunting apparel, propane lanterns and stoves, cookware and utensils.

Brunswick Bicycles markets and manufactures bicycles, wagons, sleds and bicycle parts and accessories.

Igloo markets and manufactures ice chests, beverage coolers and thermoelectric products. The Company believes that Igloo is the domestic market leader in ice chests, beverage coolers and thermoelectric products.

See Note 4 to the consolidated financial statements on pages 39 to 40 for the strategic actions taken in the Outdoor Recreation segment to streamline operations and enhance operating efficiencies.

The Company's outdoor recreation products are sold by Company sales personnel and manufacturers' representatives to mass merchants, retailers, distributors, dealers and OEM manufacturers. Sales of outdoor recreation products to one mass merchant represented 43 percent, 37 percent and 34 percent of the segment's sales for 1998, 1997 and 1996, respectively. The Company also sells certain products directly to customers. Outdoor recreation products are distributed worldwide from warehouses, sales offices and factory stocks of merchandise.

Indoor Recreation Segment

The Indoor Recreation segment includes the Brunswick Indoor Recreation Group (BIRG) and the Life Fitness and Brunswick Billiards businesses.

BIRG is the leading manufacturer of bowling products, including bowling balls and capital equipment such as bowling lanes, automatic pinsetters, ball returns, seating and locker units. BIRG also sells computerized bowling scoring equipment, which is manufactured to its specifications.

BIRG operates 124 recreation centers worldwide, and its joint ventures operate 31 recreation centers. Recreation centers offer bowling and, depending on size and location, the following activities and services: billiards, video games, children's playrooms, restaurants and cocktail lounges. BIRG also operates five family entertainment centers, which in addition to the above activities, offer expanded and enhanced game, billiards, restaurant and entertainment facilities. Almost all of the centers offer Cosmic Bowling, a glow-in-the-dark bowling experience that transforms bowling into a new and different form of recreation. Approximately 50 percent of the recreation center facilities are owned by the Company.

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

See Note 4 to the consolidated financial statements on pages 39 to 40 for the strategic actions BIRG has taken to streamline operations and enhance operating efficiencies.

Life Fitness designs, markets and manufactures leading domestic and global brands of computerized cardiovascular fitness equipment (including treadmills, cross-training equipment and stationary bikes) and strength training fitness equipment under the Life Fitness and Hammer Strength brands serving the commercial (health clubs, gyms, professional sports teams, military, government, corporate and university facilities) and high-end consumer markets. Life Fitness expanded its product offerings with the acquisition in January 1998 of ParaBody, Inc., the leader in multistation gyms and benches and racks.

The Company sells billiards tables which are manufactured to its specifications.

The Company's indoor recreation products are sold to mass merchants, distributors, dealers, bowling centers and retailers. The Company also sells certain products directly to customers. Indoor recreation products are distributed worldwide from regional warehouses, sales offices and factory stocks of merchandise.

Boat Segment

The Boat segment consists of Sea Ray and US Marine, marketers and manufacturers of fiberglass pleasure and offshore fishing boats. The Company believes its boat segment has the largest dollar sales volume of pleasure boats in the world.

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

US Marine, known for its Bayliner brand of motor yachts, cabin cruisers and runabouts, also markets and manufactures Maxum runabouts and cabin cruisers, and Robalo sport fishing boats. Escort boat trailers also are produced by US Marine and are sold with smaller boats as part of boat-motor-trailer packages. US Marine obtains its outboard motors, sterndrives and gasoline inboard engines from Mercury Marine.

Marine Engine Segment

The Marine Engine segment consists of Mercury Marine. The Company believes its Marine Engine segment has the largest dollar sales volume of recreational marine engines in the world.

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

Mercury Marine has four OptiMax outboard engines ranging from 135-horsepower to 225-horsepower which feature Mercury's new direct fuel injection (DFI) technology, and Mercury Marine intends to introduce a 115-horsepower OptiMax engine with DFI in July 1999. DFI is part of Mercury's plan to reduce engine emissions by 75 percent by 2006 to comply with U.S. Environmental Protection Agency requirements. Mercury's line of low-emission engines also includes four-cycle outboards ranging from 4-horsepower to 50-horsepower, and Mercury Marine intends to introduce 75-horsepower and 90-horsepower four-cycle outboards in July 1999. These OptiMax and four-cycle outboards meet the EPA's reduced emission levels. The California Air Resource Board has mandated that the EPA's 2006 emission levels must be met by 2001 in California and has scheduled further emission reductions for 2004 and 2008. Mercury's OptiMax and four-cycle outboards meet the California 2001 requirements, and some of these engines meet the 2004 standards. Mercury Marine believes that it will be able to satisfy the 2004 and 2008 California standards.

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

International Operations

The Outdoor Recreation segment sells its products worldwide and has sales and distribution centers in France, Germany and the United Kingdom and a distribution center in Canada. Brunswick Bicycles has two plants that manufacture bicycles in Mexico.

BIRG sells its products worldwide and has sales offices in various countries. BIRG has a plant that manufactures pinsetters in Hungary. BIRG operates recreation centers in Canada, Austria and Germany and has joint ventures in Asia that sell bowling equipment and/or operate bowling centers.

Life Fitness sells its products worldwide and has sales and distribution centers in Holland and the United Kingdom as well as sales offices in Austria, Germany, Italy, Hong Kong and Brazil.

Sea Ray and US Marine boats and Mercury Marine engines are sold worldwide through dealers. Sea Ray has a sales office in France.

Mercury Marine has an assembly plant and distribution center in Belgium, an assembly plant in Mexico and sales and distribution centers in Europe, Asia, Australia and North and South America.

The Company's foreign sales are set forth in Note 3 to consolidated financial statements on pages 37 to 39. In 1998, sales to Europe and the Pacific Rim were 51.2 percent and 17.3 percent, respectively, of foreign sales. Sales of marine engine products comprised the largest share of international sales in 1998.

Raw materials

Raw materials are purchased from various sources. At present, no critical raw material shortages are anticipated. General Motors Corporation is the sole

supplier of engine blocks used to manufacture the Company's gasoline sterndrives.

Patents, trademarks and licenses

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

In the Outdoor Recreation segment, patent rights principally relate to fishing reels, electric trolling motors, bicycles, ice chests, coolers and thermoelectric products. In the Indoor Recreation segment, patent rights principally relate to computerized bowling scorers and business information systems, bowling lanes and related equipment, bowling balls, fitness equipment and components for billiards tables.

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

The Company does not believe that any of its patents are material to segment results of operations, and the Company believes that its success is mainly dependent upon its engineering, manufacturing and marketing capabilities.

The following are trademarks or registered trademarks of the Company: Advent, American Camper, American Trails, Anvilane Pro Lane, Baja, Bayliner, Boston Whaler, Brunswick, Brunswick Zone, Capri, Clearview, Cosmic Bowling, DBA Products, Hammer Strength, Hoppe's, HyperDrive, Igloo, Kool Mate, Life Fitness, Lightworx, Mariner, Martin, Maxum, MerCruiser, MercuryCare, Mercury Marine, Mongoose, Mongoose Pro, MotorGuide, OptiMax, ParaBody, Playmate, Quantum, Quicksilver, Roadmaster, Robalo, Sea Ray, Softmate, SpaceMate, Sport Jet, Swivl-Eze, Throbot, Thruster, Trophy, True Technologies, U.S. Play by Brunswick, Zebco and Zone. These trademarks have indefinite lives, and many of these trademarks are well known to the public and are considered valuable assets of the Company. Brunswick uses the Browning trademark under licenses expiring in 2025 with two renewal terms of 33 years each, the Flexible Flyer trademark under a perpetual license and the Remington trademark under licenses expiring on December 31, 2000 with renewal terms expiring on December 31, 2006.

Competitive conditions and position

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

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

Outdoor Recreation. The Company competes directly with many manufacturers of recreation products. In view of the diversity of its recreation products, the Company cannot identify the number of its competitors. The Company believes, however, that in the United States, it is one of the largest manufacturers of fishing reels, bicycles, sleeping bags, ice chests, beverage coolers, and thermoelectric products. For these recreation products,

competitive emphasis is placed on product innovation, quality, marketing activities, pricing and the ability to meet delivery and performance requirements.

Indoor Recreation. The Company believes it is the world's largest manufacturer of bowling capital equipment and of commercial fitness equipment.

Certain bowling products, such as automatic scorers and computerized management systems, and many fitness equipment products represent innovative developments in the market. For bowling products and fitness equipment competitive emphasis also is placed on quality, marketing activities and pricing. The Company operates 124 recreation centers and five family entertainment centers worldwide. Each center competes directly with centers owned by other parties in its immediate geographic area. Competitive emphasis is, therefore, placed on customer service, quality facilities and personnel, and prices.

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

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

Research and development

The Company's research investments, relating to the development of new products or to the improvement of existing products, are shown below:

<TABLE>
<CAPTION>

	1998	1997	1996
	(In millions)		
<S>	<C>	<C>	<C>
Outdoor Recreation	$ 3.6	$ 3.3	$ 2.6
Indoor Recreation	16.6	11.2	8.5
Boat	17.6	15.3	15.3
Marine Engine	49.7	59.6	60.1
	$87.5	$89.4	$86.5

</TABLE>

Number of employees

The number of employees at December 31, 1998, is shown below by operating segment:

<TABLE>

<S>	<C>
Outdoor Recreation	3,700
Indoor Recreation	7,350
Boat	8,200
Marine Engine	6,100
Corporate	150
	25,500

</TABLE>

There are approximately 1,050 employees in the Outdoor Recreation segment, 400 employees in the Indoor Recreation segment and 2,400 employees in the Marine Engine segment who are represented by labor unions. The Company believes that relations with these labor unions are good.

Environmental requirements

The Company is involved in certain legal and administrative proceedings under the Comprehensive Environmental Response Compensation and Liability Act of 1980 and other federal and state legislation governing the generation and disposition of certain hazardous wastes. These proceedings, which involve both on- and off-site waste disposal, in many instances seek compensation from the Company as a waste generator under Superfund legislation, which authorizes action regardless of fault, legality of original disposition or ownership of a disposal site. The Company believes it has established adequate reserves to cover all known claims. The Company believes that compliance with federal, state and local environmental laws will not have a material effect on the Company's capital expenditures, earnings or competitive position.

Item 2. Properties

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

The Company's plants are deemed to be suitable and adequate for the Company's present needs. The Company believes that all of its properties are well maintained and in good operating condition. Most plants and warehouses are of modern, single-story construction, providing efficient manufacturing and distribution operations. The Company's plants are operating at approximately 72 percent of current capacity. The Company's headquarters and most of its principal plants are owned by the Company.

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

Three plants where bicycles are manufactured are leased. The plant in Olney, Illinois is leased until 2001 with renewal terms extending to 2026. One plant in Ojinaga, Mexico is leased until 2007 with renewal options to 2017 and an option to purchase, and the other plant in Ojinaga, Mexico is leased until 2008 with renewal options to 2018 and an option to purchase.

The offices and warehouse for the American Camper business in Lenexa, Kansas are leased until 2004 with renewal options to 2014. Two plants which manufacture sleeping bags are leased. The sleeping bag plant in Haleyville, Alabama is leased until 2006 with renewal options to 2016 and an option to purchase. The plant in St. George, Utah is leased until August 31, 1999, with a renewal option until 2002.

The principal warehouse for the Life Fitness Division in Franklin Park, Illinois is leased through 2011 with an option to purchase in December of 1999 and 2000. A Life Fitness plant in Paso Robles, California is leased until 2003, and a ParaBody plant in Ramsey, Minnesota is leased until December 31, 2000.

Approximately 50 percent of the bowling recreation centers, one test facility and six distribution centers are also leased.

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

Outdoor Recreation

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

Indoor Recreation

Paso Robles, California; Franklin Park, Illinois; Falmouth, Kentucky; Muskegon, Michigan; Ramsey, Minnesota; Bristol, Wisconsin; Szekesfehervar, Hungary; and 124 recreation centers and five family entertainment centers in the United States, Canada and Europe.

Boat

Phoenix, Arizona; Edgewater, Merritt Island, Palm Coast and Tallahassee, Florida; Valdosta, Georgia; Cumberland and Salisbury, Maryland; Pipestone, Minnesota; Bucyrus, Ohio; Miami and Claremore, Oklahoma; Roseburg, Oregon; Dandridge, Knoxville and Vonore, Tennessee; and Arlington and Spokane, Washington.

Marine Engine

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

Item 3. Legal Proceedings

On June 19, 1998, a jury awarded $44.4 million in damages in a suit brought in December 1995 by Independent Boat Builders, Inc., a buying group of boat manufacturers and 22 of its members. The lawsuit, Concord Boat Corporation, et al. v. Brunswick Corporation (Concord), was filed in the United States District Court for the Eastern District of Arkansas, and alleged that the Company unlawfully monopolized, unreasonably restrained trade in, and made acquisitions that substantially lessened competition in the market for sterndrive and inboard marine engines in the United States and Canada. Under the antitrust laws, the damage award has been trebled, and plaintiffs will be entitled to their attorneys' fees and interest. Under current law, any and all amounts paid by the Company will be deductible for tax purposes.

The trial court judge denied the Company's post-trial motions seeking to set aside the verdict and for a new trial. The judge also denied all forms of equitable relief sought by the plaintiffs in connection with the jury verdict, including their requests for divestiture of the Company's principal boat manufacturing operations and orders precluding the Company from implementing various marketing and pricing programs and from acquiring other marine-related companies or assets. The judge granted the Company's motion for judgment as a matter of law on its counterclaim which asserted a per se violation of the antitrust laws by a group of six of the plaintiffs and awarded nominal damages. Plaintiffs dismissed, voluntarily, two related claims which had alleged that the Company attempted to monopolize the outboard engine and sterndrive boat markets.

On November 4, 1998, the Company filed an appeal contending the Concord verdict was erroneous as a matter of law, both as to liability and damages. Plaintiffs filed a cross appeal on the denial of equitable relief and on the judgment against certain of them on the counterclaim. The Company is not presently able to reasonably estimate the ultimate outcome of this case, and accordingly, no expense for this judgment has been recorded. If the adverse judgment is sustained after all appeals, satisfaction of the judgment is likely to have a material adverse effect on the Company's results of operations for a particular year, but is not expected to have a material adverse effect on the Company's financial condition.

On October 23, 1998, a suit was filed in the United States District Court for the District of Minnesota by two independent boat builders alleging antitrust violations by the Company in the sterndrive and inboard engine business, seeking to rely on both the liability and damage findings of the Concord litigation. This suit originally was entitled Alumacraft Boats Co., et al. v. Brunswick Corporation, but Alumacraft Boats Co. was dismissed without prejudice shortly after the suit was filed. Now captioned KK Motors et al. v. Brunswick Corporation (KK Motors), the named plaintiffs also seek to represent a class of all allegedly similarly situated boat builders whose claims have not been resolved in Concord or in other judicial proceedings. Sales of sterndrive and inboard marine engines to the Concord plaintiffs are estimated to have represented less than one-fifth of the total sold to

independent boat builders during the six-and-one-half year time period for which damages were awarded in that suit. The complaint in the KK Motors case seeks damages for a time period covering slightly less than four years.

On December 23, 1998, Volvo Penta of the Americas, Inc., Brunswick's principal competitor in the sale of sterndrive marine engines, filed suit in the United States District Court for the Eastern District of Virginia. That suit, Volvo Penta of the Americas v. Brunswick Corporation (Volvo), also invokes the antitrust allegations of the Concord action and seeks injunctive

relief and damages in an unspecified amount for an unspecified time period.

On February 10, 1999, a former dealer of Brunswick boats filed suit in the United States District Court for the District of Minnesota, also seeking to rely on the liability findings of the Concord action. This suit, Amo Marine Products, Inc. v. Brunswick Corporation (Amo) seeks class status purporting to represent all marine dealers who purchased directly from Brunswick sterndrive or inboard engines or boats equipped with sterndrive or inboard engines during the period January 1, 1986 to June 30, 1998. Sales by Brunswick of boats equipped with sterndrive or inboard engines to dealers accounted for less than half of such engines produced during the time period covered by the complaint; sales of such engines directly to dealers were de minimis. The complaint seeks damages in an unspecified amount and requests injunctive relief.

On February 16, 1999, a suit was filed in the Circuit Court of Washington County, Tennessee, by an individual claiming that the same conduct challenged in the Concord action violated various antitrust and consumer protection laws of 16 states and the District of Columbia. In that suit, Couch v. Brunswick (Couch), plaintiff seeks to represent all indirect purchasers in those states of boats equipped with Brunswick sterndrive or inboard engines. The plaintiff claims damages in an unspecified amount during the period from 1986 to the filing of the complaint and also requests injunctive relief.

It is possible that additional suits will be filed, in either federal or state court, asserting allegations similar to those in the existing complaints and purporting to represent similar or overlapping classes of claimants.

The Company has answered or will answer each of these new complaints denying liability and asserting various defenses. In addition, the Company has filed or will file motions to stay all proceedings in each of these matters pending the resolution of the appeal in the Concord action because it believes that an appellate decision in that matter is likely to have an impact on each of these recently filed actions. In the KK Motors case, the court has granted a stay of all proceedings on the merits of plaintiffs' claims, but has allowed the case to proceed on class certification and certain procedural matters. On March 10, 1999, the court in the Volvo case denied the Company's motion to stay. No other stay motions have yet been ruled on.

Because litigation is subject to many uncertainties, the Company is unable to predict the outcome of any of the above referenced actions. While there can be no assurance, the Company believes the adverse judgment in the Concord case is likely to be reversed on appeal and that any such reversal will have an impact on all related actions. If the Concord judgment is sustained after all appeals, however, and if the KK Motors and/or Amo cases successfully proceed as class actions on behalf of all described potential claimants substantially as alleged, and if plaintiffs are successful, the damages ultimately payable by the Company would have a material adverse effect on the Company's financial condition and results of operations. The Company is unable at this time to assess the magnitude of damages that either Volvo or the Couch plaintiffs might assert. Because of a variety of factors affecting both the likelihood and size of any damage award to these or any other potential claimants, the Company is unable to estimate the range, amount or timing of its overall possible exposure.

The Federal Trade Commission (FTC) began an investigation in 1997 of certain of the Company's marketing practices related to the sale of sterndrive marine engines to boat builders and dealers. The Company believes such practices were lawful; however, they were discontinued for business reasons prior to the initiation of the FTC's investigation.

In December 1996, the Internal Revenue Service notified the Company that it allocated $190.0 million in short-term capital gains and $18.1 million in ordinary income to the Company and its subsidiaries for 1990 and

1991 in connection with two partnership investments by the Company. The IRS alleges that these investments lacked economic substance, were prearranged and predetermined, and had no legitimate business purpose. The Company strongly disagrees with the IRS position and contested the IRS allocation in a trial in the United States Tax Court in September 1998. A decision has not yet been rendered. If the IRS were to prevail, the Company would owe the IRS approximately $60 million in taxes, plus accrued interest. The Company does

not believe that this case will have an unfavorable effect on the Company's results of operations.

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

None.

Executive Officers of the Company

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

Officer	Present Position	Age
P. N. Larson*..........	Chairman and Chief Executive Officer	59
P. B. Hamilton*.........	Executive Vice President, Chief Financial Officer and Chairman-Indoor Recreation	52
G. W. Buckley*..........	Senior Vice President and President-Mercury Marine Group	53
D. E. Lyons*...........	Senior Vice President-Strategic Business Development and Chairman-US Marine	58
M. D. Allen............	Vice President, General Counsel and Secretary	53
W. J. Barrington*.......	Vice President and President-Sea Ray Group	48
K. J. Chieger..........	Vice President-Corporate and Investor Relations	50
F. J. Florjancic, Jr.*..	Vice President and President-Brunswick Indoor Recreation Group	52
A. L. Nieto*...........	Vice President and President-Life Fitness Division	41
R. S. O'Brien..........	Vice President and Treasurer	49
V. J. Reich............	Vice President and Controller	41
J. A. Schenk...........	Vice President-Acquisitions	56
R. L. Sell.............	Vice President and Chief Information Officer	48
K. B. Zeigler..........	Vice President and Chief Human Resources Officer	50
J. P. Zelisko..........	Vice President-Tax	48
J. D. Russell..........	President-US Marine Division	46

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* Members of the Operating Committee

There are no family relationships among these officers. The term of office of all elected officers expires April 21, 1999. The Group and Division Presidents are appointed from time to time at the discretion of the Chief Executive Officer.

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

Peter B. Hamilton has been Executive Vice President, Chief Financial Officer and Chairman-Indoor Recreation since 1998. He was Senior Vice President and Chief Financial Officer from 1995 to 1998. He was

Vice President and Chief Financial Officer, Cummins Engine Company, Inc., a leading worldwide designer and manufacturer of diesel engines and related products, from 1988 to 1995.

George W. Buckley has been Senior Vice President since 1998 and President-Mercury Marine Group since 1997. He was a Vice President of the Company from 1997 to 1998. He was President of the U.S. Electrical Motors Division of Emerson Electric Co., a manufacturer of electrical, electronic, and electromagnetic products (Emerson), from 1996 to 1997, and President of Emerson's Automotive and Precision Motors Division from 1994 to 1996. He was Emerson's Chief Technology Officer for Motors, Drives and Appliance Components from 1993 to 1994.

Dudley E. Lyons has been Senior Vice President-Strategic Business Development and Chairman-US Marine since 1998. He was Vice President-Strategic Business Development from 1997 to 1998. From 1992 to 1997 he was President of the Management Consulting Group of Marketing Corporation of America, a management consulting, sales promotion and market research firm.

Mary D. Allen has been Vice President, General Counsel and Secretary since 1997. She was Executive Vice President, General Counsel and Secretary for Hartmarx Corporation, a clothing manufacturer, from 1994 to 1997, and Senior Vice President, JMB Realty Corp., a real estate investment firm, from 1987 to 1994.

William J. Barrington has been Vice President since 1998 and President-Sea Ray Group since 1989.

Kathryn J. Chieger has been Vice President-Corporate and Investor Relations of the Company since 1996. She was Vice President-Corporate Affairs of Gaylord Container Corporation, a paper manufacturer, from 1994 to 1996.

Frederick J. Florjancic, Jr. has been Vice President since 1988 and President-Brunswick Indoor Recreation Group since 1995. He was President-Brunswick Division from 1988 to 1995.

Augustine L. Nieto has been Vice President since 1998 and President-Life Fitness Division since the Company acquired it in 1997. He co-founded Life Fitness in 1977 and had been its President since 1987.

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

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

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

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

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

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

John D. Russell has been President-US Marine Division since July 1998. He was President of the Brunswick Billiards business from January 1998 to June 1998. He was Executive Vice President-Strategy and Operations of the Mercury Marine Group during 1997 and was Executive Vice President-Strategy and Finance of the Mercury Marine Group from 1994 to 1996.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is traded on the New York, Chicago, Pacific, and London Stock Exchanges. Quarterly information with respect to the high and low prices for the common stock and the dividends declared on the common stock is set forth in Note 18 to consolidated financial statements on pages 55 and 56. As of December 31, 1998, there were approximately 15,600 shareholders of record of the Company's common stock.

Item 6. Selected Financial Data

Net sales, net earnings, basic and diluted earnings per common share, cash dividends declared per common share, assets of continuing operations, long-term debt and other financial data are shown in the Six-Year Financial Summary on pages 57 and 58.

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

Management's Discussion and Analysis is presented on pages 18 to 29.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management is presented on pages 28 and 29.

Item 8. Financial Statements and Supplementary Data

The Company's Consolidated Financial Statements are set forth on pages 31 to 58 and are listed in the index on page 17.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information with respect to the directors of the Company is set forth on pages 2 to 4 of the Company's definitive Proxy Statement dated March 22, 1999, (the Proxy Statement) for the Annual Meeting of Stockholders to be held on April 21, 1999, and information with respect to Section 16(a) Beneficial Ownership Reporting Compliance is set forth on page 21 of the Proxy Statement. All of the foregoing information is hereby incorporated by reference. The Company's executive officers are listed herein on pages 9 to 11.

Item 11. Executive Compensation

Information with respect to executive compensation is set forth on pages 5 to 21 of the Proxy Statement and is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

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

Item 13. Certain Relationships and Related Transactions

None.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

a) Financial Statements and Exhibits

Financial Statements

Financial statements and schedules are incorporated in this Annual Report on Form 10-K, as indicated in the index on page 17.

Exhibits

Exhibits
- --------

3.1 Restated Certificate of Incorporation of the Company filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1987, and hereby incorporated by reference.

3.2 Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for 1995, and hereby incorporated by reference.

3.3 By-Laws of the Company filed as Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, and hereby incorporated by reference.

4.1 Indenture dated as of March 15, 1987, between the Company and Continental Illinois National Bank and Trust Company of Chicago filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1987, and hereby incorporated by reference.

4.2 Officers' Certificate setting forth terms of the Company's $125,000,000 principal amount of 7 3/8% Debentures due September 1, 2023, filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for 1993, and hereby incorporated by reference.

4.3 Form of the Company's $250,000,000 principal amount of 6 3/4% Notes due December 15, 2006, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 10, 1996, and hereby incorporated by reference.

4.4 Form of the Company's $200,000,000 principal amount of 7 1/8% Notes due August 1, 2007, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 4, 1997, and hereby incorporated by reference.

4.5 The Company's agreement to furnish additional debt instruments upon request by the Securities and Exchange Commission filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for 1980, and hereby incorporated by reference.

4.6 Rights Agreement dated as of February 5, 1996, between the Company and Harris Trust and Savings Bank filed as Exhibit 1 to the Company's Registration Statement for Preferred Share Purchase Rights on Form 8-A dated March 13, 1996, and hereby incorporated by reference.

<TABLE>
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10.1* Amended and Restated Employment Agreement dated January 4, 1999, by and between the Company and Peter N. Larson.

10.2* Amended and Restated Employment Agreement dated December 1, 1998, by and between the Company and Dudley E. Lyons.

10.3* Employment Agreement dated December 1, 1995, by and between the Company and Peter B. Hamilton filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.

10.4* Amendment dated as of October 9, 1998, to Employment Agreement by and between the Company and Peter B. Hamilton filed as Exhibit 10.1 to the

Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.

10.5* Form of Change of Control Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, G. W. Buckley, K. J. Chieger, F. J. Florjancic, Jr., P. B. Hamilton, D. E. Lyons, R. S. O'Brien, V. J. Reich, J. D. Russell, J. A. Schenk, R. L. Sell, K. B. Zeigler, and J. P. Zelisko filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.

10.6* 1994 Stock Option Plan for Non-Employee Directors filed as Exhibit A to the Company's definitive Proxy Statement dated March 25, 1994, for the Annual Meeting of Stockholders on April 27, 1994, and hereby incorporated by reference.

10.7* 1995 Stock Plan for Non-Employee Directors filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 and hereby incorporated by reference.

10.8* Supplemental Pension Plan filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.

10.9* Form of insurance policy issued for the life of each of the Company's executive officers, together with the specifications for each of these policies, filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for 1980 and hereby incorporated by reference. The Company pays the premiums for these policies and will recover these premiums, with some exceptions, from the policy proceeds.

10.10* Form of Indemnification Agreement by and between the Company and each of N. D. Archibald, J. L. Bleustein, M. J. Callahan, M. A. Fernandez, P. Harf, J. W. Lorsch, R. P. Mark, B. Martin Musham, K. Roman, R. L. Ryan and R. W. Schipke filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.

10.11* Indemnification Agreement dated April 1, 1995, by and between the Company and P. N. Larson filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.

10.12* Indemnification Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, G. W. Buckley, K. J. Chieger, F. J. Florjancic, Jr., P. B. Hamilton, D. E. Lyons, R. S. O'Brien, V. J. Reich, J. D. Russell, J. A. Schenk, R. L. Sell, K. B. Zeigler and J. P. Zelisko filed as Exhibit 19.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.

10.13* 1991 Stock Plan filed as Exhibit A to the Company's definitive Proxy Statement dated March 22, 1999, for the Annual Meeting of Stockholders on April 21, 1999 and hereby incorporated by reference.

10.14* Change in Control Severance Plan filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.15* Brunswick Performance Plan for 1998 filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for 1997, and hereby incorporated by reference.

10.16* Brunswick Performance Plan for 1999.

</TABLE>

<TABLE>
<C> <S>
10.17* Brunswick Strategic Incentive Plan for 1997-1998 filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for 1997 and hereby

incorporated by reference.

10.18* Brunswick Strategic Incentive Plan for 1998-1999 filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for 1997, and hereby incorporated by reference.

10.19* Brunswick Strategic Incentive Plan for 1999-2000.

10.20* 1997 Stock Plan for Non-Employee Directors filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.21* Elective Deferred Compensation Plan filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.22* Automatic Deferred Compensation Plan filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.23* Employment Agreement dated July 1, 1997, by and between the Company and Augustine Nieto filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for 1997, and hereby incorporated by reference.

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

21.1 Subsidiaries of the Company.

23.1 Consent of Independent Public Accountants is on page 59 of this Report.

24.1 Powers of Attorney.

27.1 Financial Data Schedule.
</TABLE>
- --------
* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 14(c) of this Report.

b) Reports on Form 8-K

On October 30, 1998 the Company filed a Current Report on Form 8-K dated October 27, 1998, reporting in Item 5 that a lawsuit had been filed in Federal Court in Minnesota claiming Brunswick violated the antitrust laws.

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

/s/ Victoria J. Reich
By: ________________________________
Victoria J. Reich
Vice President and Controller

March 22, 1999

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

<TABLE>
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Signature	Title
<S>	<C>
Peter N. Larson	Chairman and Chief Executive Officer

(Principal Executive Officer) and
Director

Peter B. Hamilton	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Victoria J. Reich	Vice President and Controller (Principal Accounting Officer)
Nolan D. Archibald	Director
Jeffrey L. Bleustein	Director
Michael J. Callahan	Director
Manuel A. Fernandez	Director
Peter Harf	Director
Jay W. Lorsch	Director
Rebecca P. Mark	Director
Bettye Martin Musham	Director
Kenneth Roman	Director
Robert L. Ryan	Director
Roger W. Schipke	Director

</TABLE>

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

/s/ Victoria J. Reich
By: ________________________________
Victoria J. Reich

March 22, 1999

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BRUNSWICK CORPORATION

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

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Schedule II--Valuation and Qualifying Accounts 1998, 1997 and 1996......... 60

</TABLE>

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

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

BRUNSWICK CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

In 1998, the Company continued implementation of its growth strategies: creating superior products and services by pursuing innovation, aggressively marketing its leading brands and acquiring complementary businesses to enhance growth of its core products. Further, the Company uses effective cost management and investments in technology to drive operating margin improvements.

The success of these strategies is evident in the Company's results for 1998. Sales increased nearly 8 percent to a record $3.95 billion on strong contributions from the Boat and Marine Engine segments, and from the bicycles, fitness equipment and ice chest and beverage cooler businesses. The strength of these units more than offset the decline in bowling equipment sales to Asia, and weak markets for fishing and camping equipment.

Acquisitions, totaling $908.8 million over the past three years, have also contributed to the Company's sales growth and affect comparability of results.

The businesses acquired include:

<TABLE>
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Acquisition by Segment	Type of Business	Closing Date
Outdoor Recreation		
Mongoose	Bicycles	4/28/97
Hoppe's	Hunting accessories	3/7/97
Igloo	Coolers and ice chests	1/3/97
Roadmaster	Bicycles	9/6/96
American Camper	Camping equipment	3/8/96
Indoor Recreation		
ParaBody	Fitness equipment	1/30/98
DBA Products	Bowling lane supplies	11/20/97
Hammer Strength	Fitness equipment	11/13/97
Life Fitness	Fitness equipment	7/9/97
Boat		
Boston Whaler	Offshore fishing boats	5/31/96

</TABLE>

Operating earnings totaled $340.2 million in 1998 and include a $60.0 million strategic charge taken in the third quarter, as described in more detail below. Excluding strategic charges in both 1998 and 1997, operating earnings increased 8.4 percent, and the Company maintained operating margins

at 10.1 percent.

