

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

FORM 10-K

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<S> <C> <C>
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002, OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
COMMISSION FILE NUMBER 1-1043

</Table>

BRUNSWICK CORPORATION
(Exact name of registrant in its charter)

<Table>

<S> <C>
DELAWARE 36-0848180
(State of incorporation) (I.R.S. Employer Identification No.)

1 N. FIELD CT., LAKE FOREST, ILLINOIS 60045-4811
(Address of principal executive offices) (zip code)

</Table>

(847) 735-4700
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<Table>

<Caption>
NAME OF EACH EXCHANGE
TITLE OF EACH CLASS ON WHICH REGISTERED

<S> <C>
Common Stock (\$0.75 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 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.

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Exchange Act Rule 12b-2). Yes No

As of JUNE 28, 2002, the aggregate market value of the voting stock of the
registrant held by non-affiliates was \$2,506,325,164. 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 (\$0.75 par value) of the registrant outstanding as of MARCH 6, 2003, was 90,247,722.

DOCUMENTS INCORPORATED BY REFERENCE

PART III OF THIS REPORT ON FORM 10-K INCORPORATES BY REFERENCE CERTAIN INFORMATION THAT WILL BE SET FORTH IN THE COMPANY'S DEFINITIVE PROXY STATEMENT FOR THE ANNUAL MEETING SCHEDULED TO BE HELD ON APRIL 30, 2003.

ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS

Brunswick Corporation (the Company) is a manufacturer and marketer of leading consumer brands, including Mercury and Mariner outboard engines; Mercury MerCruiser sterndrive and inboard engines; Sea Ray, Bayliner, Maxum, Meridian, and Sealine pleasure boats; Hatteras luxury sportfishing convertibles and motoryachts; Baja high-performance boats; Boston Whaler and Trophy offshore fishing boats; Princecraft fishing, deck and pontoon boats; MotorGuide trolling motors; Mercury Precision Parts; Quicksilver and Swivl-Eze marine-related components and accessories; Integrated Dealer Systems dealer management systems; MotoTron engine control systems; Northstar marine navigation systems; Life Fitness, Hammer Strength and ParaBody fitness equipment; Brunswick bowling products, including capital equipment, parts, supplies and consumer products; and Brunswick billiards tables and accessories. The Company also owns and operates Brunswick bowling centers across the United States and internationally, and Omni Fitness, a chain of specialty fitness retail stores.

The Company's strategy is to achieve growth by developing innovative products, identifying and deploying leading-edge technologies, pursuing

aggressive marketing and brand-building activities, enhancing its distribution channels, seizing international opportunities and leveraging core competencies. Further, the Company focuses on enhancing its operating margins through effective cost management and investments in technology. The Company's objective is to enhance shareholder value by achieving returns on investments that exceed its cost of capital.

CHANGE IN SEGMENT REPORTING

The Company previously reported its Life Fitness and Brunswick Bowling & Billiards divisions as a single segment, the Recreation segment. During the fourth quarter of 2002, the Company re-evaluated the composition of its reportable segments to account for the anticipated divergence in the future growth trends and economic characteristics of these operating units. The Company determined that its reportable segments are Marine Engine, Boat, Fitness and Bowling & Billiards. The financial information for these segments has been reclassified for all periods presented under the new basis of segmentation. See NOTE 3, SEGMENT INFORMATION, in the Notes to Consolidated Financial Statements for financial information about these segments.

MARINE ENGINE SEGMENT

The Marine Engine segment, which had net sales of \$1,705.2 million in 2002, consists of the Mercury Marine Group and Brunswick New Technologies. The Company believes its Marine Engine segment has the largest dollar sales volume of recreational marine engines in the world.

Mercury Marine manufactures and markets a full range of outboard engines, sterndrive engines, inboard engines and water-jet propulsion systems under the Mercury, Mariner, Mercury MerCruiser, Mercury Racing, Mercury SportJet and Mercury Jet Drive brand names. A portion of Mercury Marine's outboard engines and parts and accessories, including marine electronics and control integration systems, steering systems, instruments, controls, propellers, service aids and marine lubricants, are sold to end-users through a global network of approximately 12,000 marine dealers and distributors, specialty marine retailers, and marine service centers. The remaining outboard engines and a substantial number of the sterndrives, inboard engines and water-jet propulsion systems are sold either to independent boatbuilders or to the Company's operations that comprise the Brunswick Boat Group.

