



Average shares used for computation of		
Basic earnings per share	99.5	98.7
Diluted earnings per share	100.5	99.7
Cash dividends declared per common share	0.125	0.125

The notes are an integral part of these consolidated statements.

</TABLE>

<TABLE>

Brunswick Corporation		
Consolidated Balance Sheets		
As of March 31, 1998 and December 31, 1997		
(in millions, except share data)		
(unaudited)		
	March 31,	December 31,
	1998	1997
Assets		
Current assets		
Cash and cash equivalents, at cost,		
<S>	<C>	<C>
which approximates market	82.7	85.6
Accounts and notes receivable,		
less allowances of \$21.7 and \$20.7	570.1	434.9
Inventories		
Finished goods	365.1	313.4
Work-in-process	145.9	139.4
Raw materials	138.9	113.5
Net inventories	649.9	566.3
Prepaid income taxes	211.1	210.7
Prepaid expenses	44.6	46.0
Income tax refund receivable	0.0	22.5
Current assets	1,558.4	1,366.0
Property		
Land	76.3	68.7
Buildings	434.9	425.8
Equipment	851.8	830.8
Total land, buildings and equipment	1,363.0	1,325.3
Accumulated depreciation	(669.1)	(656.7)
Net land, buildings and equipment	693.9	668.6
Unamortized product tooling costs	108.8	114.4
Net property	802.7	783.0
Other assets		
Goodwill	731.5	726.4
Other intangibles	115.3	115.8
Investments	78.5	87.5
Other long-term assets	166.2	162.7
Other assets	1,091.5	1,092.4
Total Assets	3,452.6	3,241.4
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt, including		
current maturities of long-term debt	296.2	109.3
Accounts payable	256.3	252.9
Accrued expenses	531.6	586.0
Income taxes payable	35.3	0.0
Current liabilities	1,119.4	948.2
Long-term debt		
Notes, mortgages and debentures	645.5	645.5
Deferred items		
Income taxes	137.7	144.3
Postretirement and postemployment benefits	138.2	137.3
Compensation and other	55.5	51.1

Deferred items	331.4	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	310.3	308.2
Retained earnings	1,098.7	1,052.2
Treasury stock, at cost:		
3,039,000 and 3,057,000 shares	(62.9)	(59.0)
Unamortized ESOP expense and other	(62.2)	(63.1)
Accumulated other comprehensive income	(4.5)	(0.2)
Common shareholders' equity	1,356.3	1,315.0
Total liabilities and shareholders' equity	3,452.6	3,241.4

The notes are an integral part of these consolidated statements.

</TABLE>

<TABLE>

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

	1998	1997
Cash flows from operating activities		
<S>	<C>	<C>
Net earnings	58.9	52.7
Depreciation and amortization		39.5 37.1
Changes in noncash current assets and current liabilities	(255.1)	(197.2)
Income taxes	58.9	30.2
Other, net	(9.1)	8.1
Net cash used for operating activities		(106.9) (69.1)
Cash flows from investing activities		
Acquisitions of businesses	(29.0)	(151.6)
Unrestricted cash held for Igloo acquisition		0.0 143.0
Capital expenditures	(36.8)	(32.7)
Payments advanced for long-term supply arrangements	(5.5)	0.0
Other, net	7.8	0.0
Net cash used for investing activities		(63.5) (41.3)
Cash flows from financing activities		
Net proceeds from issuances of short-term commercial paper and other short-term debt		186.2 0.0
Cash dividends paid	(12.4)	(12.3)
Stock repurchases	(11.5)	0.0
Stock options exercised	4.4	5.4
Other, net	0.8	2.7
Net cash provided by (used for) financing activities		167.5 (4.2)
Net decrease in cash and cash equivalents	(2.9)	(114.6)
Cash and cash equivalents at January 1	85.6	238.5
Cash and cash equivalents at March 31	82.7	123.9
Supplemental cash flow disclosures:		
Interest paid	18.9	10.6
Income tax refunds received, net		22.8 2.6
Treasury stock issued for compensation plans and other		9.5 11.5

The notes are an integral part of these consolidated statements.

</TABLE>

Notes to Consolidated Financial Statements  
March 31, 1998, December 31, 1997 and March 31, 1997  
(unaudited)

Note 1 - Accounting Policies

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

These financial statements should be read in conjunction with, and have been prepared in conformity with, the accounting principles reflected in the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997. These interim results include, in the opinion of the Company, all normal and recurring adjustments necessary to present fairly the results of operations for the quarters ended March 31, 1998 and 1997. The 1998 interim results are not necessarily indicative of the results which may be expected for the remainder of the year.