Results of Operations

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

	1998	1997	1996
	(Dollars in millions, except per share data)		
Net sales	$3,945.2	$3,657.4	$3,160.3
Percent increase	7.9%	15.7%	8.7%
Operating earnings	$ 340.2	$ 270.8	$ 304.8
Net earnings	$ 186.3	$ 150.5	$ 185.8
Diluted earnings per share	$ 1.88	$ 1.50	$ 1.88
Expressed as a percentage of net sales			
Gross margin	27.5%	27.9%	27.7%
Selling, general and administrative expense	15.2%	15.8%	15.3%
Operating margin	8.6%	7.4%	9.6%

The above table includes a $60.0 million pretax ($41.4 million after tax) strategic charge recorded in 1998 and a $98.5 million pretax ($63.0 million after tax) strategic charge recorded in 1997. Net earnings also include an after-tax gain from discontinued operations of $7.7 million in 1998 and a charge for the cumulative effect of a change in accounting principle of $0.7 million after tax in 1997. On a pro forma basis, excluding these items, the amounts are as follows:

	1998	1997	1996
	(Dollars in millions, except per share data)		
Operating earnings	$400.2	$369.3	$304.8
Percent increase	8.4%	21.2%	18.0%
Operating margin	10.1%	10.1%	9.6%
Net earnings	$220.0	$214.2	$185.8
Percent increase	2.7%	15.3%	17.6%
Diluted earnings per share	$ 2.22	$ 2.14	$ 1.88
Percent increase	3.7%	13.8%	14.6%

Net sales rose 7.9 percent to $3,945.2 million in 1998, up from $3,657.4 million in 1997. The gain of $287.8 million is due to $135.0 million of incremental sales contributed by the businesses acquired in 1998 and 1997, along with increased sales of boats, marine engines, bicycles, fitness equipment and ice chests and beverage coolers. Gains in these businesses were partially offset by a substantial decline in sales of bowling capital equipment into Asian markets as unfavorable economic trends slowed shipments.

International sales declined 6.5 percent to $806.8 million in 1998, a reduction of $56.3 million from 1997 levels. In the Pacific Rim, the Company's sales declined to $139.9 million from $270.6 million primarily due to the aforementioned decline in sales of bowling capital equipment into Asian markets. Sales to Europe increased 18.5 percent to $412.8 million in 1998 versus $348.3 million in 1997, reflecting stronger sales of marine engines and fitness equipment. Sales of marine engine products comprised the largest share of international sales in 1998.

Sales grew 15.7 percent to $3,657.4 million in 1997 up from $3,160.3 million in 1996, or a $497.1 million increase, of which $437.5 million was due to incremental sales contributed by the businesses acquired in 1996 and 1997. The Company also experienced growth in the boat and marine engine businesses that offset weaker bicycle and camping equipment sales.

The Company's 1997 international sales increased 10.1 percent to $863.1 million versus $784.2 million in 1996. Several factors favorably influenced this growth, including the aforementioned acquisition of Life Fitness in July 1997. The comparison of 1997 sales levels to 1996 was adversely affected by the strengthening of the U.S. dollar versus the currencies of key international markets. Sales to Europe and the Pacific Rim were 40 percent and 31 percent, respectively, of total international sales in 1997. Marine engine products and bowling equipment comprised the majority of international sales.

The Company's gross margin percentage was 27.5 percent in 1998 versus 28.3 percent in 1997, excluding the $15.6 million inventory component of the 1997 strategic charge included in cost of sales. The reduction reflects the effects of volume declines and pricing pressures experienced in the bowling capital equipment, fishing and camping businesses. Additionally, the Company increased marketing spending in the Boat segment. In the Marine Engine segment, the higher costs associated with the introduction of low-emission outboard engines were more than offset by the benefits of productivity enhancements.

Gross margin percentages increased to 28.3 percent in 1997, excluding the strategic charge, from 27.7 percent in 1996. This gain reflects productivity enhancements, an improved sales mix and the effect of the Life Fitness business acquired in July 1997.

Selling, general and administrative (SG&A) expense increased $22.1 million to $598.4 million in 1998 and included a $15.0 million gain from a settlement with a boat dealer, MarineMax, Inc. Excluding this gain, SG&A expense as a percentage of sales was 15.5 percent in 1998 and 15.8 percent in 1997, reflecting the Company's continuing focus on effective cost management.

In 1997, acquired businesses accounted for substantially all of the $92.3 million increase in SG&A expense to $576.3 million. SG&A expense as a percentage of sales increased to 15.8 percent in 1997 from 15.3 percent in 1996, reflecting the normal operating expense levels of acquired businesses and increased investments in marketing activities, partially offset by the favorable effects of cost-management actions.

In 1998, operating earnings totaled $340.2 million versus $270.8 million in 1997 and $304.8 million in 1996. Results in 1998 and 1997 include strategic charges of $60.0 million and $98.5 million, respectively. Excluding these charges, 1998 operating earnings increased 8.4 percent to $400.2 million and in 1997 increased 21.2 percent to $369.3 million. Operating margins on a pre-charge basis were 10.1 percent in 1998 and 1997 and 9.6 percent in 1996.

Other income totaled $6.3 million in 1998, $16.7 million in 1997 and $18.9 million in 1996. The decrease between 1998 and 1997 primarily relates to the effect of changes in foreign currency related adjustments, along with a reduction in the contribution from joint ventures.

The Company's effective tax rate was 37.1 percent in 1998. Excluding the strategic charge in 1998, the effective tax rate was 36.0 percent, which is consistent with 1997 and 1996. The average shares used to calculate diluted earnings per share was 99.0 million, 100.3 million and 98.8 million in 1998, 1997 and 1996, respectively. During the fourth quarter of 1998, the Company announced and completed a program to repurchase 7.0 million shares of its common stock. The decrease in average shares outstanding in 1998 is due primarily to this share repurchase program, which reduced actual shares outstanding to 91.9 million at December 31, 1998.

Earnings from continuing operations totaled $178.6 million in 1998, $151.2 million in 1997 and $185.8 million in 1996. Excluding the strategic charges recorded in 1998 and 1997, earnings from continuing operations were $220.0 million in 1998 versus $214.2 million in 1997.

Net earnings per diluted share were $1.88 in 1998, $1.50 in 1997 and $1.88 in 1996. Results in 1998 include a strategic charge ($0.42 per diluted share)

and a gain on discontinued operations ($0.08 per diluted share), while 1997 includes a strategic charge ($0.63 per diluted share) and a charge for the cumulative effect of an accounting change ($0.01 per diluted share). The gain on discontinued operations in 1998 totaled $7.7 million after tax and resulted primarily from the favorable cash settlement of a lawsuit brought by the Company related to the previously divested Technical segment. Excluding these items, net earnings per diluted share were $2.22 in 1998 and $2.14 in 1997.

1998 Strategic Charge

During the third quarter of 1998, the Company announced strategic initiatives to streamline operations and enhance operating efficiencies in response to the effect of the Asian economic situation on its businesses. These strategic actions included exiting and disposing of 15 retail bowling centers in Asia, Brazil and Europe; rationalizing bowling equipment manufacturing by closing a pinsetter manufacturing plant in China, accelerating the shutdown of a pinsetter manufacturing plant in Germany and exiting the manufacture of electronic scorers and components; closing bowling sales offices in four countries and reducing administrative support; and rationalizing its manufacturing and distribution of outdoor recreation products, including the consolidation of certain North American manufacturing operations and closing seven domestic distribution warehouses. These projects were substantially completed by the end of 1998.

The Company's financial results for 1998 include a $60.0 million ($41.4 million after tax) charge to operating earnings in the Outdoor and Indoor Recreation segments to cover exit costs related to these strategic initiatives. Non-accruable expenses related to the strategic initiatives are not material and will be expensed as incurred.

The benefits from the above actions did not have a material effect on the Company's 1998 financial results. The Company expects that the aggregate pretax savings will total approximately $18 million in 1999 with the

amount increasing an incremental $2 million to approximately $20 million per year thereafter. Of the annual savings, approximately 50 percent is the result of reduced administrative and sales overhead; 25 percent is the result of the elimination of losses from under-performing international bowling centers; and 25 percent is the result of more efficient manufacturing and distribution operations achieved both in the Outdoor and Indoor Recreation segments through reduced manufacturing personnel, reduced depreciation expense, reduced lease expense and reductions in operating overhead. Except for the expected pretax savings, the actions taken in the strategic charge will not have a significant effect on the Company's revenue or income.

1997 Strategic Charge

During the third quarter of 1997, the Company announced strategic initiatives to streamline its operations and improve global manufacturing costs. The initiatives included terminating development efforts on a line of personal watercraft; closing boat plant manufacturing facilities in Ireland and Oklahoma; centralizing European marketing and customer service in the Marine Engine segment; rationalizing manufacturing of bowling equipment including the shutdown of a pinsetter manufacturing plant in Germany and outsourcing the manufacture of certain components in the Company's bowling division; consolidating fishing reel manufacturing; and other actions directed at manufacturing rationalization, product profitability improvements and general and administrative expense efficiencies. These actions were substantially completed at the end of 1998.

Included in the Company's financial results in 1997 was a $98.5 million ($63.0 million after tax) charge to operating earnings to cover exit costs related to the strategic initiatives. The charge consisted of $3.4 million recorded in the Outdoor Recreation segment, $20.4 million recorded in the Indoor Recreation segment, $14.1 million recorded in the Boat segment and $60.6 million recorded in the Marine Engine segment.

The benefits from the above actions did not have a material effect on the Company's 1997 financial results. In 1998, the Company achieved pretax savings resulting from the strategic actions in line with the original expectations of approximately $15 million. This amount is expected to increase an incremental

$5 million to approximately $20 million per year in 1999 and thereafter. Of the annual savings, approximately 35 percent is the result of a decline in administrative and sales overhead achieved through reduced personnel, depreciation expense, lease expense and operating expense; 35 percent is the result of the elimination of losses from the development of the personal watercraft product and under-performing bowling center assets; and 30 percent is the result of more efficient manufacturing operations achieved through reduced manufacturing personnel, depreciation expense and other manufacturing overhead costs. Except for the expected pretax savings, the actions taken in the strategic charge will not have a significant effect on the Company's revenue or income.

Segment Information

Effective December 31, 1998, the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosure About Segments of an Enterprise and Related Information." As a result, the Company now reports its results in four operating segments: Outdoor Recreation, Indoor Recreation, Boat and Marine Engine. Refer to Note 3 to consolidated financial statements for a discussion on the products within each segment and Note 5 to consolidated financial statements concerning business acquisitions.

Outdoor Recreation Segment

The following table sets forth Outdoor Recreation segment results:

(Dollars in millions)	1998	1997	1996
Net sales	$711.3	$665.3	$370.2
Percentage increase	6.9%	79.7%	61.6%
Operating earnings	$ 38.5	$ 62.6	$ 38.7
Percentage (decrease) increase	(38.5)%	61.8%	0.3%
Operating margin	5.4%	9.4%	10.5%
Capital expenditures	$ 33.3	$ 23.2	$ 12.2

The above table includes a $9.2 million strategic charge recorded in 1998 and a $3.4 million strategic charge recorded in 1997. On a pro forma basis, excluding these charges, the Outdoor Recreation segment results for the years ended December 31, 1998, 1997 and 1996, were as follows:

(Dollars in millions)	1998	1997	1996
Operating earnings	$47.7	$66.0	$38.7
Percentage (decrease) increase	(27.7)%	70.5%	0.3%
Operating margin	6.7%	9.9%	10.5%

In 1998, Outdoor Recreation segment sales increased 6.9 percent to $711.3 million compared with $665.3 million in 1997. The gain primarily reflects higher revenues in the bicycle and ice chest and cooler businesses due to expanded distribution and new products. Offsetting this gain were decreased sales in the fishing tackle and camping equipment businesses caused by weak markets for those products, increased competition from Asian imports and retail inventory reductions.

Operating earnings were $38.5 million in 1998 and $62.6 million in 1997, including strategic charges of $9.2 million in 1998 and $3.4 million in 1997. Excluding the strategic charges, operating earnings decreased 27.7 percent in 1998 to $47.7 million from $66.0 million in 1997. Excluding the strategic charges, operating margins decreased 3.2 points to 6.7 percent in 1998 due to

the aforementioned sales volume declines in camping and fishing products, product mix changes and increased advertising spending.

The Company continues to focus on cost reductions as well as investment in new product launches and aggressive marketing activities to improve sales in the fishing tackle and camping equipment businesses, and to continue expansion in the bicycle, ice chest and cooler businesses.

Outdoor Recreation segment sales increased $295.1 million to $665.3 million in 1997, up from $370.2 million in 1996. The gain reflects $327.5 million of incremental sales contributed by the acquisitions discussed previously, which were partially offset by softness in demand for bicycle and camping products. Operating earnings increased 61.8 percent in 1997 to $62.6 million from $38.7 million in 1996. Excluding the strategic charge in 1997, operating earnings increased 70.5 percent to $66.0 million and operating margins decreased 0.6 points to 9.9 percent due to lower margins experienced in the acquired businesses, which more than offset integration benefits.

Indoor Recreation Segment

The following table sets forth Indoor Recreation segment results:

	1998	1997	1996
	(Dollars in millions)		
Net sales	$691.0	$616.9	$515.1
Percentage increase (decrease)	12.0%	19.8%	(4.9)%
Operating earnings	$ 3.8	$ 54.1	$ 47.4
Percentage (decrease) increase	(93.0)%	14.1%	295.0%
Operating margin	0.5%	8.8%	9.2%
Capital expenditures	$ 47.9	$ 39.2	$ 40.5

The above table includes a $50.8 million strategic charge recorded in 1998 and a $20.4 million strategic charge recorded in 1997. On a pro forma basis, excluding these charges, the Indoor Recreation segment results for the years ended December 31, 1998, 1997 and 1996, were as follows:

	1998	1997	1996
	(Dollars in millions)		
Operating earnings	$54.6	$74.5	$47.4
Percentage (decrease) increase	(26.7)%	57.2%	295.0%
Operating margin	7.9%	12.1%	9.2%

Sales for the Indoor Recreation segment increased 12.0 percent to $691.0 million in 1998 compared with $616.9 million in 1997. The gain primarily reflects the incremental sales contributed by the fitness equipment businesses acquired in 1998 and 1997 that totaled $118.3 million, along with sales gains in the fitness equipment business due to increased health club memberships, strong growth in the European markets and expanded sales in the military, hospital and school channels. Partially offsetting these gains was a significant decline in bowling capital equipment sales resulting from the Asian economic situation.

The Indoor Recreation segment reported operating earnings of $3.8 million in 1998 compared with $54.1 million in 1997, which includes strategic charges of $50.8 million in 1998 and $20.4 million in 1997. Excluding the strategic charges, operating earnings decreased 26.7 percent to $54.6 million in 1998 from $74.5 million in 1997. Operating margins, excluding the strategic charges, decreased to 7.9 percent in 1998 from 12.1 percent in 1997. The decline in operating earnings is primarily related to the decrease in bowling

capital equipment sales resulting from the effects of the Asian economic situation and was partially offset by earnings gains in the fitness equipment business.

Indoor Recreation segment sales increased $101.8 million or 19.8 percent to $616.9 million in 1997 from $515.1 million in 1996. This gain reflects $90.0 million of incremental sales contributed by the fitness equipment acquisitions as well as improved bowling center revenue.

Operating earnings in 1997 were $54.1 million compared with $47.4 million in 1996. Excluding the $20.4 million strategic charge in 1997, operating earnings increased 57.2 percent to $74.5 million, and operating margins improved to 12.1 percent in 1997 from 9.2 percent in 1996. These improvements reflect the benefits from the fitness equipment business purchased in July 1997 and improved operating efficiencies in the bowling capital equipment business.

Boat Segment

The following table sets forth Boat segment results:

<TABLE>
<CAPTION>

	1998	1997	1996
	(Dollars in millions)		
<S>	<C>	<C>	<C>
Net sales....................................	$1,333.7	$1,229.9	$1,159.5
Percentage increase..........................	8.4%	6.1%	19.9%
Operating earnings...........................	$ 112.9	$ 70.0	$ 92.5
Percentage increase (decrease)...............	61.3%	(24.3)%	27.6%
Operating margin.............................	8.5%	5.7%	8.0%
Capital expenditures.........................	$ 48.8	$ 52.4	$ 43.7

The above table includes a $14.1 million strategic charge recorded in 1997. On a pro forma basis, excluding the 1997 charge, the Boat segment results for the years ended December 31, 1998, 1997 and 1996, were as follows:

<CAPTION>

	1998	1997	1996
	(Dollars in millions)		
<S>	<C>	<C>	<C>
Operating earnings...........................	$ 112.9	$ 84.1	$ 92.5
Percentage increase (decrease)...............	34.2%	(9.1)%	27.6%
Operating margin.............................	8.5%	6.8%	8.0%

</TABLE>

In 1998, Boat segment sales increased 8.4 percent to $1,333.7 million compared with $1,229.9 million in 1997. The gain primarily reflects an improved sales mix of larger cruisers and yachts. These results were achieved while generally reducing field inventory levels.

Operating earnings for the Boat segment totaled $112.9 million in 1998 versus $70.0 million in 1997. Operating earnings included a $15.0 million gain recorded in 1998 relating to a settlement with a boat dealer,

MarineMax, Inc., and a $14.1 million strategic charge recorded in 1997. Excluding these items, the segment's operating earnings were $97.9 million in 1998 compared with $84.1 million in 1997, an increase of 16.4 percent. Operating margins improved to 7.3 percent in 1998 from 6.8 percent in 1997, excluding the settlement and strategic charge, as a result of the improved sales mix of larger, higher margin cruisers and yachts that was partially offset by increased marketing spending.

In 1997, Boat segment sales increased 6.1 percent to $1,229.9 million, up from $1,159.5 million in 1996, as the benefits of successful marketing programs and an improved sales mix of larger cruisers and yachts offset a decline in sales of small boats. Operating earnings for the Boat segment totaled $70.0 million in 1997 and $92.5 million in 1996. Excluding the $14.1 million 1997 strategic charge, operating earnings in 1997 were $84.1 million,

a 9.1 percent decrease from prior-year levels. Operating margins, on a pre-strategic charge basis, declined to 6.8 percent in 1997 from 8.0 percent in 1996, reflecting the effects of lower sales volumes of small boats and new product start-up costs, along with the expensing of costs for business process re-engineering efforts performed in connection with systems development projects.

Marine Engine Segment

The following table sets forth Marine Engine segment results:

(Dollars in millions)	1998	1997	1996
Net sales	$1,482.5	$1,410.8	$1,377.7
Percentage increase (decrease)	5.1%	2.4%	(1.4)%
Operating earnings	$ 222.2	$ 124.3	$ 168.0
Percentage increase (decrease)	78.8%	(26.0)%	6.9%
Operating margin	15.0%	8.8%	12.2%
Capital expenditures	$ 66.4	$ 67.7	$ 61.5

The above table includes a $60.6 million strategic charge recorded in 1997. On a pro forma basis, excluding the 1997 charge, the Marine Engine segment results for the years ended December 31, 1998, 1997 and 1996, were as follows:

(Dollars in millions)	1998	1997	1996
Operating earnings	$ 222.2	$ 184.9	$ 168.0
Percentage increase	20.2%	10.1%	6.9%
Operating margin	15.0%	13.1%	12.2%

In 1998, Marine Engine segment sales increased 5.1 percent to $1,482.5 million compared with $1,410.8 million in 1997. This gain primarily reflects strong consumer demand for new low-emission outboard engines, an improved mix of sterndrive engines and growth in sales of marine parts and accessories.

Operating earnings were $222.2 million in 1998 and $124.3 million in 1997, including the $60.6 million strategic charge recorded in 1997. Excluding the 1997 strategic charge, operating earnings in 1998 increased 20.2 percent. Operating margins were 15.0 percent in 1998 compared with 8.8 percent in 1997, 13.1 percent excluding the charge. The improvement in operating margins reflects the benefits of cost management initiatives and actions taken in connection with the 1997 strategic charge, sales growth and an improved sales mix. These benefits more than offset the higher costs associated with the introduction of low-emission outboard engines.

In 1997, sales improved 2.4 percent to $1,410.8 million, up from $1,377.7 million in 1996, as a result of increased sales of sterndrive and high-performance engines and marine parts and accessories. Operating earnings for the segment, including the $60.6 million strategic charge recorded in 1997, were $124.3 million in 1997 compared with $168.0 million in 1996. Excluding the strategic charge, operating earnings in 1997 increased 10.1 percent to $184.9 million. Operating margins, excluding the strategic charge, increased 0.9 points in 1997 to 13.1 percent, reflecting the benefits of effective cost management and an improved sales mix.

Cash Flow, Liquidity and Capital Resources

Cash generated from operating activities, available cash balances and selected borrowings are the Company's major sources of funds for investments and dividend payments. The Company uses its cash balances and other sources of liquidity to invest in its current businesses to promote innovation and new product lines and to acquire complementary businesses. These investments, along with other actions taken to improve the profit margins of current

businesses, are designed to continue improvement in the Company's financial performance and enhance shareholder value.

Cash and cash equivalents totaled $126.1 million at the end of 1998 compared with $85.6 million in 1997. In 1998, net cash provided by operating activities of $429.0 million more than offset capital expenditures and other investing activities which totaled $237.5 million. The Company used this cash, along with short-term borrowings, to repurchase approximately 8.2 million shares of common stock for $159.9 million.

Net cash provided by operating activities totaled $429.0 million in 1998, compared with $261.7 million in 1997 and $395.8 million in 1996. The primary components of net cash provided by operating activities include the Company's net earnings adjusted for non-cash revenues and expenses; the timing of cash flows relating to operating expenses, sales and income taxes; and the management of inventory levels. The improvement between 1998 and 1997 reflected the favorable timing of income tax payments versus provisions between years, along with improved working capital cash flows. The Company also received one-time benefits from a settlement with a boat dealer, MarineMax, Inc., the favorable settlement of a lawsuit related to the divested Technical segment and a dividend from an equity investment that together totaled $40.1 million. The decrease between 1997 and 1996 reflected investments made in working capital by newly acquired businesses for seasonal needs and new-product introductions, partially offset by stronger operating results. Cash spending associated with the strategic charges totaled $34.1 million in 1998 and $16.1 million in 1997.

During 1998, the Company invested $198.0 million in capital expenditures, compared with $190.5 million in 1997 and $169.9 million in 1996. In 1998, capital expenditures included $41.6 million related to company-wide systems upgrade projects, along with continued investments to achieve improved production efficiencies and product quality, growth from new products and expansion of existing product lines. In 1998, the Company invested $32.8 million to acquire 12 bowling centers and ParaBody, Inc. multi-station gyms, benches and racks. The Company invested $515.4 million in 1997 to acquire various businesses including Igloo coolers and ice chests, Mongoose bicycles, Hoppe's hunting accessories, Life Fitness and Hammer Strength fitness equipment and DBA Products bowling lane supplies. In 1996, the Company invested $360.6 million to acquire various businesses, including Roadmaster bicycles, American Camper and the Boston Whaler brand of boats. Management continues to evaluate acquisition opportunities to build the Company's active recreation business.

Total debt at year end 1998 was $805.5 million versus $754.8 million at the end of 1997, reflecting increases in short-term commercial paper borrowings. Debt-to-capitalization ratios were 38.1 percent at December 31, 1998 and 36.5 percent at December 31, 1997.

On October 1, 1998, the Company announced that its Board of Directors had authorized the repurchase of up to seven million shares of the Company's outstanding common stock. During the fourth quarter, the Company completed the seven-million-share repurchase program for $127.7 million. On October 21, 1997, the Company announced a program to repurchase systematically up to five million shares of its common stock to offset shares the Company expects to issue under its stock option and other compensation plans. These repurchases will be funded with cash generated from operations and short-term borrowings, as required. The Company repurchased 1.2 million and 0.3 million shares for $32.2 million and $8.4 million in 1998 and 1997, respectively. A total of 3.5 million additional shares may be repurchased under this program, and the Company anticipates continuing this program in 1999.

The Company's financial flexibility and access to capital markets is supported by its balance sheet position, investment-grade credit ratings and ability to generate significant cash from operating activities. The Company

has $400 million available under a long-term credit agreement with a group of banks (see Note 9-Debt). Under the terms of the long-term credit agreement, the Company has multiple borrowing options, and, if utilized, the borrowing rate, as calculated in accordance with the terms described in Note 9 to consolidated financial statements, would have been 5.26 percent at December 31, 1998. The Company also has $150 million available under a universal shelf

registration filed in 1996 with the Securities and Exchange Commission for the issuance of equity and/or debt securities. Management believes that these factors provide adequate sources of liquidity to meet its long-term and short-term needs.

Refer to Note 6 to consolidated financial statements and the Legal Proceedings section below for disclosure of the potential cash requirements of legal and environmental proceedings. Additionally, the Company is involved in the process of litigating certain findings from Federal tax audits for the years 1990 and 1991 as described in Note 13 to consolidated financial statements. Should the IRS prevail in these proceedings, the Company may be required to pay up to $60 million for taxes due, plus accrued interest.

Legal Proceedings

Five lawsuits, more fully described in Note 6 to the consolidated financial statements, are currently pending wherein it is claimed the Company violated various provisions of federal and state antitrust and state consumer protection laws in connection with its sales of MerCruiser sterndrive and inboard engines and its acquisitions of the Sea Ray and US Marine boat companies. In June 1998, an adverse verdict was reached in the first of these suits that was brought by a buying group of boat-builder customers whose purchases represent less than one-fifth of all direct sales of sterndrive and inboard engines to boat builders during the damage period relevant to that action. That verdict and resulting damage judgment of $133.2 million, after trebling, has been appealed and the Company believes the adverse judgment is likely to be reversed. Following the verdict, four additional suits have been filed seeking to rely on the allegations and findings of that verdict. The first purports to represent a class of all other boat-builder customers and seeks damages on the same model as the initial suit; the second was brought by the Company's principal competitor in the sterndrive engine business and claims damages in an unspecified amount; the third seeks to represent a class of all dealers that purchased sterndrive or inboard engines or boats equipped with such engines directly from the Company; and the fourth seeks to represent indirect purchasers from 17 jurisdictions of boats equipped with such engines. The Company is currently seeking to stay all of these actions pending the resolution of the appeal which is not likely to occur prior to the end of 1999. The Company is not presently able to reasonably estimate the ultimate outcome of these cases, and accordingly, no expense for either the judgment or related lawsuits has been recorded. If the adverse judgment is sustained after all appeals, and if the class actions proceed and are successful, the damages ultimately payable by the Company would have a material adverse affect on the Company's financial condition and results of operations.

Looking to the Future

The Company's future performance will be influenced by a number of factors. Revenues and earnings may be affected by changes in domestic and international market conditions in active recreation, including the effect of economic conditions in Asia and South America on the Company's businesses. The Company will emphasize product innovation, line extensions and acquisitions, marketing initiatives and cost-management efforts to further enhance its financial performance. The Company will continue to benefit from the acquisitions completed in 1998, 1997 and 1996.

Capital Expenditures

The Company has budgeted approximately $190 million for capital expenditures in 1999. In addition to necessary maintenance spending, the Company's emphasis remains on those projects that deliver innovative new products and drive manufacturing productivity. The 1999 capital expenditures budget also includes the continuation of the company-wide information systems upgrades that were initiated in 1997.

Engine Emissions Regulations

U.S. Environmental Protection Agency (EPA) regulations that were finalized in 1996 require that certain exhaust emissions from gasoline marine outboard engines be reduced by 8.3 percent per year for nine years

beginning with the 1998 model year. The Company has implemented a plan that

meets the EPA compliance schedule. It includes both modifying automotive fuel-injection technology for marine use and converting certain two-cycle engines to four-cycle engines. Both of these technologies yield emission reductions on the order of 80 percent or better. The Company expects the percentage of low-emission engine sales to total Marine Engine segment sales to continue to increase. Costs associated with the introduction of low-emission engines will continue to have an adverse effect on Marine Engine segment operating margins.

More recently, the California Air Resources Board (CARB) voted to adopt regulations more stringent than the EPA regulations. These regulations will bring forward the EPA targeted emissions reductions from 2006 to 2001. This affects new engines sold in California beginning with the model year 2001, with further emission reductions scheduled in 2004 and 2008. While the regulation language is not finalized, the targets established are not likely to change. The Company believes that its current implementation plan designed to meet the EPA exhaust emissions regulations will allow the Company to comply with the more stringent regulations as currently proposed by CARB. However, product-development costs are likely to be accelerated, which may adversely affect short-term results.

Year 2000

In January 1998, the Company initiated a formal program to address the Year 2000 issue. The Year 2000 issue involves the inability of date-sensitive computer applications to process dates beyond the year 2000. The Company has established a Year 2000 Project Office to lead initiatives that address areas with the potential of having a major adverse effect on the business.

The Company uses software and related technologies throughout its businesses and in certain of its products that will be affected by the Year 2000 issue. A comprehensive inventory and assessment of business systems and processes that may be affected by Year 2000 issues have been substantially completed. Key areas requiring priority focus are the Company's information (IT) systems including financial, invoicing, order entry, purchasing, payroll, inventory management and production management systems along with IT systems infrastructure, as well as the Company's manufacturing and other non-IT systems.

The Company is in the process of implementing its plan to address its IT and non-IT systems that includes a combination of replacement and remediation activities. This plan is expected to be substantially complete in June 1999. The Company's IT replacement projects, which are being done in connection with company-wide IT system upgrade projects, are approximately 65 to 70 percent complete and include financial and order-processing systems in certain businesses. The remaining IT systems are being addressed through remediation efforts, a majority of which have been completed. The Company's testing activities will include system testing, unit testing and Year 2000 multiple-date testing. Testing efforts are ongoing, with an expected finish date for substantially all IT systems in June 1999. Replacement and remediation of non-IT systems is also ongoing, with a targeted finish date of June 1999 for substantially all such systems.

An inventory and assessment of the technology incorporated into the Company's products is substantially complete. Key areas of focus include bowling products consisting of electronic scorers and bowling center management systems. The Company is currently taking steps to address these products on a case-by-case basis. This process is expected to be completed by June 1999. The Company is assessing the Year 2000 readiness of its critical customers and suppliers and has sent letters inquiring as to their Year 2000 readiness. The Company will perform additional procedures, which may include interviews and on-site visits, to evaluate risks associated with third parties and will consider these risks in establishing its contingency plans.

While the Company believes that its efforts to address the Year 2000 issue will be successful in avoiding any material adverse effect on the Company's results of operation or financial condition, given the complexity and number of potential risks, there can be no guarantee that the Company's efforts will be successful. The risks to a successful Year 2000 plan include, but are not limited to, the readiness of customers and suppliers, the availability of technical resources, and the effectiveness of systems replacement and remediation programs and product fixes.

If the Company's efforts to achieve Year 2000 readiness are unsuccessful, the impact could have a material adverse effect on the Company's results of operation and financial condition. The potential adverse effects include a limited ability to manufacture and distribute products and process daily business transactions.

The Company is developing contingency plans to mitigate the potential disruptions that may result from the Year 2000 issue. These plans may include shifting from replacement to remediation activities for IT systems, securing alternative sources for key suppliers of materials and services, investing in safety stocks of key raw materials and finished goods and other measures considered appropriate by management. Once developed and approved, contingency plans and the related cost estimates will be continually refined as additional information becomes available. The Company expects to substantially complete its contingency plans by April 1999, with implementation as required during the latter half of 1999.

The costs of remediating existing software and other Year 2000-related expenses have been determined and are expected to total approximately $15 million to $18 million. The Company has expensed approximately $10 million of costs since the Year 2000 assessment process began in 1997. The majority of this amount was expensed in 1998. Costs associated with the company-wide systems upgrade project, which are included in the Company's capital expenditures, totaled approximately $41.6 million in 1998 and are expected to be substantially less in 1999.

The foregoing discussion regarding the Year 2000 project timing, effectiveness, implementation and costs is based on management's current evaluation using available information. Factors that might cause material changes include, but are not limited to, the availability of resources, the readiness of third parties and the Company's ability to respond to unforeseen Year 2000 compliance issues.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133 is effective for all fiscal quarters of all fiscal years beginning June 15, 1999 (March 31, 2000, for the Company). The Company is assessing the effect of SFAS 133 and currently believes it will not have a material effect on its earnings or financial position.

Forward Looking Statements

Certain statements in this Annual Report are forward looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this Report. These risks include, but are not limited to, the effect of economic conditions in Asia and South America; the ability to complete planned strategic initiatives in the time estimated; inventory adjustments by major retailers; competitive pricing pressures; the success of marketing and cost-management programs; adverse weather conditions retarding sales of outdoor recreation products; Year 2000 issues including the effectiveness of the Company's remediation and replacement initiatives, the readiness of third parties including customers and suppliers and the Company's ability to complete the information systems initiatives within the time and cost estimated; the outcome of pending litigation; and shifts in market demand for the Company's products.