Mercury Marine has six two-stroke OptiMax outboard engines ranging from 135 to 250 horsepower, all of which feature Mercury's direct fuel injection (DFI) technology. DFI is part of Mercury's plan to reduce outboard engine emissions 75 percent over a nine-year period beginning with the 1998 model year and ending in 2006. These emissions reductions were implemented to comply with U.S. Environmental Protection Agency (EPA) requirements. Mercury's product line of low-emission engines includes 13 four-stroke

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outboard engine models ranging from 4 to 115 horsepower and one 225-horsepower model. These OptiMax and four-stroke outboards already achieve the EPA's mandated 2006 emission levels. The California Air Resources Board (CARB) mandated that EPA's 2006 emission levels be met by 2001 with further emission reductions scheduled for 2004 and 2008. CARB has instituted a rating system for emissions reduction that establishes ratings of either one star (75 percent reduction), two stars (82 percent reduction) or three stars (91 percent reduction). Mercury believes that its 135-horsepower OptiMax is the only two-stroke engine in the world with a three-star rating from CARB. All Mercury four-stroke outboards from 50 to 225 horsepower are also three-star rated.

Mercury Marine's outboard engines and sterndrive engines are produced primarily in Fond du Lac, Wisconsin, and Stillwater, Oklahoma, respectively. Certain small outboard engines are manufactured in Asia by a Mercury Marine joint venture. Mercury Marine also manufactures engine component parts at plants in St. Cloud, Florida, and Juarez, Mexico, and has a facility in Petit Rechain, Belgium, which customizes engines for sales into Europe.

In addition to its marine engine operations, Mercury's product offerings in international markets include a wide range of aluminum, fiberglass and inflatable boats produced either by, or for, Mercury in Australia, Finland, France, Norway, Poland, Portugal and Sweden. These boats, which are marketed under the brand names Armor, Arvor, Askaladden, Bermuda, Mercury, Ornvik,

Quicksilver, Savage, Uttern and Valiant, are typically equipped with engines manufactured by Mercury Marine and often include other parts and accessories supplied by Mercury Marine.

During 2002, Mercury Marine continued to leverage its core competency in aluminum metal castings by expanding the markets served by this business. The effort to expand Mercury's castings business began in 1999, and by 2002 Mercury had secured business in a variety of industries and applications, including motorcycles, agricultural implements and off-road recreational vehicles. The Company anticipates that Mercury's castings business will continue to grow, and intends to identify other areas of expertise across its businesses that can be similarly leveraged in industries beyond the Company's core businesses.

On February 14, 2002, Mercury Marine established a joint venture with Cummins Marine, a division of Cummins Inc., to supply integrated diesel propulsion systems to the worldwide recreational and commercial marine markets. The Company and Cummins each own 50 percent of the joint venture, Cummins MerCruiser Diesel Marine LLC, which is headquartered in Charleston, South Carolina. Through the joint venture, Mercury is able to offer a full range of diesel marine propulsion systems.

In February 2002, Mercury Marine acquired Teignbridge Propellers, Ltd. (Teignbridge), a manufacturer of custom and standard propellers and underwater stern gear for inboard-powered vessels. Located in Newton Abbot, United Kingdom, Teignbridge has allowed Mercury to extend its product offerings to include a full line of propellers and related accessories.

Mercury's SmartCraft system, a total marine electronics and controls integration system, was introduced in 2000. SmartCraft leverages Mercury's advanced engine technology by linking all essential boat functions, including power, controls, and internal and external sensors, to provide synchronized data and control over all essential boat functions. SmartCraft systems also allow Mercury and its customers to take advantage of advancements in communications, entertainment and navigation electronics by providing a platform to integrate these technologies to enhance the boating experience. SmartCraft was introduced on a number of Mercury engine offerings beginning in 2000 and 2001, and is now offered on a wide range of Mercury, Mercury MerCruiser and Cummins MerCruiser Diesel engines.