Note 2 - Earnings Per Common Share

There is no difference in the earnings used to compute the Company's basic and diluted earnings per share. The difference in the weighted-average number of shares of common stock outstanding used to compute basic and diluted earnings per share is caused by potential common stock relating to employee stock options. The weighted-average number of shares of potential common stock was 1.0 million for the quarters ended March 31, 1998 and 1997.

Note 3 - Acquisitions

On January 30, 1998, the Company acquired the assets of ParaBody, Inc. a manufacturer and marketer of a leading consumer line of multistation gyms, benches and racks. ParaBody is part of the Life Fitness division in the Recreation segment. The Company also acquired the assets of certain bowling centers in the first quarter of 1998.

Note 4 - Debt

During the first quarter of 1998, commercial paper outstanding increased to \$272.5 million at March 31, 1998, versus \$86.3 million at December 31, 1997, to fund working capital requirements, acquisitions and capital expenditures.

Note 5 - Litigation

There have been no significant changes in the status of the items set forth in Note 6: "Commitments and Contingencies," in the 1997 Annual Report to Shareholders.

Note 6 - Segment Data

The following table sets forth net sales and operating earnings of each of the Company's industry segments for the quarters ended March 31, 1998 and 1997 (in millions):

Quarter Ended March 31,			
1998		1997	
Net Sales	Operating Earnings	Net Sales	Operating Earnings

Marine	\$582.9	\$81.5	\$568.6	\$67.0
Recreation	321.3	34.6	273.0	36.8
Corporate	-	(8.0)	-	(10.4)
Consolidated	\$904.2	\$108.1	\$841.6	\$93.4

Marine segment operating earnings for the quarter ended March 31, 1998, include \$7.5 million of income recorded in connection with a settlement with certain boat dealers.

#### Note 7 - Strategic Charge

During the third quarter of 1997, the Company announced a strategic initiative to streamline its operations and improve global manufacturing costs. The initiative includes the termination of development efforts on a line of personal watercraft; closing boat plant manufacturing facilities in Cork, Ireland and Miami, Oklahoma; centralizing European marketing and customer service in the Marine segment; outsourcing the manufacture of certain components in the Company's bowling division; consolidating fishing reel manufacturing; and other actions directed at manufacturing rationalization, product profitability improvements and general and administrative expense efficiencies. Management anticipates that these actions will be substantially completed by the end of 1998. In the third quarter of 1997, the Company recorded a pretax charge of \$98.5 million (\$63.0 million after tax) to cover exit costs related to these actions. The charge consisted of \$74.7 million recorded in the Marine segment and \$23.8 million recorded in the Recreation segment. The components of the charge included \$32.6 million for severance costs, \$42.0 million for asset disposition costs and \$23.9 million for other incremental costs related to exit activities.

The Company's accrued expense balance relating to these initiatives as of March 31, 1998, and December 31, 1997, were as follows (in millions):

	March 31, 1998	December 31, 1997
Severance	\$20.7	\$23.2
Other	16.9	17.2
Total	\$37.6	\$40.4

The Company has completed approximately 70 percent of the employee reduction program included in the charge. The balance of the severance-related accruals at March 31, 1998, covers future payments to be made for severance actions.

#### Note 8 - Comprehensive Income

As of January 1, 1998, the Company adopted Financial Accounting Standards Board Statement No. 130, "Reporting Comprehensive Income." Statement No. 130 requires reporting certain transactions that result in a change in equity, such as currency translation, unrealized gains and losses and minimum pension liability adjustments, as components of comprehensive income. The adoption of this Statement had no impact on the Company's net income or shareholders' equity. During the first quarter of 1998 and 1997, total comprehensive income amounted to \$54.6 million and \$47.4 million, respectively. Accumulated other comprehensive income includes cumulative translation and minimum pension liability adjustments.

## Overview

The Company's financial results in the first quarter of 1998 continue to reflect the favorable effect of strategic initiatives, which include acquiring active recreation businesses, expanding existing brands through effective marketing programs and product innovations, and managing costs to improve operating margins.

Several acquisitions affect the comparison of the Company's first quarter 1998 results to the prior year. These acquisitions include Hoppe's hunting accessories acquired on March 7, 1997; Mongoose bicycles acquired on April 28, 1997; Life Fitness cardiovascular and strength training equipment on July 9, 1997; Hammer Strength plate-loaded strength training equipment on November 13, 1997; DBA Products bowling lane supplies on November 20, 1997; and ParaBody multistation gyms, benches and racks on January 30, 1998.