Risk Management

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

The Company uses foreign currency forward and option contracts to manage foreign exchange exposure related to transactions, assets and liabilities that are subject to risk from foreign currency rate changes. The

Company's principal currency exposures relate to the Taiwanese dollar, Japanese yen, Canadian dollar, European currencies and the Australian dollar. Hedging of an asset or liability is accomplished through the use of financial instruments as the gain or loss on the hedging instrument offsets the gain or loss on the asset or liability. Hedging of anticipated transactions is accomplished with financial instruments as the realized gain or loss occurs on or near the maturity date of the anticipated transaction.

The Company uses interest-rate swap agreements to mitigate the effect of changes in interest rates on the Company's investments and borrowings. The Company's net exposure to interest-rate risk primarily consists of fixed-rate instruments. Interest-rate risk management is accomplished through the use of interest-rate swaps and floating-rate instruments that are benchmarked to U.S. and European short-term money market interest rates.

Raw materials used by the Company are exposed to the effect of changing commodity prices. Accordingly, the Company uses commodity swap agreements to manage fluctuations in prices of anticipated purchases of certain raw materials.

The Company uses a value-at-risk (VAR) computation to estimate the maximum potential one-day reduction in the fair market value of its interest rate-sensitive financial instruments and to estimate the maximum one-day reduction in pretax earnings related to its foreign currency, interest rate and commodity price-sensitive derivative financial instruments. The VAR computation includes the Company's debt; foreign currency forwards and options; interest rate swap agreements; and commodity swap agreements.

The amounts shown below represent the estimated potential loss that the Company could incur from adverse changes in foreign exchange rates, interest rates or commodity prices using the VAR estimation model. The VAR model uses the variance-covariance statistical modeling technique and uses historical foreign exchange rates, interest rates and commodity prices to estimate the volatility and correlation of these rates and prices in future periods. It estimates a loss in fair market value using statistical modeling techniques and includes substantially all market risk exposures. The estimated potential losses shown in the table below have no effect on the Company's results of operations or financial condition.

Risk Category	Amount in Millions	Time Period	Confidence Level
Foreign exchange	$0.1	1 day	95%
Interest rates	$5.2	1 day	95%
Commodity prices	$ --	1 day	95%

The 95 percent confidence level signifies the Company's degree of confidence that actual losses would not exceed the estimated losses shown above. The amounts shown disregard the possibility that interest rates, foreign currency exchange rates and commodity prices could move in the Company's favor. The VAR model assumes that all movements in rates and commodity prices will be adverse. Actual experience has shown that gains and losses tend to offset each other over time, and it is highly unlikely that the Company could experience losses such as these over an extended period of time. These amounts should not be considered projections of future losses, since actual results may differ significantly depending upon activity in the global financial markets.

BRUNSWICK CORPORATION

REPORTS OF MANAGEMENT AND INDEPENDENT PUBLIC ACCOUNTANTS

REPORT OF MANAGEMENT

The Company's management is responsible for the preparation, integrity and

objectivity of the financial statements and other financial information presented in this report. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect the effects of certain estimates and judgments made by management.

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

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Brunswick Corporation:

We have audited the accompanying consolidated balance sheets of Brunswick Corporation (a Delaware Corporation) and Subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brunswick Corporation and Subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

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

/s/ Arthur Andersen LLP

Chicago, Illinois
January 27, 1999
(except with respect to the matters discussed in Note 6, as to which the dates are February 10, 1999 and February 16, 1999)

BRUNSWICK CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

For the Years Ended
December 31

	1998	1997	1996
	(In millions, except per share data)		
<S>	<C>	<C>	<C>
Net sales	$3,945.2	$3,657.4	$3,160.3
Cost of sales	2,859.1	2,622.4	2,285.0
Cost of sales--strategic charge	--	15.6	--
Selling, general and administrative expense	598.4	576.3	484.0
Research and development expense	87.5	89.4	86.5
Strategic charges	60.0	82.9	--
Operating earnings	340.2	270.8	304.8
Interest expense	(62.7)	(51.3)	(33.4)
Other income	6.3	16.7	18.9
Earnings before income taxes	283.8	236.2	290.3
Income tax provision	105.2	85.0	104.5
Earnings from continuing operations	178.6	151.2	185.8
Cumulative effect of change in accounting principle	--	(0.7)	--
Gain from discontinued operations	7.7	--	--
Net earnings	$ 186.3	$ 150.5	$ 185.8
Basic earnings per common share			
Earnings from continuing operations	$ 1.82	$ 1.52	$ 1.89
Cumulative effect of change in accounting principle	--	(.01)	--
Gain from discontinued operations	.08	--	--
Net earnings	$ 1.90	$ 1.52	$ 1.89
Average shares used for computation of basic earnings per share	98.3	99.2	98.3
Diluted earnings per common share			
Earnings from continuing operations	$ 1.80	$ 1.51	$ 1.88
Cumulative effect of change in accounting principle	--	(.01)	--
Gain from discontinued operations	.08	--	--
Net earnings	$ 1.88	$ 1.50	$ 1.88
Average shares used for computation of diluted earnings per share	99.0	100.3	98.8

</TABLE>

The notes are an integral part of these consolidated statements.

BRUNSWICK CORPORATION

CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>
<CAPTION>

	As of December 31	
	1998	1997
	(Dollars in millions, except per share data)	
<S>	<C>	<C>
Current assets		

Cash and cash equivalents, at cost, which approximates market	$ 126.1	$ 85.6
Accounts and notes receivable, less allowances of $22.5 and $20.7	420.8	434.9
Inventories		
Finished goods	383.6	313.4
Work-in-process	141.3	139.4
Raw materials	120.6	113.5
Net inventories	645.5	566.3
Prepaid income taxes	208.7	210.7
Prepaid expenses	53.3	46.0
Income tax refunds receivable	--	22.5
Current assets	1,454.4	1,366.0
Property		
Land	72.0	68.7
Buildings	412.0	425.8
Equipment	950.9	830.8
Total land, buildings and equipment	1,434.9	1,325.3
Accumulated depreciation	(699.0)	(656.7)
Net land, buildings and equipment	735.9	668.6
Unamortized product tooling costs	109.2	114.4
Net property	845.1	783.0
Other assets		
Goodwill	718.9	726.4
Other intangibles	101.6	115.8
Investments	71.2	87.5
Other long-term assets	160.3	162.7
Other assets	1,052.0	1,092.4
Total assets	$3,351.5	$3,241.4

</TABLE>

The notes are an integral part of these consolidated statements.

BRUNSWICK CORPORATION

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	As of December 31	
	1998	1997
	(Dollars in millions, except per share data)	
<S>	<C>	<C>
Current liabilities		
Short-term debt, including current maturities of long-term debt	170.1	109.3
Accounts payable	286.1	252.9
Accrued expenses	574.6	586.0
Accrued income taxes	5.6	--
Current liabilities	1,036.4	948.2
Long-term debt		

Notes, mortgages and debentures	635.4	645.5
Deferred items		
Income taxes	165.1	144.3
Postretirement and postemployment benefits	141.1	137.3
Compensation and other	62.2	51.1
Deferred items	368.4	332.7
Common shareholders' equity		
Common stock; authorized: 200,000,000 shares, $.75 par value; issued: 102,538,000 shares	76.9	76.9
Additional paid-in capital	311.5	308.2
Retained earnings	1,189.5	1,052.2
Treasury stock, at cost 10,669,000 shares and 3,057,000 shares	(204.7)	(59.0)
Unamortized ESOP expense and other	(56.1)	(63.1)
Accumulated other comprehensive income	(5.8)	(0.2)
Common shareholders' equity	1,311.3	1,315.0
Total liabilities and shareholders' equity	$3,351.5	$3,241.4

</TABLE>

The notes are an integral part of these consolidated statements.

BRUNSWICK CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	For the Years Ended December 31		
	1998	1997	1996
	(In millions)		
<S>	<C>	<C>	<C>
Cash flows from operating activities			
Net earnings	$ 186.3	$ 150.5	$ 185.8
Depreciation and amortization	159.7	156.9	129.7
Changes in noncash current assets and current liabilities:			
Change in accounts and notes receivable	18.4	(57.1)	(26.9)
Change in inventories	(77.9)	(55.6)	24.2
Change in prepaid expenses	(7.1)	(11.9)	2.4
Change in accounts payable	31.2	25.9	11.7
Change in accrued expenses	(41.3)	(40.9)	3.6
Income taxes	59.4	(1.5)	35.2
Dividends received from equity investments	19.0	6.3	24.5
Strategic charges	60.0	98.5	--
Other, net	21.3	(9.4)	5.6
Net cash provided by operating activities	429.0	261.7	395.8
Cash flows from investing activities			
Acquisitions of businesses	(32.8)	(515.4)	(360.6)
Unrestricted cash held for acquisition of Igloo Holdings, Inc	--	143.0	(143.0)
Capital expenditures	(198.0)	(190.5)	(169.9)
Proceeds from businesses disposed	--	--	24.1
Investments in marketable securities	--	3.6	7.6
Payments advanced for long-term supply arrangements.	(6.5)	(12.3)	(44.9)
Other, net	(0.2)	9.1	(12.3)
Net cash used for investing activities	(237.5)	(562.5)	(699.0)
Cash flows from financing activities			
Net proceeds from issuances of short-term commercial			

paper and other short-term debt	62.1	94.9	--
Net proceeds from issuances of long-term debt	--	198.6	248.2
Payments of long-term debt	(11.4)	(107.4)	(5.8)
Cash dividends paid	(49.0)	(49.6)	(49.3)
Stock repurchases	(159.9)	(8.4)	--
Stock options exercised	7.2	19.3	4.3
Other, net	--	0.5	--
Net cash (used for) provided by financing activities	(151.0)	147.9	197.4
Net increase (decrease) in cash and cash equivalents	40.5	(152.9)	(105.8)
Cash and cash equivalents at beginning of year	85.6	238.5	344.3
Cash and cash equivalents at end of year	$ 126.1	$ 85.6	$ 238.5
Supplemental cash flow disclosures			
Interest paid	$ 59.0	$ 44.9	$ 32.7
Income taxes paid, net	50.6	86.6	69.3
Treasury stock issued for compensation plans and other	17.1	30.6	11.8

</TABLE>

The notes are an integral part of these consolidated statements.

BRUNSWICK CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

(Dollars in millions, except per share data)

<S>	Common stock <C>	Additional paid-in capital <C>	Retained earnings <C>	Treasury stock <C>	Unamortized ESOP expense and other <C>	Other accumulated comprehensive income <C>	Total <C>
Balance, December 31, 1995	$76.9	$299.4	$ 814.8	$ (85.0)	$(73.3)	$10.3	$1,043.1
Comprehensive income							
Net earnings	--	--	185.8	--	--	--	185.8
Currency translation adjustments	--	--	--	--	--	(2.5)	(2.5)
Other comprehensive income	--	--	--	--	--	3.4	3.4
Total comprehensive income--1996	--	--	185.8	--	--	0.9	186.7
Dividends ($.50 per common share)	--	--	(49.3)	--	--	--	(49.3)
Compensation plans and other	--	2.6	--	9.6	(0.9)	--	11.3
Deferred compensation--ESOP	--	--	--	--	5.9	--	5.9
Balance, December 31, 1996	$76.9	$302.0	$ 951.3	$ (75.4)	$(68.3)	$11.2	$1,197.7
Comprehensive income							
Net earnings	--	--	150.5	--	--	--	150.5
Currency translation adjustments	--	--	--	--	--	(11.1)	(11.1)
Other comprehensive income	--	--	--	--	--	(0.3)	(0.3)
Total comprehensive income--1997	--	--	150.5	--	--	(11.4)	139.1
Dividends ($.50 per							

common share)..........	--	--	(49.6)	--	--	--	(49.6)
Compensation plans and other..................	--	6.2	--	24.8	(1.2)	--	29.8
Deferred compensation-- ESOP..................	--	--	--	--	6.4	--	6.4
Stock repurchased.......	--	--	--	(8.4)	--	--	(8.4)
Balance, December 31, 1997..................	$76.9	$308.2	$1,052.2	$ (59.0)	$(63.1)	$(0.2)	$1,315.0
Comprehensive income							
Net earnings...........	--	--	186.3	--	--	--	186.3
Currency translation adjustments...........	--	--	--	--	--	(1.1)	(1.1)
Other comprehensive income................	--	--	--	--	--	(4.5)	(4.5)
Total comprehensive income--1998..........	--	--	186.3	--	--	(5.6)	180.7
Stock repurchased.......	--	--	--	(159.9)	--	--	(159.9)
Dividends ($.50 per common share)..........	--	--	(49.0)	--	--	--	(49.0)
Compensation plans and other..................	--	3.3	--	14.2	0.1	--	17.6
Deferred compensation-- ESOP..................	--	--	--	--	6.9	--	6.9
Balance, December 31, 1998..................	$76.9	$311.5	$1,189.5	$(204.7)	$(56.1)	$(5.8)	$1,311.3

</TABLE>

The notes are an integral part of these consolidated statements.

BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

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

Use of estimates in the financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

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

Inventories. Approximately 63 percent of the Company's inventories are valued at the lower of first-in, first-out (FIFO) cost or market (replacement cost or net realizable value). Inventories valued at last-in, first-out (LIFO) cost were $79.1 million and $83.7 million lower than the FIFO cost of inventories at December 31, 1998 and 1997, respectively. Inventory cost includes material, labor and manufacturing overhead.

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

Software development costs. 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 cost 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 generally amortized over periods of up to seven years, beginning when the system is placed in service. Training costs and costs to re-engineer business processes are expensed as incurred.

Intangibles. The excess of cost over net assets of businesses acquired is recorded as goodwill and amortized using the straight-line method over its estimated useful life, principally 40 years. Accumulated amortization was $79.9 million and $59.4 million at December 31, 1998 and 1997, respectively. The costs of other intangible assets are amortized over their expected useful lives using the straight-line method. Accumulated amortization was $326.2 million and $317.0 million at December 31, 1998 and 1997, respectively.

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

Advertising and marketing costs. Advertising and marketing costs are generally expensed as incurred.

Revenue recognition. Revenue from product sales is recognized in accordance with terms of sale, generally upon shipment to customers. Provisions for discounts and rebates to customers, warranties, returns and other adjustments are provided for in the same period the related sales are recorded.

Comprehensive income. As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." The adoption of this Statement had no effect on the Company's net earnings or shareholders' equity. Accumulated other comprehensive income includes currency translation adjustments, unrealized gains and losses on investments and minimum pension liability adjustments.

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

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

Forward exchange contracts generally are not accounted for as hedges, and as such, unrealized gains and losses are recognized and included in other income. When realized, gains and losses are reclassified from other income and recognized primarily as a component of cost of sales. The interest rate differential to be paid or received under interest rate swap agreements is recognized over the lives of the agreements as an adjustment of net earnings. Under commodity swap agreements, which are accounted for as hedges, the Company receives or makes payments based on the differential between a specified price and the market price of the commodity. The Company records the payments when received or made against cost of sales and does not have a carrying value recorded.

The Company has terminated financial instruments in the past as a result of a change in the volume or characteristics of the transaction being hedged. If, subsequent to entering into a forward contract the underlying transaction is no longer likely to occur, the Company may terminate the forward contract and any gain or loss on the terminated contract is included in net earnings. Gains and losses on commodity swaps that are terminated prior to the execution of the inventory purchase are recorded in inventory until the inventory is sold. Gains and losses on terminated interest rate swap agreements are recognized or deferred, as appropriate.

2. Earnings per Common Share

Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share," which requires presentation of basic and diluted earnings per common share. There is no difference in the earnings used to compute the Company's basic and diluted earnings per share. The difference in the average shares of common stock outstanding used to compute basic and diluted earnings per share is caused by potential common stock relating to employee stock options. The average shares of potential common stock was 0.7 million, 1.1 million and 0.5 million in 1998, 1997 and 1996, respectively.

3. Segment Information

The Company adopted Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information," effective December 31, 1998. Adoption of this Statement required the Company to change the disclosure of operating segment information, but did not require significant changes in the way geographic information was disclosed.

The Company is a multinational marketer and manufacturer of branded consumer products designed for outdoor and indoor active recreation participants, primarily in fishing, camping, biking, bowling, billiards, fitness equipment and pleasure boating. The Company reports in four operating segments: Outdoor Recreation, Indoor Recreation, Boat and Marine Engine.

Within the Outdoor Recreation segment, the Company manufactures and markets fishing products, including fishing reels and reel/rod combinations, trolling motors and other fishing accessories; camping products, including tents, sleeping bags, backpacks, cookware and other accessories; a complete line of ice chests, beverage coolers and thermoelectric products; bicycles and hunting accessories. These products are primarily manufactured in plants throughout the United States and, in some cases, sourced from or manufactured in foreign locations. Fishing, camping, and cooler products and bicycles are predominantly sold in the United States and are distributed primarily through mass merchants, sporting goods stores and specialty shops. One mass merchant customer comprised 43 percent, 37 percent and 34 percent of the segment's sales in 1998, 1997 and 1996, respectively.

Within the Indoor Recreation segment, the Company manufactures and markets fitness equipment including treadmills, cross-training equipment, stationary bikes and weight training equipment; bowling capital equipment, including lanes, pinsetters, and automatic scorers; bowling balls and other accessories; and billiards tables and accessories; and operates bowling and family entertainment centers. These products are primarily manufactured in plants throughout the United States and, in some cases, sourced from or manufactured in foreign locations. Bowling balls and billiards equipment are predominantly sold in the United States and are distributed primarily through mass merchants, sporting goods stores and specialty shops. Bowling capital equipment is sold through a direct sales force into the United States and foreign markets, primarily Europe and Asia. Fitness equipment is sold primarily in the United States and Europe to health clubs, military, government, corporate and university facilities and high-end consumer markets.

The Boat segment includes a complete line of pleasure boats including

runabouts, cruisers, yachts, high-performance boats and offshore fishing boats, which are marketed through dealers. The segment's boat plants are located in the United States and sales are primarily in the United States.

The Marine Engine segment manufactures outboard, sterndrive and inboard engines, and marine parts and accessories, which are sold directly to boat builders or through dealers worldwide. The Company's engine manufacturing plants are located primarily in the United States. Marine Engine sales are primarily in the United States.

Information as to the operations of the Company's four operating segments is set forth below:

Operating Segments

	Sales to customers			Operating earnings			Assets of continuing operations		
	1998	1997	1996	1998	1997	1996	1998	1997	1996
	(In millions)								
Outdoor Recreation......	$ 711.3	$ 665.3	$ 370.2	$ 38.5	$ 62.6	$ 38.7	$ 850.8	$ 794.7	$ 521.6
Indoor Recreation.......	691.0	616.9	515.1	3.8	54.1	47.4	759.9	726.1	305.2
Boat....................	1,333.7	1,229.9	1,159.5	112.9	70.0	92.5	567.4	579.1	563.4
Marine Engine...........	1,482.5	1,410.8	1,377.7	222.2	124.3	168.0	669.0	628.0	631.9
Corporate/other.........	(273.3)	(265.5)	(262.2)	(37.2)	(40.2)	(41.8)	504.4	513.5	780.3
Total..................	$3,945.2	$3,657.4	$3,160.3	$340.2	$270.8	$304.8	$3,351.5	$3,241.4	$2,802.4

	Capital expenditures			Depreciation & amortization			Research & development expense		
	1998	1997	1996	1998	1997	1996	1998	1997	1996
	(In millions)								
Outdoor Recreation......	$ 33.3	$ 23.2	$ 12.2	$ 24.3	$ 24.2	$ 10.1	$ 3.6	$ 3.3	$ 2.6
Indoor Recreation.......	47.9	39.2	40.5	38.0	27.8	21.9	16.6	11.2	8.5
Boat....................	48.8	52.4	43.7	46.1	52.1	48.0	17.6	15.3	15.3
Marine Engine...........	66.4	67.7	61.5	49.8	50.4	47.3	49.7	59.6	60.1
Corporate...............	1.6	8.0	12.0	1.5	2.4	2.4	--	--	--
Total..................	$198.0	$190.5	$169.9	$159.7	$156.9	$129.7	$ 87.5	$ 89.4	$ 86.5

Geographic Segments

	Sales to customers			Assets of continuing operations		
	1998	1997	1996	1998	1997	1996
	(In millions)					
United States............	$3,138.4	$2,794.3	$2,376.1	$2,562.5	$2,456.7	$1,799.2
Foreign..................	806.8	863.1	784.2	284.6	271.2	222.9

Corporate................	--	--	--	504.4	513.5	780.3
Total....................	$3,945.2	$3,657.4	$3,160.3	$3,351.5	$3,241.4	$2,802.4

</TABLE>

The Company evaluates performance based on several factors, of which the primary financial measure is business segment operating earnings. Operating earnings of segments do not include the expenses of corporate administration, other expenses and income of a non-operating nature, and provisions for income taxes. Corporate assets consist primarily of cash and marketable securities, prepaid income taxes, pension assets and investments in unconsolidated affiliates. The 1998 operating earnings of the Outdoor Recreation and Indoor Recreation segments include a strategic charge of $9.2 million and $50.8 million, respectively. The 1998 Boat segment operating earnings include a $15.0 million gain from a settlement with a boat dealer, MarineMax, Inc. The 1997 operating earnings of the Outdoor Recreation, Indoor Recreation, Boat and Marine Engine segments include a strategic charge of $3.4 million, $20.4 million, $14.1 million and $60.6 million, respectively.

4. Strategic Charges

During the third quarter of 1998, the Company recorded a pretax charge of $60.0 million ($41.4 million after tax) in the Indoor and Outdoor Recreation segments to cover costs associated with strategic initiatives designed to streamline operations and enhance operating efficiencies in response to the effect of the economic situation in Asia and other emerging markets on its businesses. These strategic actions included exiting and disposing of 15 retail bowling centers in Asia, Brazil and Europe; rationalizing manufacturing of bowling equipment, including closing a pinsetter manufacturing plant in China, accelerating the shutdown of a pinsetter manufacturing plant in Germany and exiting the manufacture of electronic scorers and components; closing bowling sales offices and administrative offices in four countries; and rationalizing the manufacture and distribution of outdoor recreation products including the consolidation of certain North American manufacturing operations and closing seven domestic distribution warehouses. These actions were substantially completed during 1998.

The components of the 1998 strategic charge include lease termination costs, severance costs, other incremental costs and asset disposition costs. Lease termination costs of $11.3 million consist primarily of costs to exit leased international bowling facilities as well as distribution and warehouse facilities of the Outdoor Recreation segment. Severance costs of $10.6 million relate to the termination of approximately 750 employees in the Company's bowling businesses and 330 employees in the Company's Outdoor Recreation segment. During

1998, the Company completed approximately 68 percent of the severance actions. Other incremental costs of $9.3 million include contract termination costs related to the manufacture and sale of bowling equipment; cleanup, holding and shutdown costs related to the closing of domestic distribution warehouses and manufacturing facilities; and legal costs. Asset disposition costs of $28.8 million primarily relate to the write-down of facilities and equipment at international bowling centers in the Indoor Recreation segment and manufacturing facilities in the Outdoor Recreation segment. As of December 31 and September 30, 1998, these assets had a gross carrying value of approximately $29.3 million and $35.2 million, respectively. The Company plans to complete the sale of these assets in 1999, and as of December 31 and September 30, 1998, the estimated sales value of these assets, net of related costs to sell, was $4.6 million and $6.4 million, respectively.

During the third quarter of 1997, the Company announced strategic initiatives to streamline its operations and improve global manufacturing costs. The initiatives included terminating development efforts on a line of personal watercraft; closing boat plant manufacturing facilities in Ireland and Oklahoma; centralizing European marketing and customer service in the Marine Engine segment; rationalizing manufacturing of bowling equipment

including the shutdown of a pinsetter manufacturing plant in Germany and outsourcing the manufacture of certain components in the Company's bowling division; consolidating fishing reel manufacturing; and other actions directed at manufacturing rationalization, product profitability improvements and general and administrative expense efficiencies. These actions were substantially completed during 1998.

In the third quarter of 1997, the Company recorded a pretax charge of $98.5 million ($63.0 million after tax) to cover exit costs related to these actions. The charge consisted of $3.4 million recorded in the Outdoor Recreation segment, $20.4 million recorded in the Indoor Recreation segment, $14.1 million recorded in the Boat segment, and $60.6 million recorded in the Marine Engine segment.

These actions included termination of approximately 900 hourly and salaried employees and severance and related benefits totaling $32.6 million. During 1998, the Company substantially completed the severance actions of both hourly and salaried employees. Asset disposition costs consist of the write-down of facilities and equipment related to the development of a line of personal watercraft, boat manufacturing facilities in Ireland and Oklahoma and an international pinsetter plant. As of December 31, 1998 and September 30, 1997, these assets had a gross carrying value of approximately $11.6 million and $30.1 million, respectively, with an estimated sales value approximating the related cost to sell at December 31, 1998, and an estimated sales value less cost to sell of $3.7 million as of September 30, 1997. The Company plans to complete the sale of these assets in 1999. Product and inventory writedowns related to exit activities were $15.6 million. Other incremental costs related to exit activities were $23.9 million.

The Company's accrued expense balances relating to the 1998 and 1997 strategic charges as of December 31, 1998 and 1997, were as follows (in millions):

	1997			1998		
	Strategic Charge	Spending	December 31,	Strategic Charge	Spending	December 31,
Severance	$32.6	$ (9.4)	$23.2	$10.6	$(17.7)	$16.1
Lease termination	--	--	--	11.3	(0.7)	10.6
Other incremental costs	23.9	(6.7)	17.2	9.3	(15.7)	10.8
Total	$56.5	$(16.1)	$40.4	$31.2	$(34.1)	$37.5

5. Acquisitions

On January 3, 1997, the Company acquired the stock of Igloo Holdings, Inc., the leading manufacturer and marketer of coolers and ice chests, for approximately $152.1 million in cash, which included $9.8 million paid

to certain management employees under stock option arrangements that existed prior to acquisition. On April 28, 1997, the Company purchased for approximately $20.9 million the inventory and trademarks of the Mongoose bicycle and parts business of Bell Sports Corporation. These operations have been included as part of the Outdoor Recreation segment.

On July 9, 1997, the Company purchased substantially all of the facilities, equipment, inventory and other assets of Life Fitness, a designer, manufacturer and marketer of the leading global brand of computerized cardiovascular and strength training fitness equipment for commercial use. The purchase price was approximately $314.9 million after post-closing adjustments, of which $12.8 million has been deferred pursuant to an incentive

compensation plan in connection with the waiver of employee stock options granted by Life Fitness. Life Fitness has been included as part of the Indoor Recreation segment.

In January 1997, the Company received an $8.2 million payment from Roadmaster Industries, Inc. in settlement of the final purchase price adjustment on the bicycle business purchased in September 1996, which reduced the final cash consideration paid for the business to $190.2 million. Roadmaster has been included as part of the Outdoor Recreation segment. Other acquisitions in 1996 included the purchase of the Nelson/Weather-Rite camping division (now American Camper) of Roadmaster Industries, Inc. on March 8, 1996, for $119.2 million and the Boston Whaler brand of boats from Meridian Sports on May 31, 1996, for $26.6 million. American Camper and Boston Whaler have been included in the Outdoor Recreation and Boat segments, respectively. Cash consideration paid for other acquisitions totaled $32.8 million in 1998, $48.5 million in 1997 and $16.4 million in 1996.

The acquisitions were accounted for as purchases and resulted in goodwill of $10.7 million, $388.5 million and $241.6 million in 1998, 1997 and 1996, respectively, that will be amortized using the straight-line method over its estimated useful life, principally 40 years. The assets and liabilities of the acquired companies have been recorded in the Company's consolidated financial statements at their estimated fair values at the acquisition dates. The operating results of each acquisition are included in the Company's results of operations since the date of acquisition.

6. Commitments and Contingencies

Financial Commitments. The Company has entered into agreements, which are customary in the marine industry, that provide for the repurchase of its products from a financial institution in the event of repossession upon a dealer's default. Repurchases and losses incurred under these agreements have not had, and are not expected to have, a significant effect on the Company's results of operations. The maximum potential repurchase commitments at December 31, 1998 and 1997, were approximately $179.0 million and $221.0 million, respectively.

The Company also has various agreements with financial institutions that provide limited recourse on marine and bowling capital equipment sales. Recourse losses have not had, and are not expected to have, a significant effect on the Company's results of operations. The maximum potential recourse liabilities outstanding under these programs at December 31, 1998 and 1997, were approximately $44.0 million and $42.0 million, respectively.

The Company had outstanding standby letters of credit and financial guarantees of approximately $174.0 million and $25.0 million at December 31, 1998 and 1997, respectively, representing conditional commitments whereby the Company guarantees performance to a third party. This increase is primarily attributable to a $133.2 million surety bond issued in 1998 to secure damages awarded in a jury verdict in a suit brought in December 1995 by Independent Boat Builders, Inc. while the Company pursues its appeal of the entry of judgment on the adverse verdict as further discussed below.

The majority of the remaining commitments includes guarantees of premium payment under certain of the Company's insurance programs and other guarantees issued in the ordinary course of business.

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

On June 19, 1998, a jury awarded $44.4 million in damages in a suit brought in December 1995 by Independent Boat Builders, Inc., a buying group of boat manufacturers and 22 of its members. The lawsuit, Concord Boat Corporation, et al. v. Brunswick Corporation (Concord), was filed in the United States District Court for the Eastern District of Arkansas, and alleged that the

Company unlawfully monopolized, unreasonably restrained trade in, and made acquisitions that substantially lessened competition in the market for sterndrive and inboard marine engines in the United States and Canada. Under the antitrust laws, the damage award has been trebled, and plaintiffs will be entitled to their attorneys' fees and interest. Under current law, any and all amounts paid by the Company will be deductible for tax purposes.

The trial court judge denied the Company's post-trial motions seeking to set aside the verdict and for a new trial. The judge also denied all forms of equitable relief sought by the plaintiffs in connection with the jury verdict, including their requests for divestiture of the Company's principal boat manufacturing operations and orders precluding the Company from implementing various marketing and pricing programs and from acquiring other marine-related companies or assets. The judge granted the Company's motion for judgment as a matter of law on its counterclaim which asserted a per se violation of the antitrust laws by a group of six of the plaintiffs and awarded nominal damages. Plaintiffs dismissed, voluntarily, two related claims which had alleged that the Company attempted to monopolize the outboard engine and sterndrive boat markets.

On November 4, 1998, the Company filed an appeal contending the Concord verdict was erroneous as a matter of law, both as to liability and damages. Plaintiffs filed a cross appeal on the denial of equitable relief and on the judgment against certain of them on the counterclaim. The Company is not presently able to reasonably estimate the ultimate outcome of this case, and accordingly, no expense for this judgment has been recorded. If the adverse judgment is sustained after all appeals, satisfaction of the judgment is likely to have a material adverse effect on the Company's results of operations for a particular year, but is not expected to have a material adverse effect on the Company's financial condition.

On October 23, 1998, a suit was filed in the United States District Court for the District of Minnesota by two independent boat builders alleging antitrust violations by the Company in the sterndrive and inboard engine business, seeking to rely on both the liability and damage findings of the Concord litigation. This suit originally was entitled Alumacraft Boats Co., et al. v. Brunswick Corporation, but Alumacraft Boats Co. was dismissed without prejudice shortly after the suit was filed. Now captioned KK Motors, et al. v. Brunswick Corporation (KK Motors), the named plaintiffs also seek to represent a class of all allegedly similarly situated boat builders whose claims have not been resolved in Concord or in other judicial proceedings. Sales of sterndrive and inboard marine engines to the Concord plaintiffs are estimated to have represented less than one-fifth of the total sold to independent boat builders during the six-and-one-half year time period for which damages were awarded in that suit. The complaint in the KK Motors case seeks damages for a time period covering slightly less than four years.

On December 23, 1998, Volvo Penta of the Americas, Inc., Brunswick's principal competitor in the sale of sterndrive marine engines, filed suit in the United States District Court for the Eastern District of Virginia. That suit, Volvo Penta of the Americas v. Brunswick Corporation (Volvo), also invokes the antitrust allegations of the Concord action and seeks injunctive relief and damages in an unspecified amount for an unspecified time period.