The Company established Brunswick New Technologies (BNT) during 2002 to expand the Company's product offerings in marine electronics, engine controls, navigation systems, dealer management systems and related equipment for use in both marine and non-marine applications. The genesis for BNT was Mercury Marine's MotoTron operation, which leverages the Company's expertise in engine controls. BNT represents the Company's commitment to expand its business and expertise in electronics, controls and systems. As part of BNT's expansion in these areas, during the fourth quarter of 2002 the Company acquired Northstar Technologies, Inc., a world leader in premium marine navigation electronics, and Monolith Corporation/

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Integrated Dealer Systems (IDS), a leading developer of dealer management systems for dealers of marine products and recreational vehicles. Earlier in 2002, the Company established a joint venture between BNT's MotoTron business and Woodward Governor Company to develop and produce engine and vehicle control systems, and opened a research and testing facility in Singapore to support BNT's various development activities.

Domestic retail demand for the Marine Engine segment's products is seasonal, with sales generally highest in the second quarter. A number of factors can influence demand for the Marine Engine segment's products, including, but not limited to:

- Economic conditions and consumer confidence in the United States and certain international regions;
- Competition from other manufacturers of marine engines;
- Adverse weather in key geographic areas, including excessive rain, prolonged below-average temperatures and severe heat or drought, particularly during the key selling season;
- The level of inventories maintained by Mercury Marine's independent boatbuilders, dealers and the Company's own boat operations;
- The segment's ability to make technological and quality advancements to

- meet customer demands;
- The segment's ability to develop and market competitive products;
- Consumer demand for the Company's boat offerings and those of other major boatbuilders;
- Fuel costs;
- Prevailing interest rates; and
- Consumer interest in recreational boating.

BOAT SEGMENT

The Boat segment consists of the Brunswick Boat Group (Boat Group), which markets and manufactures fiberglass pleasure boats, high-performance boats, offshore fishing boats, and aluminum fishing, deck and pontoon boats. The Company believes its Boat Group, which had net sales of \$1,405.3 million during 2002, has the largest dollar sales volume of pleasure boats in the world.

The Boat Group was formed in 2000 to manage the Company's boat brands; increase the Company's boat portfolio by identifying recreational boat product segments in which the Company was not participating; expand the Company's involvement in recreational boating services and activities to enhance the consumer experience and dealer profitability; speed the introduction of new technologies into boat manufacturing processes and the Company's boat products; and leverage the Company's extensive knowledge and involvement in boat design, manufacturing and distribution.

During 2002, the Boat Group established offices in Knoxville, Tennessee, to provide shared services to the Company's boat brands, which include Hatteras luxury sportfishing convertibles and motoryachts; Sea Ray, Maxum and Sealine yachts, sport yachts, cruisers and runabouts; Bayliner cruisers and runabouts; Meridian motoryachts; Boston Whaler and Trophy offshore fishing boats; Baja high-performance boats; and Princecraft aluminum fishing, deck and pontoon boats. The Boat Group also operates a commercial and governmental sales unit that sells products to the United States Government and state, local and foreign governments for military, law enforcement and other governmental uses, and to commercial customers for use in a variety of applications. Sales of Boston Whaler, Baja and various inflatable boats represent the majority of the Boat Group's governmental and commercial sales. The Boat Group procures most of its outboard motors, gasoline sterndrives and gasoline inboard engines from the Mercury Marine Group, and diesel engines from Cummins MerCruiser Diesel Marine LLC, the Company's joint venture with Cummins Inc.

During 2002, the Company began manufacturing entry-level runabouts at a new facility opened in Reynosa, Mexico. The Company believes the initial model manufactured at this facility, a 17.5-foot Bayliner, is the lowest-cost new boat in its class, due in large part to the Company's procurement and operational efficiencies.

During the fourth quarter of 2002, the Company launched an initiative to develop its marine parts and accessories business to better serve dealers and consumers of the Company's boat products. Working with its

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existing boat dealer network, the Company will strive to improve quality, distribution and delivery of parts and accessories to enhance the boating experience.

The Boat Group's products are sold to end users through a global network of approximately 950 dealers and distributors, each of which carries one or more of the Company's boat brands. Sales to the Boat Group's largest dealer, which has multiple locations and carries a number of the Boat Group's product lines, comprised approximately 21 percent of Boat Group sales in 2002. Domestic retail demand for pleasure boats is seasonal, with sales generally highest in the second quarter. A number of factors can influence demand for the Boat Group's products, including, but not limited to:

- Economic conditions, consumer confidence and the strength of equity markets;
- Adverse weather in key geographic areas, including excessive rain, prolonged below-average temperatures and severe heat or drought, particularly during the key selling season;
- The Boat Group's ability to develop and market competitive products;
- Competition from other boatbuilders;
- Fuel costs;

- Effectiveness of distribution;
- Prevailing interest rates and availability of financing for consumers and boat dealers;
- Consumer interest in recreational boating; and
- Access to water and marina facilities in urban areas.