## Results of Operations

### Consolidated

The following table sets forth certain ratios and relationships calculated from the consolidated statements of income for the quarters ended March 31:

	1998	1997
Percentage increase versus the prior year in		
Net sales	7.4%	13.9%
Operating earnings	15.7%	21.9%
Net earnings from continuing operations	11.8%	13.6%
Diluted earnings per share from continuing operations	11.3%	12.8%
Expressed as a percentage of net sales		
Gross Margin	28.3%	28.6%
Selling, general and administrative expense	16.3%	17.5%
Operating margin	12.0%	11.1%

Sales increased by \$62.6 million to \$904.2 million in the first quarter of 1998 compared with \$841.6 million in 1997. In 1998, the Marine segment recorded a sales increase of \$14.3 million, and the Recreation segment added \$48.3 million. These increases primarily reflect growth in sales of higher-priced large boats and the effect of revenues from the companies acquired in 1997 and 1998.

The Company's gross margin percentage decreased slightly from last year due to the effects of volume declines in the bowling equipment business. The decline was partially offset by an improved sales mix and the favorable impact of the recently acquired Life Fitness business. Selling, general and administrative expenses as a percent of sales decreased to 16.3 percent in the first quarter of 1998 from 17.5 percent in the first quarter of 1997 as a result of income recorded in 1998 in connection with the settlement reached with certain of the Company's boat dealers, MarineMax, Inc., along with increased economies of scale and effective cost management designed to keep the growth in costs at rates below the growth in revenues. Under the terms of the aforementioned settlement, MarineMax has agreed to pay Brunswick \$15.0 million at December 31, 1998, of which \$7.5 million was recognized as income in the first quarter. The Company expects to recognize the remainder of this gain during 1998.

Operating margins in the first quarter of 1998 improved 0.9 points to 12.0 percent compared with 1997. Operating earnings increased 15.7 percent in the first quarter of 1998, while net earnings increased 11.8 percent to \$58.9 million. Interest expense

increased by \$3.8 million, or 34.2 percent, in the first quarter of 1998 compared with the same period in 1997 due to increased debt levels related to the funding of acquisitions.

The Company's effective tax rate was at 38.0 percent in the first quarter of 1998 and 1997. Diluted earnings per share increased 11.3 percent to \$0.59 in the first quarter of 1998 from \$0.53 in 1997. Weighted common shares outstanding used to calculate diluted earnings per share increased to 100.5 million in 1998 from 99.7 million in 1997 reflecting stock issued under compensation plans and the effect of stock appreciation on employee stock options.

#### Recreation Segment

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

	1998	1997
Net sales	\$321.3	\$273.0
Percentage increase versus the prior year	17.7%	41.9%
Operating earnings	\$ 34.6	\$ 36.8
Percentage increase (decrease) versus the prior year	(6.0)%	69.6%
Operating margin	10.8%	13.5%
Capital expenditures	\$ 16.7	\$ 12.6

In 1998, Recreation segment sales increased 17.7 percent to \$321.3 million. The sales gain reflects the contribution of the aforementioned businesses acquired in 1997 and 1998 along with improvements in sales of ice chests and beverage coolers. These gains were partially offset by weakness in revenues from bowling equipment as credit restrictions in China led to significantly lower sales into that market.

Operating earnings in 1998 decreased 6.0 percent from 1997 to \$34.6 million and operating margins for the segment were 10.8 percent during the first quarter of 1998, a decrease of 2.7 points from 13.5 percent in 1997. The decline in operating margins reflects the impact of lower bowling equipment sales and weak markets for bicycles and camping equipment during a period of adverse weather conditions. These factors were partially offset by productivity gains primarily in fishing equipment.

#### Marine Segment

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

	1998	1997
Net sales	\$582.9	\$568.6
Percentage increase versus the prior year	2.5%	4.0%
Operating earnings	\$ 81.5	\$ 67.0
Percentage increase versus the prior year	21.6%	4.2%
Operating margin	14.0%	11.8%
Capital expenditures	\$ 19.7	\$ 19.3

The Marine segment posted a sales gain of 2.5 percent as a result of successful marketing programs and an improved sales mix of larger, higher-margin boats.

Operating earnings for the segment were \$81.5 million in the first quarter of 1998, compared with \$67.0 million in the same period last year, and operating margins improved to 14.0 percent from 11.8 percent. Operating margins benefited from \$7.5 million of income recorded in 1998 in connection with the aforementioned MarineMax settlement along with higher sales of larger boats and the benefits of cost management actions. Excluding the \$7.5 million settlement, operating earnings increased 10.4 percent and operating margins improved to 12.7 percent.