On February 10, 1999, a former dealer of Brunswick boats filed suit in the United States District Court for the District of Minnesota, also seeking to rely on the liability findings of the Concord action. This suit, Amo Marine Products, Inc. v. Brunswick Corporation (Amo) seeks class status purporting to represent all marine dealers who purchased directly from Brunswick sterndrive or inboard engines or boats equipped with sterndrive or inboard engines during the period January 1, 1986 to June 30, 1998. Sales by Brunswick of boats equipped with sterndrive or inboard engines to dealers accounted for less than half of such engines produced during the time period covered by the complaint; sales of such engines directly to dealers were de minimis. The complaint seeks damages in an unspecified amount and requests injunctive relief.

On February 16, 1999, a suit was filed in the Circuit Court of Washington County, Tennessee, by an individual claiming that the same conduct challenged in the Concord action violated various antitrust and consumer protection laws of 16 states and the District of Columbia. In that suit, Couch v. Brunswick (Couch), plaintiff seeks to reprsent all indirect purchasers in those states of boats equipped with Brunswick sterndrive or inboard engines. The plaintiff claims damages in an unspecified amount during the period from 1986 to the filing of the complaint and also requests injunctive relief.

It is possible that additional suits will be filed, in either federal or state court, asserting allegations similar to those in the existing complaints and purporting to represent similar or overlapping classes of claimants.

The Company has answered or will answer each of these new complaints denying liability and asserting various defenses. In addition, the Company has filed or will file motions to stay all proceedings in each of these matters pending the resolution of the appeal in the Concord action because it believes that an appellate decision in that matter is likely to have an impact on each of these recently filed actions. In the KK Motors case, the court has granted a stay of all proceedings on the merits of plaintiffs' claims, but has allowed the case to proceed on class certification and certain procedural matters. No other stay motions have yet been ruled on.

Because litigation is subject to many uncertainties, the Company is unable to predict the outcome of any of the above referenced actions. While there can be no assurance, the Company believes the adverse judgment in the Concord case is likely to be reversed on appeal and that any such reversal will have an impact on all related actions. If the Concord judgment is sustained after all appeals, however, and if the KK Motors and/or Amo cases successfully proceed as class actions on behalf of all described potential claimants substantially as alleged, and if plaintiffs are successful, the damages ultimately payable by the Company would have a material adverse effect on the Company's financial condition and results of operations. The Company is unable at this time to assess the magnitude of damages that either Volvo or the Couch plaintiffs might assert. Because of a variety of factors affecting both the likelihood and size of any damage award to these or any other potential claimants, the Company is unable to estimate the range, amount or timing of its overall possible exposure.

The Federal Trade Commission (FTC) began an investigation in 1997 of certain of the Company's marketing practices related to the sale of sterndrive marine engines to boat builders and dealers. The Company believes such practices were lawful; however, they were discontinued for business reasons prior to the initiation of the FTC's investigation.

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

The Company is involved in numerous environmental remediation and clean-up projects with an aggregate estimated range of exposure of approximately $21 million to $42 million as of December 31, 1998. At December 31, 1998 and 1997, the Company had reserves for environmental liabilities of $26.2 million and $26.3 million, and environmental provisions of $7.3 million, $4.4 million and $6.1 million for the years ended December 31, 1998, 1997 and 1996, 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 coordination 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 reserves, the Company's environmental claims, including those discussed, when finally resolved, will not, in the opinion of

management, have a material adverse effect on the Company's consolidated financial position and results of operations.

7. Financial Instruments

The Company enters into various financial instruments in the normal course of business and in connection with the management of its assets and liabilities. The Company does not hold or issue financial instruments for trading or speculative purposes. The Company prepares periodic analyses of its positions in derivatives to assess the current and projected status of these agreements. The Company monitors and controls market risk from financial instrument activities by utilizing floating rates that historically have moved in tandem with each other, matching positions and limiting the terms of contracts to short durations. The effect of financial instruments transactions is not material to the Company's results of operations.

The carrying values of the Company's short-term financial instruments, including cash and cash equivalents, accounts and notes receivable and short-term debt, approximate their fair values because of the short maturity of these instruments. At December 31, 1998 and 1997, the fair value of the Company's long-term debt was $622.7 million and $664.2 million, respectively, as estimated using quoted market prices or discounted cash flows based on market rates for similar types of debt. The fair market value of derivative financial instruments is determined through dealer quotes and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to the volatility of the markets in which they are traded.

Forward Exchange Contracts. The Company enters into forward exchange contracts and options to manage foreign exchange exposure related to transactions, assets and liabilities that are subject to risk from foreign currency rate changes. These include product costs, revenues and expenses; associated receivables and payables; intercompany obligations and receivables; and other related cash flows. Forward exchange contracts outstanding at December 31, 1998 and 1997, had contract values of $58.0 million and $106.4 million, respectively. The contracts outstanding at December 31, 1998, mature during 1999 and relate primarily to the German mark and Australian dollar. At December 31, 1998 and 1997, the fair value of forward exchange contracts was approximately $0.5 million and $3.3 million, respectively.

Interest Rate Swaps. The Company has entered into interest rate swap agreements to reduce the impact of changes in interest rates on the Company's investments and borrowings. At December 31, 1998 and 1997, the Company had three outstanding floating-to-floating interest-rate swap agreements, each with a notional principal amount of $260.0 million, that expire in September 2003. The estimated aggregate market value of these three agreements was a loss of $0.2 million and a gain of $3.9 million at December 31, 1998 and 1997, respectively, and represents the costs to settle outstanding agreements.

Commodity Swaps. The Company uses commodity swap agreements to hedge anticipated purchases of raw materials. Commodity swap contracts outstanding at December 31, 1998 and 1997, had notional values of $21.3 million and $23.4 million, respectively. At December 31, 1998 and 1997, the fair value of these swap contracts was a net loss of $3.3 million and $0.3 million, respectively. The contracts outstanding at December 31, 1998, mature through 2000.

Credit Risk. The Company enters into financial instruments with banks and investment firms with which the Company has continuing business relationships and regularly monitors the credit ratings of its counterparties. The Company sells a broad range of active recreation products to a worldwide customer base and extends credit to its customers based upon an ongoing credit evaluation program and security is obtained if required. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base; however, periodic concentrations can occur due to the seasonality of the Company's businesses. The Company has one mass merchant customer that comprised 12 percent and 10

percent of its net receivable balances at December 31, 1998 and 1997, respectively.

8. Accrued Expenses

Accrued expenses at December 31 were as follows:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
	(In millions)	
Payroll and other compensation	$109.9	$121.6
Dealer allowances and discounts	103.0	84.5
Product warranties	101.0	98.6
Insurance reserves	60.1	53.9
Strategic charge reserve	37.5	40.4
Other	163.1	187.0
Accrued expenses	$574.6	$586.0

</TABLE>

9. Debt

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

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
	(In millions)	
Commercial paper	$156.3	$ 86.3
Notes payable	--	7.9
Current maturities of long-term debt	13.8	15.1
Short-term debt	$170.1	$109.3

</TABLE>

The weighted-average interest rate for commercial paper borrowings during 1998 and 1997 was 5.74 percent and 5.83 percent, respectively.

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

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
	(In millions)	
Mortgage notes and other, 4.96% to 9.5% payable through 2003	$ 29.1	$ 34.0
Notes, 6.75% due 2006, net of discount of $1.7 and $1.9	248.3	248.1
Notes, 7.125% due 2027, net of discount of $1.3 and $1.4	198.7	198.6
Debentures, 7.375% due 2023, net of discount of $0.8	124.2	124.2
Guaranteed ESOP debt, 8.13% payable through 2004	48.9	55.7
	649.2	660.6
Current maturities	(13.8)	(15.1)
Long-term debt	$635.4	$645.5

Scheduled maturities	
2000	$ 8.6
2001	10.8
2002	9.5
2003	10.2
Thereafter	596.3
Total	$635.4

</TABLE>

The Company has a $400.0 million long-term revolving credit agreement with a group of banks, of which $40.0 million terminates on May 22, 2002, and $360.0 million terminates on May 22, 2003. Under terms of the agreement, the Company has multiple borrowing options, including borrowing at the greater of the prime rate as announced by The Chase Manhattan Bank or the federal funds effective rate plus 0.5 percent, or a rate tied to the Eurodollar rate. The Company pays a facility fee of 0.08 percent per annum. Under the terms of the agreement, the Company is subject to a leverage test, as well as a restriction on secured debt. The Company was in compliance with these covenants at December 31, 1998. There were no borrowings under the revolving credit agreement during 1998, and the agreement continues to serve as support for commercial paper borrowings when commercial paper is outstanding.

On August 4, 1997, the Company sold $200.0 million of 7.125 percent notes due August 1, 2027. The proceeds from the sale of the notes were used to retire a portion of the commercial paper issued to finance the acquisition of Life Fitness. On December 10, 1996, the Company sold $250.0 million of 6.75 percent notes due December 15, 2006. The proceeds from the sale of the notes were used to finance the purchase of Igloo Holdings, Inc. on January 3, 1997, and to repay the $100.0 million principal amount of 8.125 percent notes due April 1, 1997.

10. Discontinued Operations

In April 1995, the Company completed the sale of substantially all its Technical Group assets, which were in the discontinued Technical segment, with the final disposition of remaining assets occurring in June 1996. Certain liabilities of the discontinued operations were retained by the Company.

During 1998, the Company recognized $7.7 million of after-tax income from discontinued operations resulting primarily from the favorable cash settlement of a lawsuit brought by the Company related to the previously disposed Technical segment.

11. Stock Plans and Management Compensation

Under the 1991 Stock Plan, the Company may grant stock options, stock appreciation rights, restricted stock and other various types of awards to executives and other management employees. Issuances under the plan may be from either authorized, but unissued shares or treasury shares. The plan provides for the issuance of a maximum of 11,200,000 shares. The option price per share has not been less than the fair market value at the date of grant. The stock options are generally exercisable over a period of 10 years, or as determined by the Human Resource and Compensation Committee of the Board of Directors. Options vest over three or five years, although the Company provides for accelerated vesting should certain earnings per share or stock price levels be attained, or immediately in the event of a change in control. The Company has additional stock and stock option plans to provide for compensation of nonemployee directors. Stock option activity for all plans for the three years ending December 31, 1998, was as follows:

<TABLE>
<CAPTION>

	1998	1997	1996

	Stock options outstanding	Weighted average exercise price	Stock options outstanding	Weighted average exercise price	Stock options outstanding	Weighted average exercise price
	(Options and shares in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding on January 1,....................	6,498	$22.89	6,016	$19.51	3,380	$17.67
Granted................	1,326	$20.53	1,752	$31.30	3,082	$21.41
Exercised..............	(381)	$18.92	(1,099)	$17.92	(262)	$16.33
Forfeited..............	(215)	$25.53	(171)	$21.72	(184)	$22.18
Outstanding on December 31,....................	7,228	$22.62	6,498	$22.89	6,016	$19.51
Exercisable on December 31,....................	3,776	$20.83	3,759	$20.71	2,036	$17.08
Shares available on December 31, for options that may be granted................	1,464		2,687		4,272	

</TABLE>

The following table summarizes information about stock options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

Range of exercise price	Options outstanding: Number outstanding	Options outstanding: Weighted average contractual life	Options outstanding: Weighted average exercise price	Options exercisable: Number exercisable	Options exercisable: Weighted average exercise price
	(Options in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
$12.56 to 16.75.........	608	3.8 years	$15.42	586	$15.48
$16.75 to 20.25.........	3,458	7.6 years	$19.24	1,853	$18.98
$20.25 to 25.50.........	1,538	7.1 years	$23.43	967	$23.37
$25.51 to 35.44.........	1,624	8.6 years	$31.75	370	$31.99

</TABLE>

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

<TABLE>
<CAPTION>

	1998	1997	1996
	(In millions, except per share data)		
<S>	<C>	<C>	<C>
Earnings from continuing operations			
As reported....................	$ 178.6	$ 151.2	$ 185.8
Pro forma......................	172.1	141.3	180.6
Basic earnings per common share from continuing operations			
As reported....................	$ 1.82	$ 1.52	$ 1.89
Pro forma......................	1.75	1.42	1.84

Diluted earnings per common share from continuing operations			
As reported	$ 1.80	$ 1.51	$ 1.88
Pro forma	1.74	1.41	1.83

The weighted-average fair value of individual options granted during 1998, 1997 and 1996 was $5.62, $9.51 and $6.63, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for 1998, 1997 and 1996, respectively:

	1998	1997	1996
Risk-free interest rate	5.5%	6.0%	5.9%
Dividend yield	2.5%	1.6%	2.3%
Volatility factor	28.7%	27.3%	32.4%
Weighted-average expected life	5 years	5 years	5 years

The Company maintains a leveraged employee stock ownership plan (ESOP). In April 1989, the ESOP borrowed $100 million to purchase 5,095,542 shares of the Company's common stock at $19.625 per share. The debt of the ESOP is guaranteed by the Company and is recorded in the Company's financial statements. All ESOP shares are considered outstanding for earnings per share purposes.

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

	1998	1997
	(Shares in thousands)	
Committed-to-be-released	303	289
Allocated	1,801	1,741
Suspense	1,806	2,133

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

	1998	1997	1996
	(In millions)		
Compensation expense	$ 4.8	$ 4.2	$ 4.1
Interest expense	4.3	4.9	5.3
Dividends	2.1	2.1	1.8
Total debt service payments	$11.2	$11.2	$11.2

The Company has certain employment agreements and a severance plan that

become effective upon a change in control of the Company, which will result in compensation expense in the period that a change in control occurs.

12. Pension and Other Postretirement Benefits

The Company has qualified and nonqualified pension plans and other postretirement benefit plans covering substantially all of its employees. The Company's domestic pension and retiree health care and life insurance benefit plans are discussed below. The Company's foreign plans and other defined contribution plans are not significant individually or in the aggregate.

Pension and other postretirement benefit costs included the following components for 1998, 1997 and 1996:

<TABLE>
<CAPTION>

	Pension benefits			Other postretirement benefits		
	1998	1997	1996	1998	1997	1996
	(In millions)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Service cost............	$ 17.2	$ 14.2	$ 15.5	$ 1.6	$ 1.5	$ 1.7
Interest cost...........	45.8	44.7	42.1	4.1	4.1	4.0
Expected return on plan assets.................	(63.6)	(56.5)	(48.1)	--	--	--
Amortization of prior service cost...........	3.3	2.2	2.1	(0.5)	(0.3)	(0.3)
Amortization of net loss (gain).................	0.3	0.2	2.2	(0.6)	(0.6)	(0.4)
Amortization of transition asset.............	--	--	(5.6)	--	--	--
Net pension and other benefit costs.........	$ 3.0	$ 4.8	$ 8.2	$ 4.6	$ 4.7	$ 5.0

</TABLE>

A reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, 1998, and a statement of the funded status at December 31 for these years for the Company's domestic pension plans follows. Pension plan assets include 1.8 million shares of the Company's common stock at December 31, 1998 and 1997.

<TABLE>
<CAPTION>

	Pension benefits		Other postretirement benefits	
	1998	1997	1998	1997
	(In millions)			
<S>	<C>	<C>	<C>	<C>
Reconciliation of benefit obligation				
Benefit obligation at previous December 31....................................	$656.9	$572.5	$ 75.3	$ 68.1
Service cost...........................	17.2	14.2	1.6	1.5
Interest cost..........................	45.8	44.7	4.1	4.1
Participant contributions...............	--	--	1.8	1.9
Plan amendments........................	1.1	13.1	(2.7)	--
Actuarial loss.........................	36.3	44.3	1.5	3.0
Acquisitions...........................	--	--	--	0.7
Benefit payments.......................	(35.5)	(31.9)	(4.7)	(4.0)

Benefit obligation at December 31	721.8	656.9	76.9	75.3
Reconciliation of fair value of plan assets				
Fair value of plan assets at January 1	687.4	610.5	--	--
Actual return on plan assets	66.8	107.3	--	--
Employer contributions	1.5	1.5	2.9	2.1
Participant contributions	--	--	1.8	1.9
Benefit payments	(35.5)	(31.9)	(4.7)	(4.0)
Fair value of plan assets at December 31	720.2	687.4	--	--
Funded status				
Funded status at December 31	(1.6)	30.5	(76.9)	(75.3)
Unrecognized prior service cost	26.0	28.3	(5.1)	(2.8)
Unrecognized actuarial loss (gain)	28.0	(5.0)	(9.1)	(11.1)
Prepaid (accrued) benefit cost	$ 52.4	$ 53.8	$ (91.1)	$ (89.2)

</TABLE>

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

<TABLE>
<CAPTION>

	Pension benefits		Other postretirement benefits	
	1998	1997	1998	1997
	(In millions)			
<S>	<C>	<C>	<C>	<C>
Prepaid benefit cost	$ 76.1	$ 75.9	$ --	$ --
Accrued benefit liability	(24.5)	(23.0)	(91.1)	(89.2)
Accumulated other comprehensive income	0.8	0.9	--	--
Net amount recognized	$ 52.4	$ 53.8	$ (91.1)	$ (89.2)

</TABLE>

The Company's nonqualified pension plan and one of the qualified pension plans had accumulated benefit obligations in excess of plan assets. The unfunded nonqualified plan's accumulated benefit obligation was $24.3 million and $23.0 million at December 31, 1998 and 1997, respectively. The qualified pension plan's

accumulated benefit obligation was $1.5 million and $1.2 million at December 31, 1998 and 1997, respectively. This plan's fair value of assets was $1.2 million at December 31, 1998 and 1997. The Company's other postretirement benefit plans are not funded.

Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Accumulated gains and losses in excess of 10 percent of the greater of the benefit obligation or the market-related value of assets are amortized over the remaining service period of active plan participants. The Company's benefit obligations were determined using assumed discount rates of 6.75 percent in 1998 and 7.25 percent in 1997 and an assumed compensation increase of 5.5 percent in 1998 and 1997. The assumed long-term rate of return on plan assets was 9.5 percent in 1998 and 1997.

The health care cost trend rate for 1999 for pre-65 benefits was assumed to be 7.3 percent gradually declining to 5.0 percent in 2002 and to remain at that level thereafter. The trend rate for post-65 benefits was assumed to be

5.0 percent and to remain at the 5.0 percent level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. A one percent increase in the assumed health care trend rate would increase the service and interest cost components of net postretirement health care benefit cost by $1.0 million in 1998 and increase the health care component of the accumulated postretirement benefit obligation by $8.3 million at December 31, 1998. A one percent decrease in the assumed health care trend rate would decrease the service and interest cost components of net postretirement health care benefit cost by $0.8 million in 1998 and the health care component of the accumulated postretirement benefit obligation by $6.6 million at December 31, 1998. 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.

13. Income Taxes

The sources of earnings before income taxes are as follows:

<TABLE>
<CAPTION>

<S>	1998	1997	1996
	(In millions)		
United States	$285.7	$233.6	$284.9
Foreign	(1.9)	2.6	5.4
Earnings before income taxes	$283.8	$236.2	$290.3

</TABLE>

The income tax provision consisted of the following:

<TABLE>
<CAPTION>

<S>	1998	1997	1996
	(In millions)		
Current tax expense			
U.S. Federal	$ 85.4	$69.9	$ 73.4
State and local	10.4	4.4	3.4
Foreign	7.9	8.6	8.8
Total current	103.7	82.9	85.6
Deferred tax expense			
U.S. Federal	5.2	(1.9)	11.1
State and local	2.3	3.9	6.9
Foreign	(6.0)	0.1	0.9
Total deferred	1.5	2.1	18.9
Total provision	$105.2	$85.0	$104.5

</TABLE>

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

<TABLE>
<CAPTION>

<S>	1998	1997
	(In millions)	

Deferred tax assets		
Product warranties	$ 46.1	$ 40.9
Dealer allowances and discounts	23.6	20.2
Insurance reserves	29.3	29.8
Strategic charge reserve	24.0	28.7
Compensation and benefits	10.7	10.7
Other	75.3	80.7
Valuation allowance	(0.3)	(0.3)
Total deferred tax assets	$208.7	$210.7
Deferred tax liabilities (assets)		
Depreciation and amortization	$ 52.8	$ 42.4
Deferred compensation	(10.9)	(8.4)
Postretirement and postemployment benefits	(26.8)	(26.1)
Other assets and investments	93.5	90.7
Other	56.5	45.7
Total deferred tax liabilities	$165.1	$144.3

</TABLE>

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

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

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
	(Dollars in millions)		
Income tax provision at 35%	$ 99.3	$82.7	$101.6
State and local income taxes, net of Federal income tax effect	8.3	5.4	6.7
Foreign sales corporation benefit	(4.5)	(3.3)	(2.5)
Taxes related to foreign income, net of credits	(0.4)	5.2	1.2
Goodwill and other amortization	2.3	2.1	0.9
Other	0.2	(7.1)	(3.4)
Actual income tax provision	$105.2	$85.0	$104.5
Effective tax rate	37.1%	36.0%	36.0%

</TABLE>

In December 1996, the Internal Revenue Service notified the Company that it allocated $190.0 million in short-term capital gains and $18.1 million in ordinary income to the Company and its subsidiaries for 1990 and 1991 in connection with two partnership investments by the Company. The IRS alleges that these investments lacked economic substance, were prearranged and predetermined, and had no legitimate business purpose. The Company strongly disagrees with the IRS position and contested the IRS allocation in a trial in the United States

Tax Court in September 1998. A decision has not yet been rendered. If the IRS were to prevail, the Company would owe the IRS approximately $60 million in

taxes, plus accrued interest. The Company does not believe that this case will have an unfavorable effect on the Company's results of operations.

14. Leases

The Company has various lease agreements for offices, branches, factories, distribution and service facilities, certain Company-operated bowling centers and certain personal property. These obligations extend through 2032. Most leases contain renewal options and some contain purchase options. Many leases for Company-operated bowling centers contain escalation clauses, and many provide for contingent rentals based on percentages of gross revenue. No leases contain restrictions on the Company's activities concerning dividends, additional debt or further leasing. Rent expense consisted of the following:

	1998	1997	1996
	(In millions)		
Basic expense	$42.8	$35.2	$29.6
Contingent expense	0.9	1.1	0.4
Sublease income	(1.7)	(0.9)	(1.1)
Rent expense, net	$42.0	$35.4	$28.9

Future minimum rental payments at December 31, 1998, under agreements classified as operating leases with non-cancelable terms in excess of one year, are as follows:

	(In millions)
1999	$ 25.8
2000	22.9
2001	20.2
2002	19.3
2003	18.2
Thereafter	42.2
Total (not reduced by minimum sublease rentals of $5.4 million)	$148.6

15. Preferred Share Purchase Rights

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

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

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

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

16. Investments

The Company has certain unconsolidated foreign and domestic affiliates that are accounted for using the equity method. Summary financial information of the unconsolidated affiliates is presented below:

	1998	1997	1996
	(In millions)		
Net sales	$ 445.7	$ 483.3	$ 489.5
Gross margin	$ 72.4	$ 80.9	$ 83.8
Net earnings	$ 7.1	$ 10.9	$ 26.2
Company's share of net earnings	$ 4.9	$ 6.8	$ 14.7
Current assets	$ 182.3	$ 212.5	$ 199.3
Noncurrent assets	164.5	157.5	153.0
Total assets	$ 346.8	$ 370.0	$ 352.3
Current liabilities	$(170.4)	$(182.3)	$(170.1)
Noncurrent liabilities	(33.3)	(36.0)	(27.7)
Net assets	$ 143.1	$ 151.7	$ 154.5

The Company's sales to and purchases from the above investments along with the corresponding receivables and payables were not material to the Company's overall results of operations for the three years ended December 31, 1998, and its financial position as of December 31, 1998 and 1997.

The Company has made cash advances to the majority partner of a boat company partnership, in which the Company has a minority interest, in connection with long-term engine supply arrangements. These transactions have occurred in the ordinary course of business and are backed by notes receivable that are reduced as purchases of qualifying products are made. The notes receivable are secured by the majority partner's interest in the boat company partnership and are included in other long-term assets. Amounts outstanding related to these arrangements as of December 31, 1998 and 1997, totaled $50.7 million and $44.3 million, respectively. Total assets as of December 31, 1998 and 1997, directly or indirectly related to this boat company partnership, including trade receivables, the Company's investment and the aforementioned supply agreement assets, were $78.6 million and $64.2 million, respectively.

17. Treasury and Preferred Stock

Treasury stock activity for the past three years was as follows:

<TABLE>
<CAPTION>

(Shares in thousands)	1998	1997	1996
Balance at January 1,	3,057	4,072	4,633
Compensation plans and other	(576)	(1,324)	(561)
Stock repurchases	8,188	309	--
Balance at December 31,	10,669	3,057	4,072

</TABLE>

At December 31, 1998, 1997 and 1996, the Company had no preferred stock outstanding (authorized: 12.5 million shares, $.75 par value at December 31, 1998).

18. Quarterly Data (unaudited)

<TABLE>
<CAPTION>

(In millions, except per share data)	Quarter 1st	2nd	3rd	4th	Year
1998					
Net sales	$ 904.2	$ 1,113.0	$ 956.5	$ 971.5	$ 3,945.2
Gross margin	256.3	317.7	257.7	254.4	1,086.1
Earnings from continuing operations(1)	$ 58.9	$ 83.4	$ 4.1	$ 32.2	$ 178.6
Gain from discontinued operations	--	--	--	7.7	7.7
Net earnings(1)	$ 58.9	$ 83.4	$ 4.1	$ 39.9	$ 186.3
Per common share data					
Basic earnings per common share					
Earnings from continuing operations(1)	$ .59	$ .84	$ .04	$ .34	$ 1.82
Gain from discontinued operations	--	--	--	.08	.08
Net earnings(1)	$ .59	$ .84	$ .04	$ .42	$ 1.90
Diluted earnings per common share					
Earnings from continuing operations(1)	$ .59	$ .83	$ .04	$ .34	$ 1.80
Gain from discontinued operations	--	--	--	.08	.08
Net earnings(1)	.59	.83	.04	.42	1.88
Dividends declared	$ .125	$ .125	$ .125	$ .125	$ .50
Common stock price (NYSE)					
High	$35 11/16	$ 35 3/16	$25 3/16	$25 1/16	$35 11/16
Low	27 3/8	22 9/16	12	13	12

</TABLE>

- --------

(1) Includes a $60.0 million pretax ($41.4 million after tax) strategic charge recorded in the third quarter.

<TABLE>
<CAPTION>

	Quarter				
	1st	2nd	3rd	4th	Year
	(In millions, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
1997					
Net sales..................	$ 841.6	$ 1,008.2	$ 876.5	$ 931.1	$ 3,657.4
Gross margin...............	240.6	302.2	233.3	243.3	1,019.4
Earnings (loss) from continuing operations(1)..	$ 52.7	$ 82.9	$ (17.1)	$ 32.7	$ 151.2
Cumulative effect of change in accounting principle...	--	--	--	(0.7)	(0.7)
Net earnings (loss)(1).....	$ 52.7	$ 82.9	$ (17.1)	$ 32.0	$ 150.5
Per common share data					
Basic earnings (loss) per common share					
Earnings (loss) from continuing operations(1)...........	$ .53	$ .84	$ (.17)	$ .33	$ 1.52
Cumulative effect of change in accounting principle..............	--	--	--	(.01)	(.01)
Net earnings (loss)(1).....	$ .53	$ .84	$ (.17)	$ .32	$ 1.52
Diluted earnings (loss) per common share					
Earnings (loss) from continuing operations(1)...........	$ .53	$ .83	$ (.17)	$ .32	$ 1.51
Cumulative effect of change in accounting principle..............	--	--	--	(.01)	(.01)
Net earnings (loss)(1).....	$ .53	$ .83	$ (.17)	$ .32	$ 1.50
Dividends declared.........	$ .125	$ .125	$ .125	$ .125	$ .50
Common stock price (NYSE)					
High.....................	$ 29 3/8	$ 31 7/16	$35 11/16	$36 1/2	$ 36 1/2
Low......................	23 5/8	26 1/4	30 1/8	27 9/16	23 5/8

</TABLE>

- --------

(1) Includes a $98.5 million pretax ($63.0 million after tax) strategic charge recorded in the third quarter.

BRUNSWICK CORPORATION

SIX-YEAR FINANCIAL SUMMARY

<TABLE>
<CAPTION>

	1998	1997	1996	1995	1994	1993
	(In millions, except per share data)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Results of operations data						
Net sales...............	$3,945.2	$3,657.4	$3,160.3	$2,906.3	$2,592.0	$2,125.0
Strategic charges.......	60.0	98.5	--	40.0	--	--
Operating earnings......	340.2	270.8	304.8	218.3	206.9	98.7
Earnings before income taxes..................	283.8	236.2	290.3	206.8	195.3	85.4

Earnings from continuing operations............	$ 178.6	$ 151.2	$ 185.8	$ 133.6	$ 127.1	$ 53.8
Cumulative effect of change in accounting principles............	--	(0.7)	--	--	--	(14.6)
Extraordinary loss from retirement of debt.....	--	--	--	--	--	(4.6)
Discontinued operations						
Gain (loss) on discontinued operations...........	7.7	--	--	(7.0)	--	(12.2)
Earnings from discontinued operations...........	--	--	--	0.6	1.9	0.7
Net earnings...........	$ 186.3	$ 150.5	$ 185.8	$ 127.2	$ 129.0	$ 23.1
Basic earnings per common share						
Earnings from continuing operations.	$ 1.82	$ 1.52	$ 1.89	$ 1.39	$ 1.33	$ .57
Cumulative effect of change in accounting principles...........	--	(.01)	--	--	--	(.15)
Extraordinary loss from retirement of debt....	--	--	--	--	--	(.05)
Discontinued operations						
Gain (loss) on discontinued operations...........	.08	--	--	(.07)	--	(.13)
Earnings from discontinued operations...........	--	--	--	.01	.02	.01
Net earnings...........	$ 1.90	$ 1.52	$ 1.89	$ 1.33	$ 1.35	$ .25
Average shares used for computation of basic earnings per share.....	98.3	99.2	98.3	95.9	95.4	95.2
Diluted earnings per common share						
Earnings from continuing operations.	$ 1.80	$ 1.51	$ 1.88	$ 1.38	$ 1.33	$ .56
Cumulative effect of change in accounting principles...........	--	(.01)	--	--	--	(.15)
Extraordinary loss from retirement of debt....	--	--	--	--	--	(.05)
Discontinued operations						
Gain (loss) on discontinued operations...........	.08	--	--	(.07)	--	(.13)
Earnings from discontinued operations...........	--	--	--	.01	.02	.01
Net earnings...........	$ 1.88	$ 1.50	$ 1.88	$ 1.32	$ 1.35	$ .24
Average shares used for computation of diluted earnings per share.....	99.0	100.3	98.8	96.2	95.7	95.3

</TABLE>

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

BRUNSWICK CORPORATION

SIX-YEAR FINANCIAL SUMMARY (Continued)

	1998	1997	1996	1995	1994	1993
	(In millions, except percentages and per share data)					
Balance sheet data						
Assets of continuing operations............	$ 3,351.5	$ 3,241.4	$ 2,802.4	$ 2,310.6	$ 2,048.3	$ 1,922.0
Debt						
Short-term............	$ 170.1	$ 109.3	$ 112.6	$ 6.1	$ 8.2	$ 11.9
Long-term.............	635.4	645.5	455.4	312.8	318.8	324.5
Total debt............	805.5	754.8	568.0	318.9	327.0	336.4
Common shareholders' equity................	1,311.3	1,315.0	1,197.7	1,043.1	910.7	804.4
Total capitalization...	$ 2,116.8	$ 2,069.8	$ 1,765.7	$ 1,362.0	$ 1,237.7	$ 1,140.8
Cash flow data						
Net cash provided by operating activities...	$ 429.0	$ 261.7	$ 395.8	$ 278.4	$ 121.2	$ 188.9
Depreciation and amortization..........	159.7	156.9	129.7	118.0	118.0	116.0
Capital expenditures....	198.0	190.5	169.9	118.0	101.1	94.2
Acquisitions of businesses............	32.8	515.4	360.6	10.3	7.1	2.1
Stock repurchases.......	159.9	8.4	--	--	--	--
Cash dividends paid.....	49.0	49.6	49.3	47.9	42.0	41.9
Other data						
Dividends declared per share.................	$ .50	$ .50	$ .50	$ .50	$ .44	$ .44
Book value per share....	14.27	13.22	12.16	10.66	9.55	8.44
Return on beginning shareholders' equity...	14.2%	12.6%	17.8%	14.7%	15.8%	6.5%
Effective tax rate......	37.1%	36.0%	36.0%	35.5%	35.0%	37.0%
Debt-to-capitalization rate..................	38.1%	36.5%	32.2%	23.4%	26.4%	29.5%
Number of employees.....	25,500	25,300	22,800	19,800	19,800	17,100
Number of shareholders of record.............	15,600	16,200	18,400	22,400	25,800	27,900
Common stock price (NYSE)						
High..................	$ 35 11/16	$ 36 1/2	$ 25 3/4	$ 24	$ 25 1/8	$ 18 1/2
Low....................	12	23 5/8	18 1/8	16 3/8	17	12 1/2
Close.................	24 3/4	30 5/16	24	24	18 7/8	18

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

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 27, 1999 (except with respect to the matters discussed in Note 6, as to which the dates are February 10, 1999 and February 16, 1999) included in this Form 10-K, into the Company's previously filed registration statements on Form S-8 (File No. 33-55022), Form S-8 (File No. 33-56193),Form S-8 (File No. 33-61835), Form S-8 (File No. 33-65217), Form S-8 (File No. 333-04289), Form S-3 (File No. 333-9997) and Form S-8 (File No. 333-27157).