#### Cash Flow, Liquidity and Capital Resources

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

Cash and cash equivalents totaled \$82.7 million at March 31, 1998, down \$2.9 million from the end of 1997.

Cash used for operating activities totaled \$106.9 million in 1998, versus \$69.1 million in 1997. The primary components of cash used for operating activities include the Company's net earnings adjusted for noncash expenses; the timing of cash flows relating to operating expenses, sales and income taxes; and the management of inventory levels. The increase in cash used for operating activities between 1997 and 1998 is due to the increase in cash used to fund working capital investments versus the prior year, primarily related to inventory and the timing of expense payments, partially offset by stronger operating results.

During the first quarter of 1998, the Company invested \$36.8 million in capital expenditures, compared with \$32.7 million in 1997. The 1998 capital expenditure budget is approximately \$200 million, principally for growth and productivity initiatives. A significant portion of the 1998 capital expenditures budget is dedicated to substantially upgrading information system capabilities company wide.

Investments in acquisitions of businesses totaled \$29.0 million in the first quarter of 1998.

Total debt at March 31, 1998, increased to \$941.7 million versus \$754.8 million at the end of 1997 due to increased commercial paper borrowings to fund working capital requirements, acquisitions and capital expenditures. Debt-to-capitalization ratios at these dates were 41.0 percent and 36.5 percent, respectively.

During the first quarter of 1998, the Company repurchased 370,000 shares of its common stock for \$11.5 million in open market transactions under the repurchase program announced in 1997.

The Company's financial flexibility and access to capital markets result from its strong balance sheet, investment-grade credit ratings and ability to generate significant cash from operating activities. The Company has a \$400 million long-term credit agreement with a group of banks and \$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.

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.

## New Accounting Pronouncements

In 1997, the Financial Accounting Standards Board issued Statements No. 130, "Reporting Comprehensive Income, " and No. 131, "Disclosures About Segments of an Enterprise and Related Information," which require adoption in 1998. Statement No. 130 requires companies to report certain transactions that result in a change in equity, such as foreign currency translation, unrealized gains and losses and minimum pension liability adjustments, as components of comprehensive income as part of the financial statements. This statement, which was adopted effective January 1, 1998, had no impact on the Company's net income or shareholders' equity. During the first quarter of 1998 and 1997, total comprehensive income amounted to \$54.6 million and \$47.4 million, respectively.

Statement No. 131 requires companies to report segment information based on how management disaggregates its businesses for evaluating performance and making operating decisions. The Company intends to adopt this statement by December 31, 1998.

## Year 2000

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

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

## Forward Looking Statements

Certain statements in this Form 10-Q are forward looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this filing. These risks include, but are not limited to, the ability to complete the planned strategic initiatives, Year 2000 actions and information systems initiatives within the time and cost estimated; the effect of economic conditions in Asia; adverse weather conditions retarding sales of outdoor recreation products; inventory adjustments by major retailers; competitive pricing pressures; the ability to integrate acquisitions; the success of marketing and cost-management programs; and shifts in market demand for the Company's products.

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

At the April 22, 1998, Annual Meeting of Shareholders of the Company (the "1998 Annual Meeting"), Messrs. Nolan D. Archibald, Jeffrey L. Bleustein and Kenneth Roman were elected directors of the Company for terms expiring at the 2001 Annual Meeting, and Ms. Bettye Martin Musham was elected director of the Company for a term expiring at the 1999 Annual Meeting. The numbers of shares voted with respect to these directors were:

Nominees	For	Withheld
Nolan D. Archibald	80,910,128	983,741
Jeffrey L. Bleustein	80,888,604	1,005,265
Kenneth Roman	80,523,569	1,370,300
Bettye Martin Musham	80,839,029	1,054,840

At the 1998 Annual Meeting, the Board of Directors' appointment of Arthur Andersen LLP as auditors for the Company and its subsidiaries for the year 1998 was ratified pursuant to the following vote:

	Number of Shares
For	81,306,310
Against	316,255
Abstain	271,304

#### Item 6. Exhibits and Reports on Form 8-K

##### (a) Exhibits.

3. By-Laws of the Company.

##### (b) Reports on Form 8-K.

The Company filed no reports on Form 8-K during the three months ended March 31, 1998.