Arthur Andersen LLP

Chicago, Illinois
March 22, 1999

BRUNSWICK CORPORATION

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(in millions)

<TABLE>
<CAPTION>

Allowance for possible losses on receivables	Balance at beginning of period	Charges to profit and loss	Write-offs	Recoveries	Other	Balance at end of period
1998................	$20.7	$8.5	$(6.0)	$0.8	$(1.5)*	$22.5
1997................	$17.2	$7.6	$(6.5)	$0.7	$ 1.7 *	$20.7
1996................	$16.9	$5.3	$(7.0)	$0.4	$ 1.6 *	$17.2

</TABLE>

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*Includes 0.2 million, $3.6 million and $2.1 million in 1998, 1997 and 1996, respectively, relating to acquisitions.

This schedule reflects only the financial information of continuing operations.

<TABLE>
<CAPTION>

Deferred tax asset valuation allowance	Balance at beginning of period	Charges to profit and loss	Write-offs	Recoveries	Other	Balance at end of period
1998..................	$0.3	$-	$-	$ -	$-	$0.3
1997..................	$0.3	$-	$-	$ -	$-	$0.3
1996..................	$3.2	$-	$-	$(2.9)	$-	$0.3

</TABLE>

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

This schedule reflects only the financial information of continuing operations.

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Company filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1987, and hereby incorporated by reference.
3.2	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for 1995, and hereby incorporated by reference.

3.3 By-Laws of the Company filed as Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, and hereby incorporated by reference.

4.1 Indenture dated as of March 15, 1987, between the Company and Continental Illinois National Bank and Trust Company of Chicago filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1987, and hereby incorporated by reference.

4.2 Officers' Certificate setting forth terms of the Company's $125,000,000 principal amount of 7 3/8% Debentures due September 1, 2023, filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for 1993, and hereby incorporated by reference.

4.3 Form of the Company's $250,000,000 principal amount of 6 3/4% Notes due December 15, 2006, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 10, 1996, and hereby incorporated by reference.

4.4 Form of the Company's $200,000,000 principal amount of 7 1/8% Notes due August 1, 2007, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 4, 1997, and hereby incorporated by reference.

4.5 The Company's agreement to furnish additional debt instruments upon request by the Securities and Exchange Commission filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for 1980, and hereby incorporated by reference.

4.6 Rights Agreement dated as of February 5, 1996, between the Company and Harris Trust and Savings Bank filed as Exhibit 1 to the Company's Registration Statement for Preferred Share Purchase Rights on Form 8-A dated March 13, 1996, and hereby incorporated by reference.

10.1* Amended and Restated Employment Agreement dated January 4, 1999, by and between the Company and Peter N. Larson.

10.2* Amended and Restated Employment Agreement dated December 1, 1998, by and between the Company and Dudley E. Lyons.

10.3* Employment Agreement dated December 1, 1995, by and between the Company and Peter B. Hamilton filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.

10.4* Amendment dated as of October 9, 1998, to Employment Agreement by and between the Company and Peter B. Hamilton filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.

10.5* Form of Change of Control Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, G. W. Buckley, K. J. Chieger, F. J. Florjancic, Jr., P. B. Hamilton, D. E. Lyons, R. S. O'Brien, V. J. Reich, J. D. Russell, J. A. Schenk, R. L. Sell, K. B. Zeigler, and J. P. Zelisko filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.

10.6* 1994 Stock Option Plan for Non-Employee Directors filed as Exhibit A to the Company's definitive Proxy Statement dated March 25, 1994, for the Annual Meeting of Stockholders on April 27, 1994, and hereby incorporated by reference.

10.7* 1995 Stock Plan for Non-Employee Directors filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 and hereby incorporated by reference.

10.8* Supplemental Pension Plan filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.

10.9* Form of insurance policy issued for the life of each of the Company's executive officers, together with the specifications for each of these policies, filed as Exhibit 10.21 to the Company's Annual Report on Form

10-K for 1980 and hereby incorporated by reference. The Company pays the premiums for these policies and will recover these premiums, with some exceptions, from the policy proceeds.

10.10* Form of Indemnification Agreement by and between the Company and each of N. D. Archibald, J. L. Bleustein, M. J. Callahan, M. A. Fernandez, P. Harf, J. W. Lorsch, R. P. Mark, B. Martin Musham, K. Roman, R. L. Ryan and R. W. Schipke filed as Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.

10.11* Indemnification Agreement dated April 1, 1995, by and between the Company and P. N. Larson filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for 1995 and hereby incorporated by reference.

10.12* Indemnification Agreement by and between the Company and each of M. D. Allen, W. J. Barrington, G. W. Buckley, K. J. Chieger, F. J. Florjancic, Jr., P. B. Hamilton, D. E. Lyons, R. S. O'Brien, V. J. Reich, J. D. Russell, J. A. Schenk, R. L. Sell, K. B. Zeigler and J. P. Zelisko filed as Exhibit 19.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1986, and hereby incorporated by reference.

10.13* 1991 Stock Plan filed as Exhibit A to the Company's definitive Proxy Statement dated March 22, 1999, for the Annual Meeting of Stockholders on April 21, 1999 and hereby incorporated by reference.

10.14* Change in Control Severance Plan filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.15* Brunswick Performance Plan for 1998 filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for 1997, and hereby incorporated by reference.

10.16* Brunswick Performance Plan for 1999.

10.17* Brunswick Strategic Incentive Plan for 1997-1998 filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for 1997 and hereby incorporated by reference.

10.18* Brunswick Strategic Incentive Plan for 1998-1999 filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for 1997, and hereby incorporated by reference.

10.19* Brunswick Strategic Incentive Plan for 1999-2000.

10.20* 1997 Stock Plan for Non-Employee Directors filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.21* Elective Deferred Compensation Plan filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.22* Automatic Deferred Compensation Plan filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for September 30, 1998, and hereby incorporated by reference.

10.23* Employment Agreement dated July 1, 1997, by and between the Company and Augustine Nieto filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for 1997, and hereby incorporated by reference.

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

21.1 Subsidiaries of the Company.

23.1 Consent of Independent Public Accountants is on page 58 of this Report.

24.1 Powers of Attorney.

27.1 Financial Data Schedule.

</TABLE>

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

EXHIBIT 10.1

SECOND AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

This Agreement, made and entered into as of January 4, 1999, by and between BRUNSWICK CORPORATION, a Delaware corporation (the "Company"), and Peter N. Larson (the "Executive");

WITNESSETH THAT:

WHEREAS, the Executive has been employed by the Company as its Chief Executive, immediately prior to the Effective Date, pursuant to an employment agreement dated April 1, 1995 (the "Prior Agreement");

WHEREAS, the Executive and the Company entered into an Amended and Restated Employment Agreement dated February 3, 1997 (the "Effective Date"), a First Amendment thereto dated April 1, 1998, and a Second Amendment thereto dated December 1, 1998; and

WHEREAS, the parties hereto desire to enter into this Agreement pertaining to the continued employment of the Executive by the Company;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Performance of Services. The Executive's employment with the Company shall be subject to the following:

(a) Subject to the terms of this Agreement, the Company hereby agrees to employ the Executive as its Chief Executive during the Agreement Term (as defined below), and the Executive hereby agrees to remain in the employ of the Company during the Agreement Term. During the Agreement Term, the Executive shall be a member and Chairman of the Board of Directors of the Company (the "Board").

(b) During the Agreement Term, while the Executive is employed by the Company, the Executive shall devote his best efforts and full business time exclusively to the business affairs of the Company and the Affiliates (as defined below) and shall perform his duties faithfully and efficiently, subject to the direction of the Board. The Executive, however, may engage in charitable, civic or other similar pursuits and, subject to Board approval, may become a director of other corporations, to the extent that such activities do not interfere with his devoting his best efforts to his duties to the Company. For

purposes of the preceding sentence, Board approval is deemed to be granted to the Executive to serve on the board of directors of Compaq Computer Corp.

(c) The Executive's performance shall be reviewed annually by the Board, taking into account such financial and non-financial factors as the Board determines to be pertinent, with the results of such review to be discussed with the Executive. Approximately six months through each annual performance review cycle, the Board shall review the Executive's performance on an interim basis, with the interim review focusing primarily on non-financial factors, and the results of such interim review to be discussed with the Executive.

(d) For purposes of this Agreement, the term "Affiliate" means (i) any corporation, partnership, joint venture or other entity during any period in which it owns, directly or indirectly, at least fifty percent of the voting power of all classes of stock of the Company (or successor to the Company) entitled to vote; and (ii) any corporation, partnership, joint venture or other entity during any period in which at least a thirty percent voting or profits interest is owned, directly or indirectly, by the Company, by any entity that is a successor to the Company, or by any entity

that is an Affiliate by reason of clause (i) next above.

(e) The "Agreement Term" shall be the period, the first day of which shall be the Effective Date and the last day of which shall be April 1, 2002. The Agreement Term shall be automatically extended for an additional one-year period on each April 1, beginning with April 1, 2002, unless either party gives six month prior written notice to the other party of a decision not to extend the term.

2. Compensation. In consideration of the services rendered by the
----
Executive to the Company, in consideration of the Executive's agreement to remain in the employ of the Company during the Agreement Term, and subject to the terms of this Agreement, the Company shall compensate the Executive during the Agreement Term, while the Executive is employed by the Company, as follows:

(a) One-Time Payment. To compensate the Executive for the forfeiture of
----
compensation and other employment benefits resulting from his resignation from his prior employer, the Company has provided to the Executive the following one-time payments:

(i) The Executive has previously received an award of 149,079 share units of common stock of the Company ("Company Stock"), with such share units to be settled in shares of Common Stock in accordance with the provisions of

paragraph 2(p) of this Agreement. The Executive shall be fully vested in the share units, and their resulting settlement in shares, described in this paragraph (i).

(ii) The Executive has previously received a non-qualified stock option award to purchase of 500,000 shares of Company Stock, which is subject to terms comparable to those included in stock options granted under the Brunswick Corporation 1991 Stock Plan (the "1991 Plan") to other officers of the Company. The purchase price under such option is $20.125, the option exercise period expires ten years after grant (or such earlier time following termination of employment as provided in stock options granted to officers under the 1991 Plan). On April 1, 1996, the option became exercisable with respect to 60,000 shares of Company Stock. The remaining portion of the option shall become exercisable in accordance with the following schedule:

If the Executive is employed through the following date:	The option shall become exercisable with respect to the following number of shares shares on and after that date:
April 1, 1997	60,000
April 1, 1998	80,000
The first date on which the Stock Price attains $25.00 or, if earlier, the first day of the quarter of the Company following the occurrence of four consecutive quarters during which aggregate net earnings for such four quarters exceeds $2.00 per share	90,000
The first date on which the Stock Price attains $30.00 or, if earlier, the first day of the quarter of the Company following the occurrence of four consecutive quarters during which aggregate net earnings for such four quarters	

exceeds $2.35 per share	90,000

The first date on which the Stock Price attains $35.00 or, if earlier, the first day of the quarter of the Company following the occurrence of four consecutive quarters during which aggregate net earnings for such four quarters exceeds $2.70 per share	120,000

As of the effective date of this Agreement, the foregoing schedule shall supersede the schedule set forth in paragraph 2(a)(ii) of the Prior Agreement. The net earnings per share shall be such amount as determined for purposes of the Company's public financial reporting obligations. The Compensation Committee of the Board, in consultation with the Executive, shall adjust the net earnings per share requirement and the Stock Price requirement applicable to Company Stock under this paragraph 2(a)(ii) as appropriate from time to time to reflect material mergers, consolidations, recapitalizations, reclassifications, stock dividends, stock splits, combinations of shares, other capital adjustments and other unusual and extraordinary events. If the Executive's employment by the Company continues through April 1, 1998, then any portion of the option described in this paragraph 2(a)(ii) not previously exercisable shall become exercisable on April 1, 1998. For purposes of this paragraph 2(a)(ii), the "Stock Price" for any date shall be the closing market composite price for the Company Stock (as reported for the New York Stock Exchange - Composite Transactions). The stock option award described in this paragraph 2(a)(ii) shall be subject to terms substantially comparable to the terms set forth in the stock option agreement included in Supplement A, which is attached to and forms a part of this Agreement. As soon as practicable after the Effective Date, the terms of the option agreement set forth in paragraph 5 of Supplement A (relating to transferability of the option) shall be modified to permit transfer to the Executive's family members (as set forth in Supplement A). To the extent that the express terms of this Agreement are inconsistent with the terms of the 1991 Plan or awards granted thereunder, the terms of this paragraph (ii) and other applicable terms of this Agreement shall govern the awards made under this paragraph.

(b) One-Time Awards.

(i) One Time Stock Option Award. The Company shall provide to the Executive the following one-time stock option award, which shall be a non-qualified stock option award to purchase of 100,000 shares of Company Stock, subject

to terms comparable to those included in stock options granted under the 1991 Plan to other officers of the Company; provided that the purchase price shall equal the fair market value of the stock as of the date this Agreement is fully executed by the Executive (but not earlier than the date the option is approved by the Compensation Committee), with the option exercise period expiring on the tenth anniversary of such date (or such earlier time following termination of employment as provided in stock options granted to officers under the 1991 Plan), and the option shall be exercisable in accordance with the following schedule:

If the Executive is employed through the following date:	The option shall become exercisable with respect to the following number of shares shares on and after that date:
April 1, 1997	30,000
April 1, 1998	30,000
April 1, 1999	40,000

The stock option award described in this paragraph 2(b)(i) shall be subject to terms substantially comparable to the terms set forth in the stock option agreement included in Supplement B, which is attached to and forms a part of this Agreement. To the extent that the express terms of this Agreement are inconsistent with the terms of the 1991 Plan or awards granted thereunder, the terms of this paragraph (b) and other applicable terms of this Agreement shall govern the awards made under this paragraph. If the stock options granted under this paragraph 2(b)(i) are granted under the 1991 Plan (or any successor plan providing for administration by a committee of the Board), or if any other awards are made pursuant to this Agreement under the 1991 Plan (or any such successor plan), then any action with respect to such awards that is required of the Board may instead by taken by the committee administering the applicable plan.

(ii) One-Time Share Award. The Executive is entitled to a grant of 200,000
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shares of Company Stock under this paragraph (ii), subject to the following:

(A) The Executive has received an award of 50,000 shares of Company Stock pursuant to a grant made as of April 1, 1998. The Executive shall be entitled to three additional grants of 50,000 shares of Company Stock, to be made as of the first business day of each of the following calendar years: 1999, 2000, and 2001. The delivery of the shares granted under this

paragraph (A) shall be deferred in accordance with paragraph 2(p).

(B) Except as otherwise provided in paragraph 5, the Executive's vesting of benefits described in paragraph (b)(ii)(A) shall be subject to the following:

(1) The Executive's rights in shares of Company Stock granted under paragraph (b)(ii)(A) as of a date in any calendar year shall become non-forfeitable on the last day of the calendar year if the Executive's Date of Termination did not occur prior to the last day of such year; provided, however, that the Executive shall obtain a non-forfeitable right to such shares at an earlier date to the extent provided in paragraphs (b)(ii)(B)(2) below.

(2) If the Executive's Date of Termination occurs under circumstances described in paragraph 3(a) (relating to the death of the Executive), paragraph 3(b) (relating to the Executive's disability), paragraph 3(e) (relating to termination by the Executive for Good Reason), paragraph 3(f) (relating to termination following a Change in Control), or paragraph 3(g) (relating to termination by the Company for reasons other than Cause), or if the Executive's Date of Termination occurs on December 31, the Executive shall become vested on his Date of Termination in the shares granted under paragraph (b)(ii)(A) during the calendar year in which occurs his Date of Termination.

(3) If the Executive's Date of Termination occurs under circumstances other than those described in paragraph 3(a) (relating to the death of the Executive), paragraph 3(b) (relating to the Executive's disability), paragraph 3(e) (relating to termination by the Executive for Good Reason), paragraph 3(f) (relating to termination following a Change in Control), or paragraph 3(g) (relating to termination by the Company for reasons other than Cause), and the Executive's Date of Termination does not occur on December 31, then as of his Date of Termination, the Executive shall forfeit the shares granted under paragraph (b)(II)(A) during the calendar year in which occurs his Date of Termination.

The Executive, at all times, shall be fully vested in any dividends on shares of Company Stock granted under paragraph (b)(ii)(A), to the extent that such dividends are payable with respect to either: (i) Company Stock granted under paragraph (b)(ii)(A) for record dates occurring on or after the date of grant and prior to any forfeiture of the shares of Stock, or (ii) Company Stock deemed to be earned by reason of crediting of dividends in accordance with paragraph 2(p)(iii).

(c) Salary. Effective December 1, 1998 the Executive's annual base salary rate
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shall not be less than $900,000. For periods prior to December 1, 1998 the Executive's annual base salary was $800,000. The salary shall be payable monthly or more frequently in accordance with Company practice and shall be subject to all normal deductions and withholdings.

(d) Bonus. The Executive shall participate in an annual bonus program. The
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bonus program shall provide for a maximum bonus amount of 200% of the Executive's annual salary. The performance goals shall be established by the Board in consultation with the Executive. Half of the value for each bonus award will be distributed in fully-vested shares of Company Stock, with the remainder distributed in cash; provided, however, that if the Executive has satisfied the Company's applicable stock ownership guidelines on the date such award is determined, the Executive may elect (on or before the date such award is determined) to receive the entire award in cash. The value of Company Stock distributed as a bonus in accordance with this paragraph (d) shall be determined as of the last business day prior to the date on which the amount of the bonus is determined by the Board. For the fiscal year ending December 31, 1995, the Executive has received an award under the annual bonus program of share units to be settled in Company Stock in accordance with the provisions of paragraph 2(p) of this Agreement, with such share units representing Company Stock having a value of $960,000, determined as of the last business day prior to the date on which the amount of the bonus was determined by the Board. The Executive shall be fully vested in the share units, and their resulting settlement in shares, described in this paragraph (d).

(e) Long-Term Incentive Share Award. The Executive was entitled to a Long-Term
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Incentive Share Award of Company Stock for the fiscal year ending December 31, 1995, and shall be entitled to a Long-Term Incentive Share Award of Company Stock for the fiscal year ending December 31, 1996, subject to the following:

(i) The Executive has previously received a Long-Term Incentive Share Award of Company Stock for the fiscal year ending December 31, 1995, based on Company performance for that year. The award was made in share units of Company Stock, with such share units to be settled in shares of Company Stock in accordance with the provisions of paragraph 2(p). The share units had a market value of $720,000 as of the last business day prior to the date on which the amount of the award was determined by the Board. To the extent that the express terms of this Agreement are inconsistent with the terms of the 1991 Plan or awards granted thereunder, the terms of this paragraph (e)(i) and other applicable terms of this Agreement shall govern the awards made under this paragraph.

(ii) The Executive shall be entitled to a Long-Term Incentive Share Award of Company Stock for the fiscal year ending December 31, 1996, based on Company performance for that year, and subject to the requirements set forth in Supplement C, which is attached to, and forms a part of this Agreement. The market value of the Company Stock granted pursuant to such award shall be determined as of the last business day prior to the date on which the amount of the award is determined by the Board.

(iii) Except as otherwise provided in paragraph 5, the Executive's vesting of benefits described in paragraph (e)(i) shall be subject to the following:

(A) The Executive shall forfeit the shares granted under paragraph (e)(i) as of his Date of Termination, if such Date of Termination occurs prior to April 1, 1998 under circumstances other than those described in paragraph 3(a) (relating to the death of the Executive), paragraph 3(b) (relating to the Executive's disability), paragraph 3(e) (relating to termination by the Executive for Good Reason), paragraph 3(f) (relating to termination following a Change in Control), or paragraph 3(g) (relating to termination by the Company for reasons other than Cause).

(B) The Executive shall become vested on his Date of Termination in the shares granted under paragraph (e)(i) if such Date of Termination occurs prior to April 1, 1998 under circumstances described in paragraph 3(a) (relating to the death of the Executive), paragraph 3(b) (relating to the

Executive's disability), paragraph 3(e) (relating to termination by the Executive for Good Reason), paragraph 3(f) (relating to termination following a Change in Control), or paragraph 3(g) (relating to termination by the Company for reasons other than Cause).

(C) The Executive shall become vested on April 1, 1998 in the shares granted under paragraph (e)(i)7 if the Executive remains employed by the Company through such date.

(iv) Except as otherwise provided in paragraph 5, the Executive's vesting of benefits described in paragraph (e)(ii) shall be subject to the following:

(A) The Executive shall forfeit the shares granted under paragraph (e)(ii) as of his Date of Termination, if such Date of Termination occurs prior to February 15, 1998 under circumstances other than those described in paragraph 3(a) (relating to the death of the Executive), paragraph 3(b) (relating to the Executive's disability), paragraph 3(e) (relating to termination by the Executive for Good Reason), paragraph 3(f) (relating to termination following a Change in Control), or paragraph 3(g) (relating to termination by the Company for reasons other than Cause).

(B) The Executive shall become vested on his Date of Termination in the shares granted under paragraph (e)(ii) if such Date of Termination occurs prior to February 15, 1998 under circumstances described in paragraph 3(a) (relating to the death of the Executive), paragraph 3(b) (relating to the Executive's disability), paragraph 3(e) (relating to termination by the Executive for Good Reason), paragraph 3(f) (relating to termination following a Change in Control), or paragraph 3(g) (relating to termination by the Company for reasons other than Cause).

(C) The Executive shall become vested on February 15, 1998 in the shares granted under paragraph (e)(ii) if the Executive remains employed by the Company through such date.

The Executive shall be entitled to dividends for dividend record dates on or after the date of grant with respect to shares of Company Stock granted under this paragraph (e), to

the extent that the dividends are payable with respect to dates prior to termination of employment, regardless of the reason for such termination.

(f) SIP. For periods after December 31, 1996, the Executive shall not be
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entitled to any Long-Term Incentive Share Awards, but shall be entitled to participate in the Strategic Incentive Plan (the "SIP") in accordance with its terms as in effect from time to time; subject to the following:

(i) The amount of the maximum award opportunity for the Executive under the SIP for each SIP performance period shall be not less than 100% of the Executive's salary for the period of the entire performance period, with the minimum value of the award for the period not less than 75% of the Executive's salary for the performance period if the target goals established by the Board for the performance period are achieved.

(ii) Notwithstanding the provisions of the SIP to the contrary, the Executive's rights to benefits under the SIP on termination of employment shall be determined in accordance with the provisions of paragraph 4 of this Agreement.

(g) Stock Options.

(i) Yearly Grant. In each calendar year, beginning with the 1996 calendar year, and ending with the 2001 calendar year, inclusive, the Executive shall be entitled to a grant of a non-qualified stock option. The option granted for each calendar year under this paragraph (g)(i) shall have a grant-date value (determined using the Black-Scholes methodology, but excluding any discount for deferred vesting, or other contingencies) of $750,000 (determined as of the date of grant). Stock options to be granted in any calendar year under this paragraph (g)(i) shall be granted at the time stock options are granted to other officers of the Company during the calendar year, provided that if the Company makes more than one option grant to officers during any calendar year, the Company shall not be required to grant stock options under this paragraph (g)(i) (but determined without regard to the grant under paragraph (g)(ii)) having an aggregate value of more than $750,000 per calendar year. Subject to paragraph 4, the Executive shall not be entitled to a stock option award under this paragraph (g)(i) during any calendar year if he is not employed by the Company on the date that such award would otherwise be granted under this paragraph

(g)(i). In January, 1996 (prior to the Effective Date of this revised Agreement), an option to purchase 72,255 shares of Company Stock was granted to the Executive, which was in satisfaction of the requirement under this paragraph (g)(i) to grant a stock option to the Executive in calendar year 1996 (and was also in satisfaction of the obligation under paragraph 2(e) of the Prior Agreement to grant a stock option for the fiscal year ending December 31, 1995).

(ii) July 1996 Grant. In July, 1996, the Executive was granted a non-qualified stock option to purchase 90,000 shares of Company Stock (which was in addition to the other options granted under this Agreement). The July, 1996 option award described in this paragraph (ii) shall be in lieu of the award for the calendar year beginning January 1, 2002, and the Executive shall not be entitled to a stock option award under this paragraph (g) for the 2002 calendar year.

(iii) General Option Terms. Stock options granted under paragraph (g)(i) or paragraph (g)(ii) shall be subject to the following:

(A) Each option granted under this paragraph (g) shall be subject to terms comparable to those included in stock options granted under the 1991 Plan (or any successor or substitute plan) to other officers of the Company; provided that the option shall permit purchase of shares of Company Stock at a price equal to the fair market value of such stock as of the date of grant, and the exercise period shall expire ten years after grant, or such earlier time following termination of employment as provided in stock options granted to officers under the 1991 Plan, or successor to the 1991 Plan.

(B) Each option granted under this paragraph (g) shall be

exercisable in accordance with the following schedule:

If the Executive is employed through the following date:	The option shall become exercisable with respect to the following number of shares shares on and after that date:
1st anniversary of grant date	30% of grant
2nd anniversary of grant date	30% of grant
3rd anniversary of grant date	40% of grant

(C) To the extent that the express terms of this Agreement are inconsistent with the terms of the 1991 Plan or awards granted thereunder, the terms of this paragraph (g) and other applicable terms of this Agreement shall govern the awards made under this paragraph.

(iv) Exercisability on Termination. Options shall be subject to the following:

(A) Effective as of April 1, 1998, all options that were granted to the Executive pursuant to paragraph (g)(i) prior to January 1, 1998, and the option granted to the Executive pursuant to paragraph (g)(ii), shall become (or remain) exercisable until the earlier of (A) the expiration date of the option or (B) five years following termination of the Executive's employment.

(B) If the Executive's employment with the Company continues through April 1, 1999, all options that were granted to the Executive pursuant to paragraph (g)(i) after December 31, 1997 and prior to January 1, 1999 shall become (or remain) exercisable until the earlier of (i) the expiration date of the option or (ii) five years following termination of the Executive's employment.

(C) If the Executive's employment with the Company continues through April 1, 2002, all options that were granted to the Executive pursuant to paragraph (g)(i) after December 31, 1998 shall become (or remain) exercisable until the earlier of (i) the expiration date of the option or (ii) five years following termination of the Executive's employment.

(h) Life Insurance. The Company shall provide aggregate life insurance death benefit coverage to the Executive of at least 3- 1/2 times the Executive's base salary rate, reduced by the

face value of any life insurance policy rolled out to the Executive under the Company's Split Dollar Life Insurance Plan. At any time after the Effective Date, the Executive may reduce the amount of coverage required to be provided under this paragraph (h), in which case the Executive will be entitled to receive the net amount of any life insurance premium reduction provided to the Company as a result of such reduction in coverage, with such amount to be paid by the Company to the Executive in cash from time to time.

(i) Supplemental Pension. The Executive shall be entitled to receive benefits under the Brunswick Supplemental Pension Plan (the "Supplemental Plan") or, in the discretion of the Company, under another non-qualified plan maintained by the Company, in an amount which, when added to the benefits otherwise payable to or on behalf of the Executive under the Supplemental Plan and the Brunswick Pension Plan for Salaried Employees, will provide the Executive with the benefits that would have been payable to or on behalf of the Executive under the Supplemental Plan and the Brunswick Pension Plan for Salaried Employees if he had, in addition to his actual Years of Service, completed an additional 15 Years of Service with the

Company. The monthly benefit payable under this paragraph (i) in the form of a single life annuity for the life of the Executive commencing at his age 65 shall be reduced (but not below zero) by the following:

(i) the monthly amount of the total Social Security benefit payable to the Executive as a single life annuity for the life of the Executive commencing at his age 65; and

(ii) $15,369.10, which is the monthly amount of the benefit payable to the Executive under the Retirement Plan of Johnson & Johnson and Affiliated Companies and the Excess Benefit Plan of Johnson & Johnson and Affiliated Companies (collectively, the "Predecessor Employer Plan"), based on its being paid in the form of a single life annuity for the life of the Executive commencing at his age 65).

If the pension benefits are payable to the Executive pursuant to this paragraph (i) are paid in a form other than a single life annuity for the life of the Executive commencing at his age 65, then such benefits shall be actuarially equivalent to the value of the benefit determined in accordance with the foregoing provisions of this paragraph (i), with the actuarial equivalency determined using the actuarial assumptions in effect under the Brunswick Pension Plan for Salaried Employees as of the date of commencement of such benefit payments. The Executive, by filing a written election with the Company not later than thirty days after the Executive's Date of

Termination, may elect to receive the benefits otherwise payable to him under the Supplemental Plan and this paragraph (i) in the form of an actuarially equivalent lump sum. Payments under this paragraph (i) shall be made (or shall commence if not in the form of a lump sum) on the 60th day after the Date of Termination (or the first business day occurring after such 60th day); provided that no such payment shall be made prior to such 60th day.

(j) Retiree Medical Benefits. The Executive shall be entitled to retiree medical benefit coverage to the same extent as other executives leaving the employ of the Company at the time of the Executive's Date of Termination, determined as though the Executive had then satisfied any applicable service requirements for such coverage. However, to the extent that, as of the Executive's Date of Termination, the amount of required employee contributions under the retiree medical benefit plan is based on an employee's service with the Company, the Executive shall be deemed to have service with the Company equal to his actual service with the Company plus 15 years.

(k) Security Protection. The Company shall make security protection available to the Executive and his family on a reasonable basis for business and personal use.

(l) Vacation. The Executive shall be entitled to paid vacations in accordance with the applicable policy of the Company as in effect from time to time, but in no event shall the Executive be entitled to less than four weeks paid vacation per year.

(m) Benefits. The Executive shall be a participant in any and all plans maintained by the Company from time to time to provide benefits for its senior executives, or for its salaried employees generally, including, without limitation, any pension, profit sharing, employee stock ownership or retirement plan, any life, accident, medical, hospital or similar group insurance program, and any plans or arrangements providing tax planning or financial planning. However, the Company shall not be required to provide a benefit under this paragraph (m) if such benefit would duplicate (or otherwise be of the same type as) a benefit specifically required to be provided under another provision of this Agreement.

(n) Perquisites. The Executive shall be entitled to all perquisites generally

provided by the Company to its senior executives. However, the Company shall not be required to provide perquisites under this paragraph (n) if such perquisites would duplicate (or otherwise be of the same type as) a perquisite specifically required to be provided under another provision of this Agreement.

(o) Expenses. The Executive has been reimbursed for all reasonable expenses
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incurred in performing his obligations under this Agreement.

(p) Elective Deferral. The Executive shall be entitled, by agreement with the
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Company under terms established by the Board and acceptable to the Executive, to defer receipt of any part of the salary, cash bonus, or other cash incentive compensation payments, and to defer the receipt of any part of the Company Stock otherwise due to him from the Company subject to the following:

(i) Electively deferred cash payments under this paragraph (p) shall be credited to a deferred compensation account (the Executive's "Elective Deferral Account", which was referred to in the Prior Agreement as the "Account") maintained by the Company in his name. The opening balance of such Elective Deferral Account on the Effective Date shall be the amount credited to the Participant's Account in accordance with paragraph 2(n) of the Prior Agreement immediately prior to the Effective Date of this Agreement (with the adjustment for investment returns and interest to take into account such returns and interest both before and after this Agreement becomes effective). The portion of the Executive's Elective Deferral Account that is not invested in accordance with paragraph 2(p)(ii) shall be credited as of the last day of each calendar month with interest for that month at the prime rate in effect at The First National Bank of Chicago on the first day of the month or, if greater, the Company's short-term borrowing rate.