#### Signatures

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

BRUNSWICK CORPORATION

May 15, 1998                      By: /s/ Victoria J. Reich  
Victoria J. Reich,  
Vice President and Controller\*

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

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EXHIBIT 3  
BRUNSWICK CORPORATION

BY-LAWS

ARTICLE I

OFFICES

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

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

ARTICLE II

MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

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

Section 8. The holders of a majority of the shares of the capital stock of the corporation, issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of

incorporation or by these by-laws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

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

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

### ARTICLE III

#### DIRECTORS

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

Section 2. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the board of directors or a committee appointed by the board of directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the secretary of the corporation not later than (a) with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (b) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the stockholder is the holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (v) the consent of each nominee to serve as a director of the corporation if so elected. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

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

#### MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

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

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

## EXECUTIVE COMMITTEE

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

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

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

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

## AUDIT AND FINANCE COMMITTEE

Section 10. (a) The board of directors of the corporation at the annual or any regular or special meeting shall, by resolution adopted by a majority of the whole board, designate three or more independent directors to constitute an audit and finance committee and appoint one of the directors so designated as the chairman of the audit and finance committee. Membership on the audit and finance committee shall be restricted to those directors who are independent of the management of the corporation and are free from any relationship that, in the opinion of the corporation's board of directors, would interfere with the exercise of independent

judgment as a member of the committee. Vacancies in the committee may be filled at any meeting of the board of directors. Each member of the committee shall hold office until his successor shall have been duly elected, or until his death, or until he shall resign or shall have been removed from the audit and finance committee by the board or shall cease to be a director. Any member of the audit and finance committee may be removed from the committee by resolution adopted by a majority of the whole board of directors whenever in its judgment (1) such person is no longer an independent director or free from any relationship with the corporation or any of its officers prohibited by this section, or (2) the best interests of the corporation would be served thereby.

The compensation, if any, of members of the committee shall be established by resolution of the board of directors.

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

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

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

#### HUMAN RESOURCE AND COMPENSATION COMMITTEE

Section 11. (a) The board of directors of the corporation at the annual or any regular or special meeting shall, by resolution adopted by a majority of the whole board, designate three or more directors to constitute a human resource and compensation committee and appoint one of the directors so designated as the chairman of the human resource and compensation committee. Membership on the human resource and compensation committee shall be restricted to disinterested persons which for this purpose shall mean any director, who, during the time he is a member of the human resource and compensation committee is not eligible, and has not at any time within one year prior thereto been eligible, for selection to participate in any of the compensation plans administered by the human resource and compensation committee. Vacancies in the committee may be filled at any meeting of the board of directors. Each member of the committee shall hold office until his successor

shall have been duly elected, or until his death or resignation, or until he shall have been removed from the committee by the board of directors, or until he shall cease to be a director or a disinterested person. Any member of the human resource and compensation committee may be removed by resolution adopted by a majority of the whole board of directors whenever in its judgment the best interests of the corporation would be served thereby. A majority of the human resource and compensation committee shall constitute a quorum and an act of the majority of the members present at any meeting at which a quorum is present, or an act approved in writing by each of the members of the committee without a meeting, shall be the act of the human resource and compensation committee.

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

#### CORPORATE GOVERNANCE COMMITTEE

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

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

(i) considering and making recommendations to the board with regard to changes in the size of the board;

(ii) developing and maintaining appropriate criteria for the composition of the board of directors and its nominees;

(iii) overseeing the selection of and making recommendations to the board regarding nominees for election as directors to be submitted to the stockholders and nominees to fill vacancies on the board of directors as they occur;

(iv) coordinating an annual evaluation by the

board, with input from senior management, of the structure of the board and its committees and the processes employed in their deliberations; and

(v) periodically evaluating the performance of members of the board.

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

#### OTHER COMMITTEES

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

#### COMPENSATION OF DIRECTORS

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

#### ACTION BY WRITTEN CONSENT

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

#### ACTION BY TELEPHONE OR OTHER COMMUNICATIONS EQUIPMENT

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

#### ALTERNATE COMMITTEE MEMBERS

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

place of any such absent or disqualified member.

## ARTICLE IV

### NOTICES

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

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

## ARTICLE V

### OFFICERS

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

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

## ARTICLE VI

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

## ARTICLE VII

### CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the chairman of the board, the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, designations, preferences and relative, participating, optional and other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions or such preferences and rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock; provided, however, that, to the full extent allowed by law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights.

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

### LOST CERTIFICATES

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

### TRANSFERS OF STOCK

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

### FIXING RECORD DATE

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

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

## REGISTERED STOCKHOLDERS

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

## ARTICLE VIII

### GENERAL PROVISIONS

#### DIVIDENDS

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

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

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

#### CHECKS

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

#### FISCAL YEAR

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

#### SEAL

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

## ARTICLE IX

### TENNESSEE AUTHORIZED CORPORATION PROTECTION ACT

Section 1. This corporation shall be subject to Section

404(a) of the Tennessee Authorized Corporation Protection Act.

## ARTICLE X

### AMENDMENTS

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