(ii) The Company, after consultation with the Executive, may invest amounts credited to his Elective Deferral Account in securities and other assets as the Company may determine. The Company and its agents shall not incur any liability by reason of purchasing, or failing to purchase, any security or other asset in good faith. The Executive's Elective Deferral Account shall be charged or credited as of the last day of each fiscal year of the Company, and at such other times as the balance in the Elective Deferral Account shall be determined, to reflect (A) dividends, interest or other earnings on any such investments, reduced by the cost of funds (for the period of deferral) for the amount of any taxes incurred by the Company with respect thereto; (B) any gains or losses (whether or not realized) on such investment; (C) the cost of funds (for the period of deferral) for the

amount of any taxes incurred with respect to net gains realized on any such investments, taking into account any applicable capital loss carryovers and carrybacks, provided that in computing such taxes, capital gains and losses on assets of the Company other than such investments shall be disregarded; and (D) any direct expenses incurred by the Company in such fiscal year or other applicable period which would not have been incurred but for the investment of amounts pursuant to the provisions of this paragraph (ii) (provided that this clause (D) shall not be construed to permit a reduction for the cost of taxes).

(iii) The Executive shall be entitled to any dividends payable with respect to shares of Company Stock during the period in which receipt of those shares is electively deferred by the Executive. Such dividends shall be treated as being reinvested in additional shares of Company Stock (based on the value of the stock at the time of the dividend), which shares shall be delivered to the Executive at the same time as delivery of other shares electively deferred by the Executive.

(iv) By providing reasonable advance notice to the Company, the Executive may elect to receive interest and dividends earned with respect deferred cash and stock distributions as such interest and dividends are earned.

(v) The Brunswick Corporation Supplemental Pension Plan (the "Supplemental Plan") provides that certain amounts deferred under a "Deferred Compensation Agreement" shall be taken into account for purposes of determining a Participant's plan benefits. For purposes of the Supplemental Plan, salary and bonus amounts that are electively deferred by the Executive in accordance with this paragraph (p) shall be treated as deferred under a Deferred Compensation Agreement, and shall be taken into account under the Supplemental Plan to the extent provided in that plan.

(vi) The Company will distribute the shares of Company Stock described below in this paragraph (vi) as soon as practicable (but not more than ten business days) after the Executive's Date of Termination. Subject to paragraph 2(p)(iv), during the period of deferral, any dividends will be deemed reinvested in accordance with paragraph 2(p)(iii) above. The deferral under this paragraph (vi) shall apply to:

(A) The one-time stock award described in paragraph 2(a)(i) of the Prior Agreement, with the period of deferral to begin as of the Effective Date.

(B) The Long-Term Incentive Stock Award for the 1995 fiscal year, as described in paragraph 2(d)(i) of the Prior Agreement, with the period of deferral to begin as of January 1, 1996.

(C) The portion of the bonus for the 1995 fiscal year payable in Company Stock, as described in paragraph 2(c) of the Prior Agreement with the period of deferral to begin as of the date on which stock bonuses are distributable to other officers for the 1995 year or, if no such awards are distributable, as of February 15, 1996.

(D) The stock award described in paragraph 2(b)(ii), with the period of deferral to begin as of the applicable date of grant in accordance with paragraph 2(b)(ii)(A).

(vii) The Executive's entitlement to distributions under this paragraph (p) shall include the right to receive amounts deferred under paragraph (n) of the Prior Agreement, to the extent such deferred amounts were not distributed prior to the Effective Date of this Agreement.

(q) Automatic deferral. The Executive and the Company shall enter into an agreement in the form set forth in Supplement D (relating to automatic deferral), which is attached to and forms a part of this Agreement.

(r) Change in Control. It is recited here, for the avoidance of doubt, that, for purposes of applying the provisions of this paragraph 2 with respect to compensation and benefits due on or after the Executive's Date of Termination, the determination of the circumstances of the termination under the provisions of paragraphs 3(a) through 3(g) (excluding paragraph 3(f), and except as otherwise provided in paragraph 3(c)) shall be applied without regard to whether such Date of Termination occurs before, after or at the time of a Change in Control.

3. Termination. The Executive's employment with the Company may be terminated by the Company or the Executive only under the circumstances described in paragraphs 3(a) through 3(g):

(a) Death. The Executive's employment hereunder will terminate upon his death.

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(b) Disability. If the Executive is Disabled, the Company may terminate the
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Executive's employment with the Company. For purposes of the Agreement, the Executive shall be deemed to be "Disabled" if he has a physical or mental disability that renders him incapable, after reasonable accommodation, of performing his duties under this Agreement.

(c) Cause. The Company may terminate the Executive's employment hereunder at
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any time for Cause. For purposes of this Agreement, the term "Cause" shall mean:

(i) the willful and continued failure by the Executive to substantially perform his duties with the Company (other than any such failure resulting from the Executive's being Disabled), within a reasonable period of time after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; or

(iii) the engaging by the Executive in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Company's Board, the Executive's credibility and reputation no longer conform to the standard of the Company's executives [; provided, however, that Cause shall exist under this paragraph (c) only if the misconduct involves a violation of applicable laws].

For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

Notwithstanding the foregoing, if the Executive's Date of Termination occurs on or after the date of a Change in Control, the Executive's employment shall not be deemed to have been terminated for "Cause" unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board (excluding the Executive) at a meeting of the Board called and held for such purpose, finding that in the good faith opinion of the Board, the Executive was guilty of conduct constituting "Cause" and specifying the particulars thereof in detail; provided,

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however, that no such determination shall be made by the Board unless the Executive is provided with reasonable advance notice of the Board meeting, indicating that the purpose of such meeting is the determination of whether such "Cause" exists, and unless the Executive, together with his counsel, is provided with an opportunity to be heard before the Board at such meeting prior to such determination being made.

(d) Termination by Executive. The Executive may terminate his employment
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hereunder as of the end of the Agreement Term. The delivery of a notice by the Executive to the Company in accordance with paragraph 1(e) indicating that the Executive will not extend the Agreement Term shall be treated as the delivery of Notice of Termination by the Executive, with the Executive's employment treated as being terminated immediately following the end of the Agreement Term under this paragraph (d) (except to the extent that the notice indicates that the failure to renew is for Good Reason, and the circumstances conform to the requirements of paragraph 3(e)).

(e) Termination by Executive for Good Reason. The Executive may resign for

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Good Reason (as defined in this paragraph (e)). For purposes of this Agreement, "Good Reason" shall mean, without the Executive's express written consent, the occurrence of any of the following circumstances unless, in the case of paragraphs (i), (iii), (iv), (v), (vi) or (vii) below, such circumstances are fully corrected within a reasonable period (not to exceed 10 business days) following delivery of the Notice of Termination given in respect thereof:

(i) The assignment to the Executive of any duties materially inconsistent with the Executive's position as Chief Executive and Chairman of the Board, or a substantial adverse alteration in the nature of the Executive's responsibilities from those in effect on the Effective Date.

(ii) Relocation of the Executive's office to a location that is greater than fifty miles from the Executive's office as of the Effective Date.

(iii) A reduction in the Executive's annual base salary or bonus opportunities as of the Effective Date, except for across-the-board uniform bonus reductions affecting all senior executives of the Company, or a reduction in any benefit required to be provided to the Executive under this Agreement to a level below the level required under this Agreement.

(iv) The failure of the Company, without the Executive's consent, to pay to the Executive any portion of the Executive's compensation due under this Agreement, within 10 business days of the date such payment is due.

(v) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement.

(vi) Any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph (h) below (and for purposes of this Agreement, no such purported termination shall be effective).

(vii) A reasonable determination by the Executive that, as a result of a change in circumstances regarding his duties, he is unable to exercise the authorities, powers, functions or duties attached to his position and contemplated by paragraph 1(a).

(viii) The failure of the Executive to be retained as a member and Chairman of the Board.

Except as otherwise expressly provided in this paragraph 3(e) or paragraph 3(f), nothing in this Agreement shall be construed to authorize or permit the resignation of the Executive during the Agreement Term.

(f) Termination following Change in Control. The Executive may elect to
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terminate his employment with the Company during the first 60 days following a Change in Control for any reason.

(g) Termination by Company. The Company may terminate the Executive's
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employment hereunder at any time for any reason, and the Company shall not be required to specify a reason for the termination unless termination occurs under paragraph 3(a), 3(b), or 3(c). Termination of the Executive's employment by the Company shall be deemed to have occurred under this paragraph 3(g) only if it is not for reasons described in paragraph 3(a), 3(b) or 3(c). The delivery of a notice by the Company to the Executive in accordance with paragraph 1(e) indicating that the Company will not extend the Agreement Term shall be treated as the delivery of Notice of Termination by the Company, with the Executive's employment treated as being terminated immediately following the end of the Agreement Term under this paragraph (g) (except to the extent that the notice indicates that the failure to renew is for Cause, or because of the Executive's death or the

Executive's being Disabled, and the circumstances conform to the requirements of paragraph 3(c), paragraph 3(a) or paragraph 3(b), respectively).

(h) Notice of Termination. Any termination of the Executive's employment by the Company or the Executive must be communicated by a written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" means a dated notice which indicates the specific termination provision in this Agreement relied on and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated (except to the extent that such facts and circumstances are not required under paragraph 3(d), 3(f), or 3(g)).

(i) Date of Termination. "Date of Termination" means the last day the Executive is employed by the Company, provided that the Executive's employment is terminated in accordance with the foregoing provisions of this paragraph 3.

4. Rights Upon Termination. The Executive's right to payment and benefits under this Agreement for periods after his Date of Termination shall be determined in accordance with the following provisions of this paragraph 4:

(a) Death or Disability. If the Executive's Date of Termination occurs under circumstances described in paragraph 3(a) (relating to the Executive's death) or paragraph 3(b) (relating to the Executive's being Disabled), then, except as otherwise provided in paragraph 2(e), paragraph 4(e) or otherwise agreed in writing between the Executive and the Company, the Executive shall be entitled to:

(i) Any unpaid salary for days worked prior to the Date of Termination, and payment for unused vacation (determined in accordance with the policies of the Company as in effect from time to time for Company officers) earned prior to the Date of Termination.

(ii) A pro-rata payment with respect to the bonus described in paragraph 2(d) for the performance period in which the Date of Termination occurs (including the portion of such performance period, if any, occurring under the Prior Agreement). In determining the amount of the bonus payable under this paragraph (ii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iii) A pro-rata distribution of the Long-Term Incentive Share Award shares described in paragraph 2(e) with respect to the performance period in which the Date of Termination occurs (including the portion of such performance period, if any, occurring under the Prior Agreement). In determining the amount of the Long-Term Incentive Share Award payable under this paragraph (iii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iv) A pro-rata payment with respect to the SIP award described in paragraph 2(f) for the performance period in which the Date of Termination occurs (including the portion of such performance period, if any, occurring under the Prior Agreement). In determining the amount of the SIP award payable under this paragraph (iv), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(v) Lapse of exercise restrictions with respect to stock options; provided, however, that with respect to stock options granted pursuant to paragraph 2(a)(ii), the lapse of restrictions shall

apply only to non-performance exercise restrictions. For purposes of this Agreement, exercise restrictions with respect to options shall be considered to be "non-performance" if it is substantially certain, at the Date of Termination, that the restrictions would have lapsed if the Executive had continued in the employ of the Company for two years after that date.

(vi) The performance-related exercise restrictions with respect to stock options granted pursuant to paragraph 2(a)(ii) shall lapse to the extent that the Board, in its discretion, determines that the lapse is appropriate. The determination by the Board shall be based on such factors as the Board determines to be appropriate, including the progress toward the performance goals that have been achieved as of the Date of Termination.

(vii) The portion of any stock option granted to the Executive that is exercisable immediately prior to the Date of Termination, as well as the portion of any stock option that becomes exercisable by reason of this paragraph (a), shall remain exercisable for five years after the Date of Termination, but in no event later than the date fixed for expiration of the option

(determined without regard to Executive's termination of employment).

(b) Termination by Company without Cause. If the Executive's Date of Termination occurs prior to a Change in Control under circumstances described in paragraph 3(g) (relating to termination by the Company without Cause), or if the Executive resigns for Good Reason prior to a Change in Control, then, subject to paragraph 2(e), paragraph 4(e), and except as otherwise agreed in writing between the Executive and the Company, the Executive shall be entitled to benefits in accordance with paragraphs (i) through (viii) below, determined as though he had continued to be employed by the Company for the period continuing through the second anniversary of the Date of Termination:

(i) The Executive shall be entitled to the salary amount described in paragraph 2(c), as in effect on his Date of Termination, determined as though he had continued to be employed by the Company for the period continuing through the second anniversary of the Date of Termination.

(ii) The Executive shall be entitled to the bonus payments described in paragraph 2(d), determined as though he had continued to be employed by the Company for the period continuing through the second anniversary of the Date of Termination; provided that the Executive will be entitled to a pro-rata payment for the performance period that includes the two-year anniversary of the Date of Termination. In determining the amount of the bonus payable under this paragraph (ii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iii) The Executive shall be entitled to the Long-Term Incentive Share Award described in paragraph 2(e) based on the actual performance for the applicable period(s), determined as though he had continued to be employed by the Company for the period continuing through the second anniversary of the Date of Termination; provided that the Executive will be entitled to a pro-rata payment for the performance period that includes the two-year anniversary of the Date of Termination. In determining the amount of the Long-Term Incentive Share Award payable under this paragraph (iii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iv) The Executive shall be entitled to the SIP award described in paragraph 2(f) based on the actual performance for the applicable period(s), determined as though he had continued to be employed by

the Company for the period continuing through the second anniversary of the Date of Termination; provided that the Executive will be entitled to a pro-rata payment for the performance period that includes the two-year anniversary of the Date of Termination. In determining the amount of the SIP award payable under this paragraph (iv), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(v) The Executive shall be entitled to the life insurance coverage described in paragraph 2(h), determined as though he had continued to be employed by the Company for the period continuing through the second anniversary of the Date of Termination.

(vi) The exercise restrictions with respect to stock options shall lapse as of the Date of Termination; provided, however, that with respect to stock options granted pursuant to paragraph 2(a)(ii), the lapse of restrictions shall apply only to non-performance exercise restrictions. The performance-related exercise restrictions with respect to stock options granted pursuant to paragraph 2(a)(ii) shall lapse to the extent that the Board, in its discretion, determines that the lapse is appropriate; provided that such determination by the Board shall be based on such factors as the Board determines to be appropriate, including the progress toward the performance goals that have been achieved as of the Date of Termination.

(vii) The portion of any stock option granted to the Executive that is exercisable immediately prior to the Date of Termination, as well as the portion of any stock option that becomes exercisable by reason of this paragraph (b), shall remain exercisable for five years after the Date of Termination, but in no event later than the date fixed for expiration of the option (determined without regard to Executive's termination of employment).

(viii) The pension benefits described in paragraph 2(i) shall be vested as of the Date of Termination, provided that the Executive shall not accrue additional pension benefits for periods after the Date of Termination, and the retiree medical benefit described in the final

sentence of paragraph 2(j) (relating to employee contributions) shall be determined as though the Executive had continued in the employ of the Company for the period continuing through the second anniversary of the Date of Termination.

(ix) The Executive shall be entitled to any additional benefits that would have been provided to him pursuant to paragraph 2(m), determined as though he had continued to be employed by the Company for the period continuing through the second anniversary of the Date of Termination; provided that this paragraph (ix) shall not apply to stock options, security protection, vacation, perquisites, expense reimbursement, or any benefits that are subject to the foregoing provisions of paragraphs 4(b)(i) through 4(b)(viii).

Payments and benefits due under this paragraph 4(b) shall be subject to the following:

(I) Subject to the following provisions of this paragraph 4(b)(I), benefits to be provided under the foregoing provisions of this paragraph 4(b) shall be provided at the time they would have been provided if the Executive continued to be employed by the Company; provided, however, that the amounts payable in accordance with paragraphs 4(b)(i), (ii) and (iii) shall be distributed to the Executive, within 10 business days following the Date of Termination, in a lump sum payment, with no actuarial or present value reduction for accelerated payment.

(II) To the extent that benefits distributable under this paragraph 4(b) would be distributable in Company Stock, or the amount of such benefit would be based on the value of Company stock, the Company may satisfy its obligation under this paragraph 4(b) by providing a cash payment

equal to the value of the benefit. Except as otherwise provided in this paragraph (II), to the extent that the Company determines that the Executive cannot participate in any benefit plan because he is not actively performing services for the Company, the Company may satisfy its obligation under this paragraph 4(b) by distributing cash to the Executive equal to the cost that would be incurred by the Executive to replace the benefit.

(c) Indemnification. For a period of six years after his Date of Termination, the Executive shall be entitled to coverage under any directors and officers liability insurance policy, indemnification by-law and indemnification agreement maintained or offered by the Company or any successor to the

Company during that period to directors and officers. This paragraph (c) shall not apply if the Executive's Date of Termination occurs during the Agreement Term under circumstances described in paragraph 3(c) (relating to the Executive's termination for Cause).

(d) Other Obligations. In addition to the foregoing payments and benefits, the Executive shall be entitled to any other payments or benefits due to be provided to the Executive pursuant to any employee compensation or benefit plans or arrangements, to the extent such payments and benefits are earned as of the Date of Termination. Except as otherwise specifically provided in this paragraph 4, the Company shall have no obligation to make any other payments or provide any other benefits under the Agreement for periods after the Executive's Date of Termination.

(e) No Participation in Severance Plans. Except as may be otherwise specifically provided in an amendment of this paragraph (e) adopted in accordance with paragraph 11, payments under this paragraph 4 shall be in lieu of any compensation or benefits that may be otherwise payable to or on behalf of the Executive pursuant to the terms of any severance pay arrangement of the Company or any Affiliate or any other, similar arrangement of the Company or any Affiliate providing benefits upon involuntary termination of employment.

(f) Termination after Change in Control. Subject to the provisions of paragraphs 4(c), 4(d) and 4(e), if the Executive's Date of Termination occurs on or after the date of a Change in Control, his right to payment and benefits under this Agreement for periods after his Date of Termination shall be determined in accordance with the provisions of Supplement E.

5. Change in Control Rules. The following shall apply with respect to a change in control of the Company:

(a) The terms of stock options, restricted stock, and other stock-based compensation awarded to the Executive under this Agreement shall include change in control protections (described below). For purposes of this paragraph (a), "change in control protections" means the protections relating to a change in control (as defined in the 1991 Plan, or a successor plan) that are provided for comparable awards to officers under the 1991 Plan (or successor plan) at the time such awards are made pursuant to this Agreement (or, if no comparable awards are then made under the plan, at the next previous time such awards are made under the plan).

(b) Upon the request of the Executive made at any time after there has been a Change in Control of the Company, the Company shall do any one or more of the following as requested:

(i) Pay to the Executive any cash and stock deferred in accordance with paragraph 2(p) of this Agreement.

(ii) Pay to the Executive (or his beneficiary after his death, if the

Executive so provides by a writing filed with the Secretary of the Company and the beneficiary so requests), the actuarial equivalence of the Executive's accrued benefit under the Company's supplemental pension plan. Actuarial equivalence shall be determined on the basis of the rates, tables, and factors then in effect for purposes of determining the actuarial equivalence of optional forms of payment under the Brunswick Pension Plan for Salaried Employees, or any successor plans (the "Pension Plans"); provided, however, that the interest rate or rates which would be used as of the date of Change in Control of the Company by the Pension Benefit Guaranty Corporation (the "PBGC") for purposes of determining the present value of the Executive's benefits under the Pension Plans if the Pension Plans had terminated on the date of Change in Control with insufficient assets to provide benefits guaranteed by the PBGC on that date shall be substituted for the interest assumptions used under the Pension Plans.

(c) "Change in Control" means a change in the beneficial ownership of the Company's voting stock or a change in the composition of the Board which occurs as follows: (A) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934), other than a trustee or other fiduciary of securities held under an employee benefit plan of the Company or its subsidiaries, is or becomes beneficial owner, directly or indirectly, of stock of the Company representing 30% or more of the total voting power of the Company's then outstanding stock, (B) a tender offer (for which a filing has been made with the SEC which purports to comply with the requirements of Section 14(d) of the Securities Exchange Act of 1934 and the corresponding SEC rules) is made for the stock of the Company, which has not been negotiated and approved by the Board, then the first to occur of (i) any time during the offer when the person (using the definition in (A) above) making the offer owns or has accepted for payment stock of the Company with 25% or more of the total voting power of the Company's stock or (ii) three business days before the offer is to terminate unless the offer is withdrawn first if the person making the offer could own, by the terms of the offer plus any shares owned by that

person, shares with 50% or more of the total voting power of the Company's shares when the offer terminates; or (C) individuals who were the Board's nominees for election as directors of the Company immediately prior to a meeting of the stockholders of the Company involving a contest for the election of directors shall not constitutes a majority of the Board following the election.

6. Noncompetition. For the period beginning on the Effective Date and ending two years after the Executive's Date of Termination (regardless of the reason for the termination of employment), (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 of its Affiliates was engaged (including any program of development or research) during the Executive's employment, (b) the Executive shall not divert or attempt to divert any business from the Company or any Affiliate, and (c) the Executive shall not disturb or attempt to disturb any business or employment relationships of the Company or any Affiliate.

7. Confidential Information. The Executive agrees that:

(a) 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 agrees to 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 to 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 (or, if applicable, the Affiliate) has been informed of such requested disclosure, and the Company

has an opportunity to respond to such court or agency. To the extent that the Executive obtains information on behalf of the Company or an Affiliate that may be subject to attorney-client privilege as to the Company's or an Affiliate's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege.

(b) For purposes of this Agreement, the term "Confidential Information" means all non-public information concerning the Company and any Affiliate that was acquired by or disclosed to the Executive during the course of his employment with the Company, or during discussions between the Executive and the

Company or any Affiliate following his termination of employment arising out of his employment or this Agreement, including, without limitation:

(i) all "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) of the Company or any Affiliate;

(ii) any non-public information regarding the Company's or the Affiliates' 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 an Affiliate; and

(iii) information regarding litigation and threatened litigation involving or affecting the Company or an Affiliate.

(c) This paragraph 7 shall not be construed to unreasonably restrict the Executive's ability to disclose confidential information in an arbitration proceeding or a court proceeding in connection with the assertion of, or defense against any claim of breach of this Agreement in accordance with paragraph 9 or paragraph 19. If there is a dispute between the Company and the Executive as to whether information may be disclosed in accordance with this paragraph (c), the matter shall be submitted to the arbitrators or the court (whichever is applicable) for decision.

8. Defense of Claims. The Executive agrees that, for the period beginning on the Effective Date, and continuing for a reasonable period after the Executive's Date of Termination, the Executive will cooperate with the Company and the Affiliates in defense of any claims that may be made against the Company or an Affiliate, and will cooperate with the Company and the Affiliates in the prosecution of any claims that may be made by the Company or an Affiliate, to the extent that such claims may relate to services performed by the Executive for the Company or the Affiliates. The Executive agrees to promptly inform the Company if he becomes aware of any lawsuits involving such claims that may be filed against the Company or any Affiliate. The Company agrees to reimburse the Executive for all of the Executive's reasonable out-of-pocket expenses associated with such cooperation, including travel expenses. For periods after the Executive's Date of Termination, the Company agrees to provide reasonable compensation to the Executive for such cooperation. The Executive also agrees to

promptly inform the Company if he is asked to assist in any investigation of the Company or an Affiliate (or their actions) that may relate to services performed by the Executive for the Company or an Affiliate, regardless of whether a lawsuit has then been filed against the Company or an Affiliate with respect to such investigation.

9. Equitable Remedies. The Executive acknowledges that the Company would be irreparably injured by a violation of paragraph 6 or 7, and he agrees that the Company, in addition to any other remedies available to it for such breach or threatened breach, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining the Executive from

any actual or threatened breach of paragraph 6 or 7.

10. Nonalienation. The interests of the Executive under this Agreement
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are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Executive or the Executive's beneficiary.

11. Amendment. This Agreement may be amended or canceled only by mutual
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agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

12. Applicable Law. The provisions of this Agreement shall be construed
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in accordance with the laws of the State of Illinois, without regard to the conflict of law provisions of any state.

13. Severability. The invalidity or unenforceability of any provision of
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this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

14. Waiver of Breach. No waiver by any party hereto of a breach of any
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provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

15. Successors. This Agreement shall be binding upon, and inure to the
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benefit of, the Company and its successors and assigns and upon any person acquiring, whether by merger, consolidation,

purchase of assets or otherwise, all or substantially all of the Company's assets and business.

16. Notices. Notices and all other communications provided for in this
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Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below (or such other addresses as shall be specified by the parties by like notice). Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service are to be delivered to the addresses set forth below:

to the Company:

Brunswick Corporation

1 North Field Court
Lake Forest, Illinois 60045

or to the Executive:

Peter N. Larson
521 Oakwood, Unit 2B
Lake Forest, Illinois 60045

All notices to the Company shall be directed to the attention of Secretary of the Company, with a copy to the Chairman of the Compensation Committee of the Board. Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

17. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the

parties to this Agreement shall survive the termination of the Executive's employment with the Company and all Affiliates.

18. Entire Agreement. Except as otherwise noted herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, if any, between the parties relating to the subject matter hereof. However, except as otherwise provided in this Agreement, the obligations of the Company and the Executive with respect to compensation and benefits that were paid or distributed prior to the Effective Date, and with respect to services performed prior to the Effective Date, shall be governed by the Prior Agreement.

19. Resolution of Disputes. 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 three arbitrators, one of whom shall be appointed by the Company, one by the Executive, and the third by the other two. If the other two arbitrators cannot agree on the appointment of a third arbitrator, or if either party fails to appoint an arbitrator, then such arbitrator shall be appointed by the Chief Judge of the United States Court of Appeals for the Seventh Circuit. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in this paragraph 19. Judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In the event that it shall be necessary or desirable for the Executive to retain legal counsel or incur other costs and expenses in connection with the enforcement of any or all of his rights under this Agreement, he shall be entitled to recover from the Company reasonable attorney's fees and costs and expenses incurred by him in connection with the enforcement of those rights. Payments shall be made to the Executive by the Company at the time these attorney's fees and costs and expenses are incurred by the Executive. If, however, the arbitrators should later determine that under the circumstances it was unjust for the Company to have made any of these payments or attorney's fees and costs and expenses to the Executive, he shall repay them to the Company in accordance with the order of the arbitrators. Any award of the arbitrators shall include interest at a rate or rates considered just under the circumstances by the arbitrators. This paragraph 19 shall not be construed to limit the Company's right to obtain relief under paragraph 9 with respect to any matter or controversy subject to paragraph 9, and, pending a final determination by the arbitrator with respect to any such matter or controversy, the Company shall be entitled to obtain any such relief by direct application to a court of law, without being required to first arbitrate such matter or controversy.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, and its corporate seal to be hereunto affixed, all as of the date first above written.

____
PETER N. LARSON

BRUNSWICK CORPORATION

By: ________________________
Kenneth B. Zeigler
Vice President and Chief
Human Resources Officer

ATTEST:

____
(Seal)

Supplement A

Stock Option Agreement

THIS AGREEMENT, dated as of February 3, 1997 (the "Effective Date"), by and between BRUNSWICK CORPORATION, a Delaware corporation, having its principal executive offices at 1 N. Field Court, Lake Forest, Illinois 60045 (hereinafter called "Company") and Peter N. Larson, an employee of the Company (hereinafter called the "Option Holder").

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company (the "Board") has adopted the 1991 Stock Plan (the "Plan") and the Company's stockholders have approved the Plan; and

WHEREAS, the Company has entered into an employment agreement with the Option Holder dated April 1, 1995 (the "Prior Employment Agreement"), and the option reflected by this Agreement is intended to satisfy the requirements of paragraph 2(a)(ii) of the Prior Employment Agreement;

WHEREAS, the Company has entered into a revised employment agreement with the Option Holder dated February 3, 1997 (the "Employment Agreement"), which amends the option intended to satisfy the requirements of paragraph 2(a)(ii) of the Prior Employment Agreement, and this Agreement reflects such amendment;

NOW, THEREFORE, in consideration of the mutual promises and representations herein contained and other good and valuable consideration, it is agreed by and between the parties hereto as follows:

GRANT OF OPTION
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1. On April 1, 1995, the Company granted to the Option Holder the right and option to purchase on the terms and conditions hereinafter set forth, and subject to the provisions of the Plan, all or any part of an aggregate of 500,000 shares of the Common Stock ($.75 par value) of the Company at the purchase price of $20.125 per share. The option is exercisable by the Option Holder in accordance with the following schedule:

If the Executive is employed through the following date:	The option shall become exercisable with respect to the following number of shares shares on and after that date:

1st anniversary of April 1, 1995	60,000
2nd anniversary of April 1, 1995	60,000
3rd anniversary of April 1, 1995	80,000
The first date on which the Stock Price attains $25.00 or, if earlier, the first day of the quarter of the Company following the occurrence of four consecutive quarters during which aggregate net earnings for such four quarters exceeds $2.00 per share	90,000
The first date on which the Stock Price attains $30.00 or, if earlier, the first day of the quarter of the Company following the occurrence of four consecutive quarters during which aggregate net earnings for such four quarters exceeds $2.35 per share	90,000
The first date on which the Stock Price attains $35.00 or, if earlier, the first day of the quarter of the Company following the occurrence of four consecutive quarters during which aggregate net earnings for such four quarters exceeds $2.70 per share	120,000

provided, however, that all options herein granted, to the extent not previously exercised, shall terminate at 4:00 p.m. CST on the tenth anniversary of April 1, 1995, upon the termination of employment of the Option Holder as specified in paragraph 4 of this Agreement or at such other time as is hereinafter provided. If the Option Holder's employment by the Company continues through the three-year anniversary of April 1, 1995, then any portion of the option herein granted and not previously exercisable shall become exercisable on such three-year anniversary. In addition, notwithstanding any provisions herein to the contrary, in the event a Change in Control (as defined in the Plan) of the Company occurs, the Option Holder may exercise all unexercised options in whole or in part upon the later of six-month anniversary of April 1, 1995 or such Change in Control and until the earlier of the stated expiration of the options or two years following termination of

employment. For purposes of this paragraph 1, the "Stock Price" for any date shall be the closing market composite price for the Common Stock (as reported for the New York Stock Exchange - Composite Transactions).

2. The Compensation Committee of the Board (the "Committee"), in consultation with the Option Holder, shall adjust the net earnings per share requirement and the Stock Price requirement applicable to Common Stock under paragraph 1 above as appropriate from time to time to reflect material mergers, consolidations, recapitalizations, reclassifications, stock dividends, stock splits, combinations of shares, other capital adjustments and other unusual and extraordinary events.

NOTICE

3. This option or any part thereof may be exercised by giving a written notice of exercise to the Secretary of the Company, specifying the number of shares to be purchased and the method of payment of the aggregate option price of the number of shares purchased. Such exercise shall be effective upon the actual receipt of such written notice and payment to the Secretary of the Company. The aggregate option price of all shares purchased pursuant to an exercise of the option shall be paid (A) in cash (including check, bank draft, or money order), (B) in Common Stock of the Company (valued at the fair market value thereof on the date of exercise), (C) by a combination of cash and Common Stock or (D) in accordance with a cashless exercise program under which, if so instructed by the Option Holder, shares of Common Stock may be issued directly

to the Option Holder's broker or dealer upon receipt of the option price in cash from the broker or dealer. No rights or privileges of a stockholder of the Company in respect of any of the shares issuable upon the exercise of any part of this option shall inure to the Option Holder, or any other person entitled to exercise this option as herein provided unless and until certificates representing such shares shall have been issued and delivered.

TERMINATION OF EMPLOYMENT
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4. This option may not be exercised after the termination of employment of the Option Holder with the Company or any of its subsidiaries, subject to the following:

(a) The portion of the option that becomes exercisable in accordance paragraph 1 of this Agreement based on the Option Holder's completion of one, two and three years of service after April 1, 1995 shall become (or remain) exercisable on termination of the Option Holder's employment, if the termination occurs under circumstances described in paragraphs 4(a)(i), 4(a)(ii), or 4(a)(iii) below.

(i) Termination occurs upon retirement at or after age 65.

(ii) Termination occurs due to disability.

(iii) Termination occurs by reason of the Option Holder's death (in which case such exercise shall be by the person or persons to whom the Option Holder's rights under such option are transferred by will or the laws of descent and distribution).

(iv) Termination is by the Company for reasons other than Cause under circumstances described in paragraph 3(g) of the Employment Agreement, or termination occurs for Good Reason under circumstances that satisfy the requirements of paragraph 3(e) of the Employment Agreement.

The portion of the option that becomes exercisable in accordance paragraph 1 of this Agreement based on the Option Holder's completion of one, two and three years of service after April 1, 1995 and which is exercisable immediately prior to the date of the Option Holder's termination of employment, as well as the portion of the option that becomes exercisable by reason of this paragraph (a), shall remain exercisable for five years after such termination, but in no event subsequent to the date fixed herein for expiration of the option.

(b) The portion of the option that becomes exercisable in accordance paragraph 1 of this Agreement based on the Stock Price or earnings per share of the Company, and which is not exercisable on the date of the Option Holder's termination of employment, shall become exercisable on termination of the Option Holder's employment, to the extent that the Committee, in its discretion, determines to be appropriate. The determination by the Committee shall be based on such factors as the Committee determines to be appropriate, including the progress toward the performance goals that have been achieved as of the date of the Option Holder's termination of employment. This paragraph (b) shall apply to the Option Holder if his termination of employment occurs under circumstances described in paragraphs 4(b)(i), 4(b)(ii), or 4(b)(iii) below.

(i) Termination occurs upon retirement at or after age 65.

(ii) Termination occurs due to disability.

(iii) Termination occurs by reason of the Option Holder's death (in which case such exercise shall be by the person or persons to whom the Option Holder's rights

under such option are transferred by will or the laws of descent and distribution).

(iv) Termination is by the Company, for reasons other than Cause under circumstances described in paragraph 3(g) of the Employment Agreement, or termination occurs for Good Reason under circumstances that satisfy the requirements of paragraph 3(e) of the Employment Agreement.

The portion of the option that becomes exercisable in accordance paragraph 1 of this Agreement based on the Stock Price or earnings per share of the Company, and which is exercisable immediately prior to the date of the Option Holder's termination of employment, as well as the portion of the option that becomes exercisable by reason of this paragraph (b), shall remain exercisable for five years after such termination, but in no event subsequent to the date fixed herein for expiration of the option.

(c) During any authorized leave of absence from employment, the option may not be exercised. After return to active employment the Option Holder may exercise the option, to the extent it is exercisable under paragraph 1 of this Agreement, up to the date fixed herein for expiration of the option.

NON-TRANSFERABILITY OF THE OPTION

5. Except as otherwise herein provided, the option and the rights and privileges conferred by this Agreement shall not be transferred, assigned, pledged or hypothecated in any way, whether by operation of law or otherwise, and the option shall be exercised during the lifetime of the Option Holder only by the Option Holder. Upon any attempt so to transfer, assign, pledge, hypothecate or otherwise dispose of said option or any right or privilege conferred hereby contrary to the provisions hereof, this option and the rights and privileges conferred hereby shall immediately become null and void. Notwithstanding the foregoing provisions of this paragraph 5, the Option may be transferred by the Option Holder for no consideration to or for the benefit of the Option Holder's Immediate Family (including, without limitation, to a trust for the benefit of the Option Holder's Immediate Family or to a partnership for members of the Option Holder's Immediate Family), subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer. The foregoing right to transfer the Option shall also apply to the right to consent to amendments to the Option agreement. The Option Holder's "Immediate Family" shall mean the Option Holder's spouse, children, stepchildren, adoptive relationships, sisters, brothers and grandchildren (and, for this purpose, shall also include the Option Holder).

TAX WITHHOLDING

6. When an option is exercised, the Company will withhold from the Option Holder the amount required to meet federal, state and local withholding tax requirements. The Option Holder will have the option of paying the required amount to the Company in cash, delivering previously acquired shares of Common Stock, or requesting that the Company withhold a number of shares of Common Stock equal in value to the withholding tax amount.

SHARE ADJUSTMENTS

7. The number or kinds of shares or securities subject to this option and the purchase price therefor are subject to adjustment as provided in paragraph 5(c) of the Plan.

ADDRESSES FOR NOTICES

8. Any notice to be given to the Company shall be addressed to the Secretary of the Company at the principal executive offices of the Company, and any notice to be given to the Option Holder shall be addressed to the address then appearing in the personnel records of the Company for such Option Holder, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be effective upon receipt by the party to which it is addressed.

MISCELLANEOUS

9. Subject to the terms of any existing contractual agreement to the contrary, nothing herein contained shall affect the right of the Company or its subsidiaries to terminate at any time the Option Holder's employment, services, responsibilities, duties or authority to represent the Company or confer any rights to continued employment by the Company or its subsidiaries.

10. All decisions or interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive to the Company and the Option Holder.

11. This Agreement shall bind and inure to the benefit of the parties hereto and the successors and assigns of the Company and, to the extent provided in paragraph 4 of this Agreement, the executors, administrators, legatees and heirs of the Option Holder.

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

BRUNSWICK CORPORATION

By:________________________

____
Option Holder

____
Home Address

____

____
Social Security Number

Supplement B

Stock Option Agreement

THIS AGREEMENT, dated as of February 3, 1997 (the "Effective Date"), by and between BRUNSWICK CORPORATION, a Delaware corporation, having its principal executive offices at 1 N. Field Court, Lake Forest, Illinois 60045 (hereinafter called "Company") and Peter N. Larson, an employee of the Company (hereinafter called the "Option Holder").

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company (the "Board") has adopted the 1991 Stock Plan (the "Plan") and the Company's stockholders have approved the Plan; and

WHEREAS, the Company has entered into an employment agreement with the Option Holder dated February 3, 1997 (the "Employment Agreement"), and the option reflected by this Agreement is intended to satisfy the requirements of paragraph 2(b) of the Employment Agreement;

NOW, THEREFORE, in consideration of the mutual promises and representations herein contained and other good and valuable consideration, it is agreed by and between the parties hereto as follows:

GRANT OF OPTION

1. The Company hereby grants to the Option Holder the right and option to purchase on the terms and conditions hereinafter set forth, and subject to the provisions of the Plan, all or any part of an aggregate of 100,000 shares of the Common Stock ($.75 par value) of the Company at the purchase price of $25.50 per share. The option shall be exercisable by the Option Holder in accordance with the following schedule:

If the Executive is employed through the following date:	The option shall become exercisable with respect to the following number of shares shares on and after that date:
April 1, 1997	30,000
April 1, 1998	30,000
April 1, 1999	40,000

provided, however, that all options herein granted, to the extent not previously exercised, shall terminate at 4:00 p.m. CST on the tenth anniversary of the Effective Date, upon the termination of employment of the Option Holder as specified in paragraph 3 of this

Agreement or at such other time as is hereinafter provided. If the Option Holder's employment by the Company continues through April 1, 1999, then any portion of the option herein granted and not previously exercisable shall become exercisable on April 1, 1999. In addition, notwithstanding any provisions herein to the contrary, in the event a Change in Control (as defined in the Plan) of the Company occurs, the Option Holder may exercise all unexercised options in whole or in part upon the later of six-month anniversary of the Effective Date or such Change in Control and until the earlier of the stated expiration of the options or two years following termination of employment. For purposes of this paragraph 1, the "Stock Price" for any date shall be the closing market composite price for the Common Stock (as reported for the New York Stock Exchange - Composite Transactions).

NOTICE

2. This option or any part thereof may be exercised by giving a written notice of exercise to the Secretary of the Company, specifying the number of shares to be purchased and the method of payment of the aggregate option price of the number of shares purchased. Such exercise shall be effective upon the actual receipt of such written notice and payment to the Secretary of the Company. The aggregate option price of all shares purchased pursuant to an exercise of the option shall be paid (A) in cash (including check, bank draft, or money order), (B) in Common Stock of the Company (valued at the fair market value thereof on the date of exercise), (C) by a combination of cash and Common Stock or (D) in accordance with a cashless exercise program under which, if so instructed by the Option Holder, shares of Common Stock may be issued directly to the Option Holder's broker or dealer upon receipt of the option price in cash from the broker or dealer. No rights or privileges of a stockholder of the Company in respect of any of the shares issuable upon the exercise of any part of this option shall inure to the Option Holder, or any other person entitled to exercise this option as herein provided unless and until certificates representing such shares shall have been issued and delivered.

TERMINATION OF EMPLOYMENT

3. This option may not be exercised after the termination of employment of the Option Holder with the Company or any of its subsidiaries, subject to the following:

(a) The option shall become (or remain) exercisable on termination of the Option Holder's employment, if the termination occurs under circumstances described in paragraphs 3(a)(i), 3(a)(ii), 3(a)(iii) or 3(a)(iv) below.

(i) Termination occurs upon retirement at or after age 65.

(ii) Termination occurs due to disability.

(iii) Termination occurs by reason of the Option Holder's death (in which case such exercise shall be by the person or persons to whom the Option Holder's rights under such option are transferred by will or the laws of descent and distribution).

(iv) Termination is by the Company for reasons other than Cause under circumstances described in paragraph 3(g) of the Employment Agreement, or termination occurs for Good Reason under circumstances that satisfy the requirements of paragraph 3(e) of the Employment Agreement.

The portion of the option which is exercisable immediately prior to the date of the Option Holder's termination of employment, as well as the portion of the option that becomes exercisable by reason of this paragraph (a), shall remain exercisable for five years after such termination, but in no event subsequent to the date fixed herein for expiration of the option.

(b) During any authorized leave of absence from employment, the option may not be exercised. After return to active employment the Option Holder may exercise the option, to the extent it is exercisable under paragraph 1 of this Agreement, up to the date fixed herein for expiration of the option.

NON-TRANSFERABILITY OF THE OPTION

4. Except as otherwise herein provided, the option and the rights and privileges conferred by this Agreement shall not be transferred, assigned, pledged or hypothecated in any way, whether by operation of law or otherwise, and the option shall be exercised during the lifetime of the Option Holder only by the Option Holder. Upon any attempt so to transfer, assign, pledge, hypothecate or otherwise dispose of said option or any right or privilege conferred hereby contrary to the provisions hereof, this option and the rights and privileges conferred hereby shall immediately become null and void. Notwithstanding the foregoing provisions of this paragraph 5, the Option may be transferred by the Option Holder for no consideration to or for the benefit of the Option Holder's Immediate Family (including, without limitation, to a trust for the benefit of the Option Holder's Immediate Family or to a partnership for members of the Option Holder's Immediate Family), subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer. The foregoing right to transfer the Option shall also apply to the right to consent to amendments to the Option agreement. The Option Holder's "Immediate Family" shall mean the Option Holder's spouse, children, stepchildren, adoptive relationships, sisters, brothers and grandchildren (and, for this purpose, shall also include the Option Holder).

TAX WITHHOLDING

5. When an option is exercised, the Company will withhold from the Option Holder the amount required to meet federal, state and local withholding tax requirements. The Option Holder will have the option of paying the required amount to the Company in cash, delivering previously acquired shares of Common Stock, or requesting that the Company withhold a number of shares of Common Stock equal in value to the withholding tax amount.

SHARE ADJUSTMENTS

6. The number or kinds of shares or securities subject to this option and the purchase price therefor are subject to adjustment as provided in paragraph 5(c) of the Plan.

ADDRESSES FOR NOTICES

7. Any notice to be given to the Company shall be addressed to the Secretary of the Company at the principal executive offices of the Company, and any notice to be given to the Option Holder shall be addressed to the address then appearing in the personnel records of the Company for such Option Holder, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be effective upon receipt by the party to which it is addressed.

MISCELLANEOUS

8. Subject to the terms of any existing contractual agreement to the contrary, nothing herein contained shall affect the right of the Company or its subsidiaries to terminate at any time the Option Holder's employment, services, responsibilities, duties or authority to represent the Company or confer any rights to continued employment by the Company or its subsidiaries.

9. All decisions or interpretations made by the Compensation Committee of the Board with regard to any question arising hereunder or under the Plan shall be binding and conclusive to the Company and the Option Holder.

10. This Agreement shall bind and inure to the benefit of the parties hereto and the successors and assigns of the Company and, to the extent provided in paragraph 3 of this Agreement, the executors, administrators, legatees and heirs of the Option Holder.

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

BRUNSWICK CORPORATION

By:________________________

____
Option Holder

____
Home Address

____

____
Social Security Number

Supplement C

1996 Long-Term Incentive Share Award

This Supplement C sets forth the terms that shall be applicable to the Long-Term Incentive Share Award to be granted to Peter N. Larson (the "Executive") in accordance with paragraph 2(e)(ii) of the employment agreement to which this Supplement C is attached.

The Executive shall be eligible to receive a Long Term Incentive Share Award for 1996 in accordance with the following performance measurements:

1. (40%) To achieve net sales growth versus 1995 (base):

<TABLE>
<CAPTION>

Payout Level	25%	50%	75%	100%*
<S>	<C>	<C>	<C>	<C>
1996-97	3340	3500	3600	3800
% Chg	+5%	+7.5%	+10%	+12%
1996 % Chg	+4%	+5%	+6%	+8.6%

</TABLE>

2. (40%) To achieve operating profit improvement over 1995 as a percentage of net sales:

<TABLE>
<CAPTION>

Payout Level	25%	50%	75%	100%*
1996-97	+0.5%	+1.0%	+1.5%	+2.0%
Proposed '96	+0.2	+0.4	+0.8	+1.1

</TABLE>

* Board approved target levels.

1 and 2 above will be treated on an "as reported" basis reflecting the stockholders/market view; i.e., without adjustments for divestitures or acquisitions; this approach was used to compute both levels above.

3. (20%) Progress on the effective management of investor relations.

The maximum award for 1996 shall be $800,000 (100% of his salary) in cash or stock at Mr. Larson's discretion; this amount is half of the potential maximum award he is eligible to receive for the two year 1996-1997 Strategic Incentive Plan cycle.

Supplement D

AUTOMATIC DEFERRAL AGREEMENT

THIS AGREEMENT, made and entered into as of February 3, 1997 (the "Effective Date"), by and between Peter N. Larson (the "Executive") and BRUNSWICK CORPORATION (the "Company");

WITNESSETH THAT:

WHEREAS, the parties desire to enter into this Agreement to provide for deferral of compensation payable to the Executive by the Company and the Related Companies (as defined below) that would otherwise be non-deductible by reason of section 162(m) of the Code (as defined below), and thereby avoid the loss of such deduction, and to compensate the Executive for his consent to such deferral;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Effective Date. This Agreement shall be effective with respect to compensation amounts payable on or after the Effective Date.

2. Deferred Amount. If any compensation otherwise payable to the Executive by the Company or any Related Company would be non-deductible by reason of Code section 162(m), such amount shall not be paid to the Executive when otherwise due, but an amount equal to the foregone payment shall instead be credited to the Executive's Automatic Cash Deferral Account or Automatic Stock Deferral Account in accordance with this paragraph 2 and paragraphs 3 and 4. In determining the amounts subject to deferral under this paragraph 2, the following shall apply:

(a) To the extent that the compensation is otherwise payable in cash to the Executive, that cash shall be deferred under the Automatic Cash Deferral Account, in accordance with this paragraph 2.

(b) To the extent that the compensation is otherwise payable in common stock of the Company ("Company Stock"), delivery of those shares shall be deferred under the Automatic Stock Deferral Account, in accordance with this

paragraph 2.

(c) To the extent necessary in determining whether amounts payable to the Executive would be non-deductible for any year, the Committee (as defined below) shall make the determinations required under this paragraph 2 based on an estimate of the total compensation to be paid to the Executive for the year (including both cash and non-cash compensation and benefits

that would be taken into account in determining whether the limitations of Code section 162(m) are exceeded).

(d) In estimating the Executive's total compensation for any year, the Committee may request that the Executive forecast whether, for the year, he will be receiving any compensation the timing of which is in the Executive's discretion; provided, however, that such forecast shall not preclude the Executive from taking action that would change the time of receipt of such compensation.

3. Automatic Cash Deferral Account. The Automatic Cash Deferral Account balance shall be credited with the amount determined in accordance with paragraph 2(a), as of the date on which such amount would otherwise have been paid to the Executive were it not for deferral under this Agreement. The Automatic Cash Deferral Account shall be adjusted from time to time in accordance with the following:

(a) Unless the Executive makes an advance election to have paragraph (b) next below apply, the Automatic Cash Deferral Account shall be credited as of the last day of each calendar month with interest for that month at a rate equal to the greater of: (a) the prime rate in effect at The First National Bank of Chicago on the first day of the month plus four percentage points, or (b) the Company's short-term borrowing rate.

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

been incurred but for the investment of amounts pursuant to the provisions of this paragraph (b) (provided that this clause (iv) shall not be construed to permit a reduction for the cost of taxes).

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

5. Time of Payment of Deferred Amount. Amounts credited to the Executive's Automatic Cash Deferral Account and Automatic Stock Deferral Account

shall be paid or distributed upon the earliest of the following:

(a) As soon as practicable after the Committee determines that such amounts will be deductible when paid (provided that the Committee reasonably determines that payment of such amounts will not cause other amounts (whether cash or non-cash) to become non-deductible by reason of Code section 162(m)).

(b) As soon as practicable after the Committee determines that such amounts will not be deductible by the Company when paid, and that further deferral will not result in such amounts becoming deductible.

(c) As soon as practicable (but not more than 15 days) following the occurrence of a Change in Control.

(d) As soon as practicable after the January 15 (but not later than January 30) of the first calendar year following the first anniversary of the date the Executive ceases to be employed by the Company and all Related Companies.

Payment shall be made under this paragraph 5 not later than the date determined under paragraph (d), regardless of whether such payments are deductible by the Company.

6. Form of Payment of Deferred Amount. To the extent that an amount is payable to or on behalf of the Executive with respect to the Automatic Cash Deferral Account in accordance with paragraph 5, it shall be paid by the Company in a cash lump sum. To the extent that an amount is payable to or on behalf of the Executive with respect to the Automatic Stock Deferral Account in accordance with paragraph 5, it shall be distributed by the Company in shares of Company Stock in a lump sum.

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

8. Benefit May Not be Assigned or Alienated. Neither the Executive nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part hereof, which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for payment of any debts, judgements, alimony or separate maintenance owned by the Executive or any other person, or be transferred by operation of law in the event of the Executive's or any other person's bankruptcy or insolvency. Payments to or on behalf of the Executive under this Agreement are not subject to reduction or offset for amounts due or alleged to be due from the Company or any Related Company.

9. Disability. If, in the Committee's opinion, the Executive or a beneficiary is under a legal disability or is in any way incapacitated so as to be unable to manage his financial affairs, the Committee may direct that payment be made to a relative or friend of such person for his benefit until claim is made by a conservator or other person legally charged with the care of his person or his estate, and such payment shall be in lieu of any such payment to the Executive or the beneficiary. Thereafter, any benefits under this Agreement to which the Executive or the beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of his person or his estate.

10. Beneficiary. Subject to the terms of this Agreement, any benefits
payable to the Executive under this Agreement that have not been paid at the time of the Executive's death shall be paid at the time and in the form determined in accordance with the foregoing provisions of this Agreement, to the beneficiary designated by the Executive in writing filed with the Committee in

such form and at such time as the Committee shall require. If the Executive fails to designate a beneficiary, or if the designated beneficiary of the deceased Executive dies before the Executive or before complete payment of the amounts distributable under this Agreement, the Committee shall, in its discretion, direct that amounts to be paid under this Agreement be paid to:

(a) one or more of the Executive's relatives by blood, adoption or marriage and in such proportion as the Committee decides; or

(b) the legal representative or representatives of the estate of the last to die of the Executive and his beneficiary.

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

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

13. Committee. This Agreement shall be administered by a committee (the "Committee"), which shall be the Compensation Committee of the Board, or such other person or persons as may be designated by the Board from time to time. The amount to be deferred under paragraph 2 and the amount that is payable under paragraph 5(a) and paragraph 5(b) shall be based on such estimates as the Committee determines in good faith to be appropriate.

14. Statements. On a quarterly basis (or more frequent basis if requested by the Executive), the Committee shall provide the Executive with statements of the Executive's Automatic Cash Deferral Account and Automatic Stock Deferral Account. Upon request of the Executive, the Committee shall provide the computations of amounts under paragraph 2 and paragraph 5.

15. Notices. Any notices required to be given by the Company to the
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Executive shall be provided in writing, and either personally delivered to the Executive, or mailed by registered mail, postage prepaid, to the Executive at the last mailing address provided by the Executive to the Company.

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

17. Code. For purposes of this Agreement, the term "Code" means the
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Internal Revenue Code of 1986, as amended. References to sections of the Code also refer to any successor provisions thereof. References in this Agreement to an amount being "deductible" refer to its being deductible by the Company or a Related Company for Federal income tax purposes; provided, however, that if deductibility would not be precluded by reason of Code section 162(m), then it shall be deemed to be "deductible" for purposes of this Agreement, regardless of whether it is non-deductible for any other reason. If, after the Effective Date, there is a change in the provisions or interpretation of Code section 162(m) which would have a material effect on the benefits to the Executive or the Company, the parties shall negotiate in good faith to preserve the benefit of this Agreement for both parties; provided, however, that nothing in this Agreement shall be

construed to require the Executive to consent to any change in the Agreement without reasonable compensation therefore.

18. Amendment. This Agreement may be amended or canceled only by mutual
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agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

19. Applicable Law. This Agreement shall be construed and administered in
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accordance with the laws of the State of Illinois to the extent that such laws are not preempted by the laws of the United States of America.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, and its corporate seal to be hereunto affixed, all as of the Effective Date.

____
PETER N. LARSON

BRUNSWICK CORPORATION

By:________________________

Its________________________

ATTEST:

____

(Seal)

Supplement E

CHANGE IN CONTROL

This Supplement E sets forth the terms that shall be applicable to Peter N. Larson (the "Executive") with respect to a Change in Control of the Company as provided in paragraph 5 of the employment agreement to which this Supplement E is attached (the "Employment Agreement").

1. Change in Control. "Change in Control" of the Company means the occurrence of any of the following events:

(a) any Person other than a trustee or other fiduciary of securities held under an employee benefit plan of the Company or any of its subsidiaries, is or becomes a Beneficial Owner, directly or indirectly, of stock of the Company representing 30% or more of the total voting power of the Company's then outstanding stock and securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in Clause (A) of paragraph (d), below;

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

(i) any time during the offer when the Person making the offer owns or has accepted for payment stock of the Company with 25% or more of the total voting power of the Company's stock; or

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

(c) individuals who, as of September 1, 1998, constitute the Board of Directors (the "Incumbent Board") of the Company, 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 75% 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 a Person other than the Board of Directors of the Company;

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

representing more than 25% of the combined voting power of the Company's then outstanding stock and securities; or

(e) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other then a sale or disposition by the Company of all or substantially all of the assets to an entity at least 75% of the combined voting power of the stock and securities which is owned by Persons in substantially the same proportions as their ownership of the Company's voting stock immediately prior to such sale.

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

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

2. Severance Payments for Termination. If, during the Agreement Term (I)
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the Executive's Date of Termination occurs on the date of a Change in Control or during the 60 days following a Change in Control by reason of the Executive's resignation for any reason, as provided in paragraph 3(f) of the Employment Agreement; (II) if the Executive's Date of Termination occurs on or at any time after the date of a Change in Control and prior to the end of the Agreement Term under circumstances described in paragraph 3(g) of the Employment Agreement (relating to termination by the Company without Cause); or (III) if the Executive's Date of Termination occurs on or at any time after the date of a Change in Control and prior to the end of the Agreement Term by reason of the Executive's resignation for Good Reason; then the Executive shall be entitled to the following:

(a) The Executive shall be paid a lump sum cash severance allowance no later than 10 days after the date of such Date of Termination in an amount which is equal to 3 times the sum of:

(i) the annual salary as of the Date of Termination (or if greater, as of the date of the Change in Control) to which the Executive otherwise would have been entitled in accordance with paragraph 2(c) of the Employment Agreement; and

(ii) a bonus equal to 200% of the Executive's annual salary as of the Date of Termination (or if greater, as of the date of the Change in Control), which is in place of the bonus payable under paragraph 2(d) of the Employment Agreement for the performance period in which the Date of Termination occurs.

(b) The Executive shall be entitled to the following:

(i) a lump sum distribution of (A) the actuarial equivalence of the Executive's accrued benefit, if any, under the Company's supplemental pension plan, and (B) the balance, if any, credited to the account of the Executive under any other deferred compensation arrangement maintained by the Company or any of its subsidiaries, other than a plan which is qualified under section 401(a) of the Code;

(ii) the pension benefits described in paragraph 2(i) of the Employment Agreement shall be vested as of the Date of Termination, and the Executive's benefit otherwise determined in accordance with paragraph 2(i)

shall be adjusted to the amount that the Executive would have accrued under that paragraph if, on the Date of Termination, he had three additional Years of Service at his annual salary as of the Date of Termination (or if greater as of the date of the Change in Control) and with an annual bonus for each year equal to 200% of this salary and had been three years older than his actual age on such date (which adjustment shall be in addition to the deemed additional Years of Service and the other adjustments provided in accordance with paragraph 2(i) of the Employment Agreement, determined as though the Executive's Date of Termination occurred under circumstances described in paragraph 3(g) of the Employment Agreement, relating to termination by the Company without Cause);

(iii) other incentive compensation (including stock options and stock appreciation rights the value of which shall be determined in accordance with the Black-Scholes valuation method or such other reasonable valuation method selected by the Company and agreed to by the Executive) to which the Executive would have been entitled had he remained in the employ of the Company for 36 calendar months after his Date of Termination and continued his participation therein on the same basis as set forth in paragraph 2(f) and 2(g) of the Employment Agreement;

(iv) the employee benefits (in addition to pension benefits in clause (ii) of this paragraph (b) and the split dollar life insurance benefits in clause (vi) below) to which he would have been entitled under all employee benefit plans, programs or arrangements maintained by the Company as of the Date of Termination (including, but not limited to, coverage under any medical, dental, and life insurance arrangements or programs) if he had remained in the employ of the Company for 36 calendar months after his Date of Termination;

(v) a lump sum distribution of all amounts held for the Executive under any deferred compensation program, including any stock or cash deferred in accordance with paragraph 2(p) of the Employment Agreement; and

(vi) continued participation in any applicable split dollar arrangement on the same basis as prior to such Date of Termination; it being understood that the Executive shall immediately vest in the benefits provided under such arrangement and that the Company shall continue

to fund all insurance premiums (on the same basis as prior to the Date of Termination) until the expected release date of such arrangement.

The actuarial equivalence of the benefits described in clause (i) and (ii) of this paragraph (b) shall be determined on the basis of the rates, tables, and factors then in effect for purposes of determining the actuarial equivalence of optional forms of payment under the Brunswick Pension Plan for Salaried Employees (the "Pension Plan"); provided, however, that the interest rate or rates which would be used as of the Date of Termination by the Pension Benefit Guaranty Corporation ("PBGC") for purposes of determining the present value of the Executive's benefits under the Pension Plan if the Pension Plan had terminated on the Date of Termination with insufficient assets to provide benefits guaranteed by the PBGC on that date shall be substituted for the interest assumption used under the Pension Plan. Instead of providing the benefits described in clauses (iii) and (iv) of this paragraph (b), the Company may pay the Executive the value of such benefits by periodic payments or in a lump sum.

(c) The Executive shall be immediately and fully vested in all outstanding Equity Awards. Notwithstanding any other provision to the contrary in any other agreement, the Executive shall be entitled to exercise all outstanding options and stock appreciation rights during the period that ends on the earlier of (i) the five-year anniversary of his Date of Termination or (ii) the expiration of the original 10-year term of such option or right. For this purpose, "Equity Awards" means all options, stock appreciation rights, grants of restricted stock and all other grants

or awards made in, or with reference to, shares of the Company's common stock.

(d) Notwithstanding any provisions of this paragraph 2 to the contrary, if the Executive has attained age 62 on or before his Date of Termination but has not then attained age 65, then the provisions of paragraph 2(b)(ii), (iii) and (iv) of this Supplement shall be subject to the following adjustments:

(i) The pension benefits described in paragraph 2(i) of the Employment Agreement shall be vested as of the Date of Termination. In lieu of the three additional years of age, Years of Service, and years of compensation that would otherwise be provided in accordance with paragraph 2(b)(ii) of this Supplement, the Executive's deemed age as of the Date of Termination shall be age 65; his deemed

additional Years of Service as of the Date of Termination shall be the additional Years of Service he would have completed if he had remained in the employ of the Company until his 65th birthday (which adjustment shall be in addition to the deemed additional Years of Service and the other adjustments provided in accordance with paragraph 2(i) of the Employment Agreement, determined as though the Executive's Date of Termination occurred under circumstances described in paragraph 3(g) of the Employment Agreement, relating to termination by the Company without Cause); and his deemed compensation for the period after the Date of Termination through his 65th birthday shall be at the respective rates set forth in paragraph 2(b)(ii) of this Supplement.

(ii) In lieu of the incentive compensation and benefits the Executive would have been entitled to received, based upon his deemed employment for the 36-month period after his Date of Termination, in accordance with paragraphs 2(b)(iii) and (iv) of this Supplement, the Executive shall be entitled to such incentive compensation and benefits, but the determination of the amount shall be based on his employment with the Company being deemed to have continued until his 65th birthday (rather than for 36 months after his Date of Termination).

If the Executive has attained age 65 on or before his Date of Termination, no adjustment shall be made pursuant to paragraph 2(b)(ii), (iii), and (iv), and the provisions of those paragraphs shall be disregarded (except that the Executive shall be entitled to the adjustments provided in accordance with paragraph 2(i) of the Employment Agreement, determined as though the Executive's Date of Termination occurred under circumstances described in paragraph 3(g) of the Employment Agreement, relating to termination by the Company without Cause).

3. Tax Penalties. The Company's independent accountants (the "Accountants") shall advise the Executive as to the extent to which the Executive's compensation under the Employment Agreement (including, without limitation, this Supplement E) and all other compensation agreements, plans and programs of the Company and its subsidiaries may constitute parachute payments or excess parachute payments under section 280G of the Code. In the event that any such compensation constitutes an excess parachute payment which is subject to tax under section 4999 of the Code or any successor provision thereto (the "Excise Tax"), the Company shall pay to the Executive an additional amount (the "Gross-Up Amount") which, after payment of all federal and state income taxes thereon (assuming the Executive is at the highest marginal federal and applicable state

income tax rate in effect on the date of payment of the Gross-Up Amount) and payment of the Excise Tax on the Gross-Up Amount, is equal to the Excise Tax payable by the Executive on such excess parachute payment. The Gross-Up Amount payable with respect to each excess parachute payment shall be paid by the Company coincident with payment of such excess parachute payment; provided, however, that if the Gross-Up Amount cannot be finally determined on or before the payment date, the Company shall pay to the Executive on such date an estimate, as determined in good faith by the Accountants, of the minimum amount of such payments and shall pay the remainder of such payment (together with

interest at the rate provided under section 1274(b)(2)(B) of the Code) as soon as the amount can be determined but no later than the 30th day after the date Executive becomes subject to the payment of Excise Tax. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of payment by the Company, the Executive shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Amount attributable to such reduction (plus the portion of the Gross-Up Amount attributable to the Excise Tax and federal and state income taxes imposed on the Gross-Up Amount being repaid by Executive if such repayment results in a reduction in Excise Tax and/or a federal tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of payment by the Company, the Company shall pay an additional Gross-Up Amount which, after payment of all federal and state income taxes and Excise Tax thereon, is equal to such excess play any interest, penalties, fines and costs incurred by the Executive with respect thereto."

EXHIBIT 10.2

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

This Agreement, made and entered into as of December 1, 1998, by and between BRUNSWICK CORPORATION, a Delaware corporation (the "Company"), and DUDLEY LYONS (the "Executive");

WITNESSETH THAT:

WHEREAS, the Executive has been employed by the Company since August 4, 1997 (the "Effective Date") pursuant to an employment agreement dated May 27, 1997;

WHEREAS, the parties hereto desire to enter into this Agreement pertaining to the continued employment of the Executive by the Company;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Performance of Services. The Executive's employment with the Company shall be subject to the following:

(a) Subject to the terms of this Agreement, the Company hereby agrees to employ the Executive as Senior Vice President-Strategic Business Development during the Agreement Term (as defined below), and the Executive hereby agrees to remain in the employ of the Company during the Agreement Term.

(b) During the Agreement Term, while the Executive is employed by the Company, the Executive shall devote his best efforts and full business time exclusively to the business affairs of the Company and the Affiliates (as defined below) and shall perform his duties faithfully and efficiently, subject to the direction of the Chief Executive Officer of the Company. The Executive, however, may engage in charitable, civic or other similar pursuits and, subject to the approval of the Company's Chief Executive Officer, may become a director of other corporations, to the extent that such activities do not interfere with his devoting his best efforts to his duties to the Company. During the Agreement Term, the Executive shall be subject to such ownership guidelines with respect to shares of Company stock as may be applicable to the senior management of the Company as in effect from time to time.

(c) For purposes of this Agreement, the term "Affiliate" means (i) any corporation, partnership, joint venture or other entity

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

(d) The "Agreement Term" shall be the period beginning on the Effective Date and ending on August 3, 2000.

(e) In connection with the Executive's employment by the Company, the Executive shall be based at the principal executive offices of the Company, except for travel determined by the Company's Chief Executive Officer to be necessary or appropriate.

2. Compensation. In consideration of the services rendered by the Executive to the Company, in consideration of the Executive's agreement to remain in the employ of the Company during the Agreement Term, and subject to the terms of this Agreement, the Company shall compensate the Executive during

the Agreement Term, while the Executive is employed by the Company, as follows:

(a) One-Time Awards. To compensate the Executive for the forfeiture of
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compensation and other employment benefits resulting from his resignation from his prior employer, the Company shall provide to the Executive the following one-time awards:

(i) The Executive shall receive an award of 5,000 shares of common stock of the Company ("Company Stock"). Shares awarded under this paragraph (i) shall be fully vested on the Effective Date. However, the Executive shall be entitled to defer receipt of these shares to the extent provided by any applicable deferral program that may be established by the Company.

(ii) The Executive shall receive a non-qualified stock option award to purchase 25,000 shares of Company Stock, subject to the applicable provisions of paragraph 2(e).

The one-time payments shall be made as soon as practicable after the Effective Date. If the Executive so elects, the Executive shall pay an amount in cash to the Company to

satisfy any withholding taxes with respect to the one-time stock award described in paragraph 2(a)(i).

(b) Salary. Effective December 1, 1998 the Executive's annual base salary rate
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shall initially be $390,000, and thereafter shall not be reduced below the annual rate of $390,000 (except for across-the-board uniform salary reductions affecting all senior executives of the Company). For periods prior to December 1, 1998 the Executive's salary was $350,000. The salary shall be payable monthly or more frequently in accordance with Company practice. The Executive's performance and salary shall be reviewed annually by the Chief Executive Officer.

(c) Annual Bonus. The Executive shall participate in an annual bonus program.

Subject to the following provisions of this paragraph (c), the bonus program shall provide for a maximum bonus amount of 75% of the Executive's annual salary for periods ending prior to July 1, 1998, and for a maximum bonus amount of 100% of the Executive's annual salary for periods beginning on or after July 1, 1998. The terms of the bonus program shall be established by the Board of Directors of the Company (the "Board") or the Chief Executive Officer of the Company; provided that the bonus may be distributed in cash, in fully-vested shares of Company Stock, or in a combination of both, as determined by the Chief Executive Officer or the Board. The value of Company Stock distributed as a bonus in accordance with this paragraph (c) shall be determined as of the last business day prior to the date on which the amount of the bonus is determined by the Board. The first bonus for which the Executive shall be eligible under this paragraph (c) shall be for the fiscal year ending December 31, 1997. The bonus payable under this paragraph (c) for 1997 shall be $170,000 in cash, provided that such $170,000 amount may be reduced in the discretion of the Chief Executive Officer of the Company by any amount of bonus received by the Executive from his prior employer after May 21, 1997 for the 1997 year. Bonus amounts payable under this paragraph (c) for any fiscal year shall be paid within the first three months of the following year.

(d) Strategic Incentive Plan. The Executive shall be entitled to participate
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in the Company's Strategic Incentive Plan, subject to the following:

(i) The Executive shall be entitled to participate in the Strategic Incentive Plan for 1996-1997 performance period, with the amount for this period based on

performance for the entire period, but pro-rated to reflect the

portion of the period during which the Executive was not employed by the Company. Notwithstanding the foregoing provisions of this paragraph (i), but subject to the provisions of paragraph 2(d)(iv) (relating to form of distribution), the minimum value of the distribution payable to the Executive for the 1996-1997 performance period, after pro-rating, shall be $100,000.

(ii) The Executive shall be entitled to participate in the Strategic Incentive Plan for the 1997 - 1998 performance period, and for subsequent performance periods, in accordance with the terms of the plan as in effect from time to time. For purposes of determining the amount to which the Executive is entitled for the 1997 - 1998 performance period, the Executive shall be treated as though he had been employed by the Company from January 1, 1997.

(iii) The maximum value of the award under the Strategic Incentive Plan for any two-year performance period shall be 75% of the Executive's annual salary for periods ending prior to July 1, 1998, and 100% of the Executive's annual salary for periods beginning on or after July 1, 1998. For purposes of this paragraph (d), the Executive's annual salary for any two-year performance period shall be one times his annual base salary rate in effect at the beginning of the two-year performance period, without regard to any changes in salary rate during the performance period.

(iv) The awards under the Company's Strategic Incentive Plan will be distributed in the following form: 25% of the distribution will be denominated in cash, and the remaining 75% of the distribution will be denominated in stock units for periods ending before July 1, 1998, and 100% of the distribution will be denominated in stock units for periods beginning on or after July 1, 1998. The value of the stock-based portion of the award is based on the price of a share of Company Stock at the beginning of the performance period. Subject to such applicable elective deferral arrangements as may be maintained by the Company from time to time, cash and shares of Company Stock awarded for any performance period shall be transferred as soon as practicable after the end of the performance period, and shall be fully vested upon transfer. Any

shares of Company Stock awarded to the Executive under this Agreement may be subject to such stock ownership guidelines as are in effect for senior management of the Company from time to time.

(e) Stock Options. In addition to the stock option granted pursuant to paragraph 2(a)(ii), the Executive shall receive a non-qualified stock option award to purchase 15,000 shares of Company Stock. Such grant shall be made as of the Effective Date. The options awarded under paragraph 2(a)(ii) and this paragraph (e) shall be subject to terms comparable to those included in stock options awarded under the Brunswick Corporation 1991 Stock Plan (the "1991 Plan") to other officers of the Company. The purchase price per share for the option awarded under paragraph 2(a)(ii) and this paragraph (e) shall be the fair market value of a share of Company Stock at the date of grant. For purposes of this Agreement, the "fair market value" of a share of Company Stock for any date shall be the closing market composite price for the Company Stock (as reported for the New York Stock Exchange - Composite Transactions). During July of each year (or such other time as is regularly used for granting annual stock option awards to the senior management employees of the Company), beginning with July, 1998, the Executive shall receive annual non-qualified stock option awards, with such annual grant having a value (based on the Black-Scholes valuation method) of up to 50% of the value of the Executive's salary rate for the calendar year which includes such grant date, until option targets established by the Company are met.

(f) Life Insurance. The Company shall provide aggregate life insurance death benefit coverage to the Executive, under the Company's Split Dollar Life Insurance Plan, of 3- 1/2 times the Executive's annual base salary rate.

(g) Vacation. The Executive shall be entitled to four weeks paid vacation per

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year, in accordance with the applicable policy of the Company as in effect from time to time.

(h) Benefits. The Executive shall be a participant in any and all plans
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maintained by the Company from time to time to provide benefits for its senior executives, and for its salaried employees generally, including, without limitation, any pension, profit sharing, employee stock ownership or retirement plan, any life, accident, medical, hospital or similar group insurance program, and any plans or arrangements providing tax planning or financial planning. However, the Company shall not be required to provide a benefit under this

paragraph (h) if such benefit would duplicate (or otherwise be of the same type as) a benefit specifically required to be provided under another provision of this Agreement.

(i) Perquisites. The Executive shall be entitled to all perquisites generally
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provided by the Company to its senior executives. However, the Company shall not be required to provide perquisites under this paragraph (i) if such perquisites would duplicate (or otherwise be of the same type as) a perquisite specifically required to be provided under another provision of this Agreement.

(j) Expenses. The Executive shall be reimbursed for all reasonable expenses
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incurred in performing his obligations under this Agreement. The Executive shall be reimbursed for all reasonable relocation expenses (including, without limitation, temporary living expenses) in connection with his relocation to the Chicago area, in accordance with the Company's relocation policy applicable to officers.

(k) Attorney fees. The Company shall reimburse the Executive for the
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reasonable attorney fees incurred in connection with the negotiation of this Agreement.

(l) Withholding. All compensation and benefits payable to the Executive shall
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be subject to applicable withholding taxes and other employment taxes. The Company, in its discretion, may accept other provision for payment of required taxes.

3. Termination. The Executive's employment with the Company may be
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terminated by the Company or the Executive only under the circumstances described in paragraphs 3(a) through 3(f):

(a) Death. The Executive's employment hereunder will terminate upon his death.

(b) Disability. If the Executive is Disabled, the Company may terminate the
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Executive's employment with the Company. For purposes of the Agreement, the Executive shall be deemed to have a "Disability" (and to be "Disabled") if he has a physical or mental disability that renders him incapable, after reasonable accommodation by the Company, of performing his duties under this Agreement.

(c) Cause. The Company may terminate the Executive's employment hereunder at
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any time for Cause. For purposes of this Agreement, the term "Cause" shall mean the Executive's gross misconduct or willful and material breach of this Agreement.

(d) Termination by Executive. The Executive may terminate his employment
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hereunder as of the end of the Agreement Term.

(e) Termination by Executive for Good Reason. The Executive may resign for Good Reason (as defined in this paragraph (e)). For purposes of this Agreement, "Good Reason" shall mean, without the Executive's express written consent, the occurrence of any of the following circumstances unless, in the case of paragraphs (i) through (vii) below, such circumstances are fully corrected within a reasonable period (not to exceed 10 business days) following delivery of the Notice of Termination given in respect thereof:

(i) The assignment to the Executive of any duties materially inconsistent with the Executive's position as Senior Vice President-Strategic Business Development.

(ii) A reduction in the Executive's annual base salary, except for across-the-board uniform salary reductions affecting all senior executives of the Company, or a reduction in any benefit required to be provided to the Executive under this Agreement to a level below the level required under this Agreement.

(iii) The failure of the Company, without the Executive's written consent, to pay to the Executive any portion of the Executive's compensation due under this Agreement, within 10 business days of the date such payment is due.

(iv) The relocation of the Executive's principal office to a location that is more than 50 miles from Chicago.

(v) The failure of the Company to obtain a satisfactory written agreement from any successor to assume and agree to perform this Agreement.

(vi) Any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph (g) below (and for purposes of this Agreement, no such purported termination shall be effective).

(vii) A reasonable determination by the Executive that, as a result of a change in circumstances regarding his

duties, he is unable to exercise the authorities, powers, functions or duties attached to his position and contemplated by paragraphs 1(a) and 1(b).

Except as otherwise expressly provided in this paragraph 3(e), nothing in this Agreement shall be construed to authorize or permit the resignation of the Executive during the Agreement Term.

(f) Termination by Company. The Company may terminate the Executive's employment hereunder at any time for any reason, and the Company shall not be required to specify a reason for the termination unless termination occurs under paragraph 3(a), 3(b), or 3(c). Termination of the Executive's employment by the Company shall be deemed to have occurred under this paragraph 3(f) only if it is not for reasons described in paragraph 3(a), 3(b) or 3(c).

(g) Notice of Termination. Any termination of the Executive's employment by the Company or the Executive must be communicated by a written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" means a dated notice which indicates the specific termination provision in this Agreement relied on and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated (except to the extent that such facts and circumstances are not required under paragraph 3(d) or 3(f)).

(h) Date of Termination. "Date of Termination" means the last day the

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Executive is employed by the Company, provided that the Executive's employment is terminated in accordance with the foregoing provisions of this paragraph 3.

4. Rights Upon Termination. The Executive's right to payment and benefits
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under this Agreement for periods after his Date of Termination shall be determined in accordance with the following provisions of this paragraph 4:

(a) Death or Disability. If the Executive's Date of Termination occurs under
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circumstances described in paragraph 3(a) (relating to the Executive's death) or paragraph 3(b) (relating to the Executive's being Disabled), then, except as otherwise provided in paragraph 4(e) or otherwise agreed in writing between the Executive and the Company, the Executive shall be entitled to:

(i) Any unpaid salary for days worked prior to the Date of Termination, and payment for unused vacation (determined in accordance with the policies of the Company as in effect from time to time for Company officers) earned prior to the Date of Termination.

(ii) A pro-rata payment with respect to the bonus described in paragraph 2(c) for the performance period in which the Date of Termination occurs. In determining the amount of the bonus payable under this paragraph (ii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iii) A pro-rata distribution of the Strategic Incentive Plan shares described in paragraph 2(d) with respect to the performance period in which the Date of Termination occurs. In determining the amount of the Strategic Incentive Plan shares payable under this paragraph (iii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iv) Any bonus or Strategic Incentive Plan award earned before the Date of Termination but unpaid as of the Date of Termination.

(b) Termination by Company without Cause or Resignation by Executive for Good
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Reason. If the Executive's Date of Termination occurs under circumstances
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described in paragraph 3(f) (relating to termination by the Company without Cause), or if the Executive resigns for Good Reason, then, except as otherwise provided in paragraph 4(e) or otherwise agreed in writing between the Executive and the Company, the Executive shall be entitled to benefits in accordance with paragraphs (i) through (v) below:

(i) The Executive shall be entitled to the salary amount described in paragraph 2(b), as in effect on his Date of Termination, determined as though he had continued to be employed by the Company for the period continuing through the one-year anniversary of the Date of Termination.

(ii) The Executive shall be entitled to the bonus payments described in paragraph 2(c), determined as though he had continued to be employed by the Company for the period continuing through the one-year anniversary of

the Date of Termination (that is, the Executive will be entitled to (A) the bonus for the full year in which the Date of Termination occurs; and (B) if the Date of Termination is other than December 31, a pro-rata payment for the performance period commencing on the January 1 following the Date of Termination and ending on the one-year anniversary of the Date of Termination). In determining the amount of the bonus payable under this paragraph (ii), the

performance through the end of the annual performance period shall be extrapolated based on the performance through the Date of Termination.

(iii) The Executive shall be entitled to the Strategic Incentive Plan shares described in paragraph 2(d) based on the actual performance for the applicable period(s), determined as though he had continued to be employed by the Company for the period continuing through the one-year anniversary of the Date of Termination. (That is, if the Executive's Date of Termination occurs at least one year before the end of the performance period, the Executive will be entitled to the amount of the bonus for the full performance period, but reduced to reflect the portion of the performance period following the first anniversary of the Date of Termination. If the Executive's Date of Termination occurs less than one year before the end of the performance period, the Executive will be entitled to (A) the amount of the bonus for the full performance period, and (B) in addition, the amount payable under the preceding clause (A) multiplied by a fraction, the numerator of which is the number of days after the end of the performance period and prior to the first anniversary of the Date of Termination, and the denominator of which is the total number of days in the performance period.) In determining the amount of the Strategic Incentive Plan shares payable under this paragraph (iii), the performance through the end of the performance period shall be extrapolated based on the performance through the Date of Termination.

(iv) The Executive shall be entitled to any additional benefits that would have been provided to him pursuant to paragraph 2(i), determined as though he had continued to be employed by the Company for the period continuing through the first anniversary of the Date of Termination; provided that this paragraph (iv) shall not apply to stock options, vacation,

perquisites, expense reimbursement for expenses incurred after the Date of Termination, or any benefits that are subject to the foregoing provisions of paragraphs 4(b)(i) through 4(b)(iii).

Payments and benefits due under this paragraph 4(b) shall be subject to the following:

(I) Subject to the following provisions of this paragraph 4(b)(I), benefits to be provided under the foregoing provisions of this paragraph 4(b) shall be provided at the time they would have been provided if the Executive continued to be employed by the Company; provided, however, that the amounts payable in accordance with paragraphs 4(b)(i), (ii) and (iii) shall be distributed to the Executive, within 10 business days following the Date of Termination, in a lump sum payment, with no actuarial or present value reduction for accelerated payment.

(II) To the extent that benefits distributable under this paragraph 4(b) would be distributable in Company Stock, or the amount of such benefit would be based on the value of Company stock, the Company may satisfy its obligation under this paragraph 4(b) by providing a cash payment equal to the value of the benefit. Except as otherwise provided in this paragraph (II), to the extent that the Company determines that the Executive cannot participate in any benefit plan because he is not actively performing services for the Company, the Company may satisfy its obligation under this paragraph 4(b) by distributing cash to the Executive equal to the cost that would be incurred by the Executive to replace the benefit.

(c) Indemnification. For a period of six years after his Date of Termination,
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the Executive shall be entitled to coverage under any directors and officers liability insurance policy, indemnification by-law and indemnification agreement maintained or offered by the Company or any successor to the Company during that period to directors and officers. This paragraph (c) shall not apply if the Executive's Date of Termination occurs during the Agreement Term under circumstances described in paragraph

3(c) (relating to the Executive's termination for Cause).

(d) Other Obligations. In addition to the foregoing payments and benefits, the Executive shall be entitled to any other

payments or benefits due to be provided to the Executive pursuant to any employee compensation or benefit plans or arrangements (as the terms of those compensation or benefit plans or arrangements are modified by paragraph 2 of this Agreement), to the extent such payments and benefits are earned as of the Date of Termination. Except as otherwise specifically provided in this paragraph 4, the Company shall have no obligation to make any other payments or provide any other benefits under the Agreement for periods after the Executive's Date of Termination.

(e) No Participation in Severance Plans. Except as may be otherwise specifically provided in an amendment of this paragraph (e) adopted in accordance with paragraph 10, payments under this paragraph 4 shall be in lieu of any compensation or benefits that may be otherwise payable to or on behalf of the Executive pursuant to the terms of any severance pay arrangement of the Company or any Affiliate or any other, similar arrangement of the Company or any Affiliate providing benefits upon involuntary termination of employment.

5. Noncompetition. For the period beginning on the Effective Date and ending one year after the Executive's Date of Termination (regardless of the reason for the termination of employment), (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 active recreation business which is then materially competitive in any way with any business in which the Company or any of its Affiliates was engaged (including any program of development or research) during the Executive's employment, (b) the Executive shall not divert or attempt to divert any business from the Company or any Affiliate, and (c) the Executive shall not disturb or attempt to disturb any business or employment relationships of the Company or any Affiliate. Notwithstanding the foregoing provisions of this paragraph 5, the Executive shall be permitted to (i) invest in mutual funds which are diversified, open-end management companies (as those terms are defined in Section 5 of the Investment Company Act of 1940) that are registered under such Act; (ii) invest in the outstanding stock of any corporation listed on the New York Stock Exchange or American Stock Exchange or included in the National Association of Securities Dealers Automated Quotation System (but only to the extent that the Executive's interest in the stock of any such corporation does not exceed 5% of the voting power of the outstanding stock of such corporation); and (iii) purchase and hold any other investment to the extent the Chief Executive Officer of the Company consents in writing to such investment; and any

investment described in clauses (i), (ii) or (iii) next above shall not be considered to violate the requirements of this paragraph 5.

6. Confidential Information. The Executive agrees that:

(a) 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 agrees to 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 to 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 (or, if applicable, the Affiliate) has been informed of such requested disclosure, and the Company has an opportunity to respond to such court or agency. To the extent that the Executive obtains information on behalf of the Company or an Affiliate that may be subject to attorney-client privilege as to the Company's or an

Affiliate's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege.

(b) For purposes of this Agreement, the term "Confidential Information" means all non-public information concerning the Company and any Affiliate that was acquired by or disclosed to the Executive during the course of his employment with the Company, or during discussions between the Executive and the Company or any Affiliate following his termination of employment arising out of his employment or this Agreement, including, without limitation:

(i) all "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) of the Company or any Affiliate;

(ii) any non-public information regarding the Company's or the Affiliates' 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 an Affiliate; and

(iii) information regarding litigation and threatened litigation involving or affecting the Company or an Affiliate.

(c) This paragraph 6 shall not be construed to unreasonably restrict the Executive's ability to disclose confidential information in an arbitration proceeding or a court proceeding in connection with the assertion of, or defense against any claim of breach of this Agreement in accordance with paragraph 8 or paragraph 18. If there is a dispute between the Company and the Executive as to whether information may be disclosed in accordance with this paragraph (c), the matter shall be submitted to the arbitrators or the court (whichever is applicable) for decision.

7. Defense of Claims. The Executive agrees that, for the period beginning on the Effective Date, and continuing for a reasonable period after the Executive's Date of Termination, the Executive will assist the Company and the Affiliates in defense of any claims that may be made against the Company or an Affiliate, and will assist the Company and the Affiliates in the prosecution of any claims that may be made by the Company or an Affiliate, to the extent that such claims may relate to services performed by the Executive for the Company or the Affiliates. The Executive agrees to promptly inform the Company if he becomes aware of any lawsuits involving such claims that may be filed against the Company or any Affiliate. The Company agrees to reimburse the Executive for all of the Executive's reasonable out-of-pocket expenses associated with such assistance, including travel expenses. For periods after the Executive's Date of Termination, the Company agrees to provide reasonable compensation to the Executive for such assistance. The Executive also agrees to promptly inform the Company if he is asked to assist in any investigation of the Company or an Affiliate (or their actions) that may relate to services performed by the Executive for the Company or an Affiliate, regardless of whether a lawsuit has then been filed against the Company or an Affiliate with respect to such investigation.

8. Equitable Remedies. The Executive acknowledges that the Company would be irreparably injured by a violation of paragraph 5 or 6, and he agrees that the Company, in addition to any other remedies available to it for such breach or threatened breach, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining the Executive from any actual or threatened breach of paragraph 5 or 6.

9. Nonalienation. The interests of the Executive under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer,

assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Executive or the Executive's beneficiary.

10. Amendment. This Agreement may be amended or cancelled only by mutual agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

11. Applicable Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of Illinois, without regard to the conflict of law provisions of any state.

12. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

13. Waiver of Breach. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

14. Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business.

15. Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below (or such other addresses as shall be specified by the parties by like notice). Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service are to be delivered to the addresses set forth below:

to the Company:

Brunswick Corporation
1 North Field Court
Lake Forest, Illinois 60045

or to the Executive:

Dudley Lyons
Brunswick Corporation

1 North Field Court
Lake Forest, Illinois 60045

All notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company, with a copy to the Secretary of the Company. Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

16. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of the Executive's employment with the Company and all Affiliates.

17. Entire Agreement. Except as otherwise noted herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, if any, between the parties relating to the subject matter hereof. Notwithstanding the preceding sentence,

it is understood and agreed that the Executive and the Company shall enter into a change in control agreement contemporaneous with or following execution of this Agreement. Such change in control agreement shall not duplicate benefits under this Agreement, and shall not be superseded by this Agreement.

18. Resolution of Disputes. 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 three arbitrators, one of whom shall be appointed by the Company, one by the Executive, and the third by the other two. If the other two arbitrators cannot agree on the appointment of a third arbitrator, or if either party fails to appoint an arbitrator, then such arbitrator shall be appointed by the Chief Judge of the United States Court of Appeals for the Seventh Circuit. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be a provided in this paragraph 18. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In the event that it shall be necessary or desirable for the Executive to retain legal counsel or incur other costs and expenses in connection with the enforcement of any or all of his rights under this Agreement, he shall be entitled to recover from the Company reasonable attorney's fees and costs and expenses incurred by him in connection with the enforcement of those rights. Payments shall be made to the Executive by the Company at the time these attorney's fees and costs and expenses are incurred by the Executive. If, however, the arbitrators should later determine that under the circumstances it was unjust for the Company to have made any of these payments or attorney's fees and costs and expenses to the Executive, he shall repay them to the Company in accordance with the order of the arbitrators. Any award of the arbitrators shall include interest at a rate or rates considered just under the circumstances by the arbitrators. This paragraph 18 shall not be construed to limit the Company's right to obtain relief under paragraph 8 with respect to any matter or controversy subject to paragraph 8, and, pending a final determination by the arbitrator with respect to any such matter or controversy, the Company shall be entitled to obtain any such relief by direct application to a court of law, without being required to first arbitrate such matter or controversy.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, and its corporate seal to be hereunto affixed, all as of the date first above written.

DUDLEY LYONS

BRUNSWICK CORPORATION

By ____________________________
Its ________________________

ATTEST:

____

EXHIBIT 10.16

1999 BRUNSWICK PERFORMANCE PLAN

MAXIMUM AWARD:

Operating Committee:	100% of base salary
President's Council:	75% of base salary
Key Management:	40% to 50% of base salary
Other Management:	30% to 40% of base salary

PERFORMANCE MEASURES:

Groups

80% Division Contribution less Working Capital Charge = Brunswick Value Added (BVA)
20% Organizational Goals

Corporate

80% Earnings per share (EPS)
20% Organizational Goals

RELATIONSHIP OF PERFORMANCE TO PAYOUT:

Performance Level	Payout Level
120%	125%
110%	110%
100%	100%
90%	70%
80%	50%

Bonuses would not be paid for performance below the 80% level.

EXHIBIT 10.19

1999-2000 STRATEGIC INCENTIVE PLAN

PERFORMANCE MEASURES:

Groups

75% Brunswick Value Added (BVA)(aggregate 1999 and 2000)
25% Up to 5 key strategic initiatives per business unit approved by the Chairman

Corporate

75% Earnings Per Share (EPS) (aggregate 1999 and 2000)
25% Up to 5 strategic goals

PERFORMANCE WEIGHTINGS:

Operating Committee:	Corporate Performance	25%
	Group Performance	75%
President's Council:	Corporate Performance	20%
	Group Performance	80%
Key Management:	Corporate Performance	10%
	Group Performance	90%

RELATIONSHIP OF PERFORMANCE TO PAYOUT:

Performance Level	Payout Level as of % of Target Award
120%	125%
110%	110%
100%	100%
90%	70%
80%	50%

Bonus not paid below 80% level.

EXHIBIT 12

Brunswick Corporation
Computation of Ratio of Earnings to Fixed Charges
(dollars in millions)

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1998 <C>	1997 <C>	1996 <C>	1995 <C>	1994 <C>
Earnings as Adjusted					
Earnings from continuing operations	178.6	151.2	185.8	133.6	127.1
Income tax provision	105.2	85.0	104.5	73.2	68.2
Interest expense	62.7	51.3	33.4	32.5	28.5
Interest portion of rent expense	14.3	10.7	9.8	7.2	7.1
Equity in earnings of less-than 50% owned affiliates	0.2	0.2	--	0.1	--
Dividends received from less-than 50% owned affiliates	0.1	--	--	--	--
	361.1	298.4	333.5	246.6	230.9
Fixed Charges					
Interest expense	62.7	51.3	33.4	32.5	28.5
Interest portion of rent expense	14.3	10.7	9.8	7.2	7.1
Capitalized interest	2.2	--	--	--	--
	79.2	62.0	43.2	39.7	35.6
Ratio of earnings to fixed charges	4.6x	4.8x	7.7x	6.2x	6.5x

</TABLE>

(a) For computation of the ratio of earnings to fixed charges, "earnings" have been calculated by adding fixed charges (excluding capitalized interest) to earnings from continuing operations before income taxes and then deducting the undistributed earnings of affiliates. Fixed charges consist of interest expense, estimated interest portion of rental expense and capitalized interest.

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

The following corporations are direct or in-direct wholly-owned subsidiaries of Brunswick Corporation:

	Place of Incorporation
American Outdoor Recreation, Inc.	Delaware
Appletree Ltd.	Bermuda
Baja Marine Corporation	Delaware
Bayliner Marine Corporation	Delaware
Boston Whaler, Inc.	Delaware
Brunswick AG	Switzerland
Brunswick Bowling & Billiards Corporation	Delaware
Brunswick Bowling & Billiards Mexico, S.A. de C.V.	Mexico
Brunswick Bowling & Billiards (U.K.) Limited	England
Brunswick Bowling e Billiards Ltda.	Brazil
Brunswick Bowling GmbH	West Germany
Brunswick Bowling Pin Corporation	Delaware
Brunswick Centres, Inc.	Ontario
Brunswick GmbH	West Germany
Brunswick International (Canada) Limited	Ontario
Brunswick International GmbH	West Germany
Brunswick International Holdings, Inc.	Delaware
Brunswick International Limited	Delaware
Brunswick International Sales Corporation	U.S. Virgin Islands
Brunswick Technology Corporation	Delaware
Centennial Assurance Company, Ltd.	Bermuda
DBA Products Co., Inc.	Illinois
Escort Trailer Corporation	Washington
Igloo Holdings Inc.	Delaware
Igloo Products Corp.	Delaware
Jupiter Marine, Inc.	Delaware
Leiserv, Inc.	Delaware
Life Fitness International Sales, Inc.	Delaware
Life Fitness (U.K.) Limited	United Kingdom
Marine Power Australia Pty. Limited	Australia
Marine Power Europe, Inc.	Delaware
Marine Power International Limited	Delaware
Marine Power International Pty. Limited	Delaware
Marine Power Italia S.p.A.	Italy
Marine Power New Zealand Limited	Delaware
Marine Xpress Corporation	Delaware
Mercury Marine Limited	Ontario
Mercury Marine Sdn Bhd	Malaysia
Mongoose Sales Corporation	Delaware
Normalduns B.V.	Netherlands
OBC International Holdings Inc.	Delaware
Productos Marine de Mexico, S.A. de C.V.	Mexico
Quality Bowling Corporation	California
Ray Industries, Inc.	Arizona
SBC International Holdings Inc.	Delaware
Sea Ray Boats Europe B.V.	Netherlands
Sea Ray Boats, Inc.	Arizona
Sea Ray Boats, Inc.	Florida
Sea Ray International-Europe B.V.	Netherlands
Skokie Investment Corporation	Delaware
Wintergreen Finance, Inc.	Delaware
Zebco Corporation	Delaware
Zebco Sales Corporation	Delaware

Zebco Sports Deutschland GmbH	Germany
Zebco Sports France S.A.	France

In addition, Brunswick Corporation owns 50% of the outstanding stock of Nippon Brunswick Kabushiki Kaisha, a Japanese corporation.

The names of a number of subsidiaries have been omitted. Such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

EXHIBIT 24.1

POWER OF ATTORNEY

The undersigned directors and officers of Brunswick Corporation, a Delaware corporation (the "Company"), do hereby nominate, constitute and appoint Peter B. Hamilton and Victoria J. Reich and each of them individually, the true and lawful attorney or attorneys of the undersigned, with power to act with or without the others and with full power of substitution and resubstitution, to execute in the name and on behalf of the undersigned as directors and officers of the Company, the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 1998 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
Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and Director	/s/ Peter N. Larson Peter N. Larson	February 9, 1999
Executive Vice President and Chief Financial Officer (Principal Financial Officer)	/s/ Peter B. Hamilton Peter B. Hamilton	February 9, 1999
Vice President and Controller (Principal Accounting Officer)	/s/ Victoria J. Reich Victoria J. Reich	February 9, 1999
Director	/s/ Nolan D. Archibald Nolan D. Archibald	February 9, 1999

Capacity	Signature	Date
Director	/s/ Jeffrey L. Bleustein Jeffrey L. Bleustein	February 9, 1999
Director	/s/ Michael J. Callahan Michael J. Callahan	February 9, 1999
Director	/s/ Manuel A. Fernandez Manuel A. Fernandez	February 9, 1999
Director	/s/ Peter Harf Peter Harf	February 9, 1999
Director	/s/ Jay W. Lorsch Jay W. Lorsch	February 9, 1999

Director	/s/ Bettye Martin Musham ------------------------ Bettye Martin Musham	February 9, 1999
Director	/s/ Kenneth Roman ----------------- Kenneth Roman	February 9, 1999
Director	/s/ Robert L. Ryan ------------------ Robert L. Ryan	February 9, 1999
Director	/s/ Roger W. Schipke -------------------- Roger W. Schipke	February 9, 1999

POWER OF ATTORNEY

The undersigned director of Brunswick Corporation, a Delaware corporation (the "Company"), does hereby nominate, constitute and appoint Peter B. Hamilton and Victoria J. Reich and each of them individually, the true and lawful attorney or attorneys of the undersigned, with power to act with or without the others and with full power of substitution and resubstitution, to execute in the name and on behalf of the undersigned as director of the Company, the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 1998 and any and all amendments thereto; and 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, the undersigned has executed this Power of Attorney on February 15, 1999.

/s/ Rebecca P. Mark

Rebecca P. Mark

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