FITNESS SEGMENT

The Company's Fitness segment is comprised of the Life Fitness division, which designs, markets and manufactures a full line of reliable, high-quality cardiovascular fitness equipment (including treadmills, total body cross trainers, stair climbers and stationary exercise bicycles) and strength-training equipment under the Life Fitness, Hammer Strength and ParaBody brands.

The Company believes that the Fitness segment, which had net sales of \$456.7 million during 2002, has the largest dollar sales volume of commercial fitness equipment in the world. Life Fitness' commercial sales are primarily to private health clubs and fitness facilities operated by professional sports teams, the military, governmental agencies, corporations, hotels, schools and universities. Commercial sales are made directly to certain commercial customers as well as through dealers and distributors.

Life Fitness also sells its products into the high-end consumer markets. Approximately 15 percent of the Fitness segment's 2002 sales were made through Omni Fitness, a chain of specialty fitness retail stores owned and operated by the Company since 2001. Omni Fitness sells Life Fitness products as well as complementary products manufactured by other companies. Most of Life Fitness' remaining consumer sales are sold to other specialty retailers, including other chains in which the Company has ownership interests.

The Fitness segment's principal manufacturing facilities are located in California, Illinois, Kentucky and Minnesota. The Fitness segment also operates 63 Omni Fitness specialty fitness retail stores located primarily in the Northeast and Pacific Northwest regions of the United States.

During 2002, Life Fitness introduced more than 40 new fitness products, including new elliptical cross trainers, treadmills, stationary bikes, stairclimbers, home gym products, commercial selectorized strength training equipment and a series of cable motion machines.

Fitness products are distributed worldwide from regional warehouses, sales offices and factory stocks of merchandise. Demand for fitness products is seasonal, with sales generally highest in the first and fourth quarters, and is influenced by a number of factors, including, but not limited to:

- Economic conditions and consumer confidence in the United States and certain international regions;
- Product innovation;
- Consumer demand for health clubs and other exercise facilities;
- Availability of effective product distribution;
- Consumer participation in fitness activities;

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- Demand from owners and operators of fitness centers for new equipment;
- Competition from other manufacturers and alternative forms of recreation; and
- Product quality, pricing, and customer service.

BOWLING & BILLIARDS SEGMENT

The Bowling & Billiards segment is comprised of the Brunswick Bowling & Billiards division (BB&B), which had net sales of \$377.7 million during 2002. BB&B is the leading full-line designer and producer of bowling products, including bowling balls, after-market products and parts, and capital equipment, which includes bowling lanes, automatic pinsetters, ball returns, furniture units, and scoring and center-management systems. BB&B also designs and markets a full line of high-quality billiards tables and accessories.

BB&B operates 118 bowling centers in the United States, Canada and Europe, and its joint ventures operate 18 additional centers in Asia. Bowling centers offer bowling and, depending on size and location, the following activities and services: billiards, video games, pro shops, children's playrooms, restaurants and cocktail lounges. All of the North American centers offer Cosmic Bowling, an

enhanced form of bowling with integrated sound systems and glow-in-the-dark effects. A number of BB&B's centers have been converted into Brunswick Zones, modernized bowling centers that offer a full array of family-oriented entertainment activities. The entertainment offerings available at Brunswick Zones are designed to appeal to a broader audience, including both recreational bowlers and non-traditional league bowlers. BB&B intends to convert additional centers into Brunswick Zones, supporting the Company's strategy to increase market share. Approximately 50 percent of BB&B's bowling center facilities are owned by the Company and the other half are leased.

BB&B has a 50 percent ownership interest in Nippon Brunswick K. K., which sells bowling equipment and operates bowling centers in Japan. In addition, BB&B has a 50 percent ownership interest in Vulcan-Brunswick Bowling Pin Company, which manufactures bowling pins in Antigo, Wisconsin.

BB&B's billiards business was established in 1845, and is the oldest business operated by the Company. BB&B designs and markets billiards tables, billiards balls, cues and related accessories under the Brunswick brand, and serves the domestic and international commercial and consumer billiards markets. The Company believes it has the largest dollar sales volume of billiards tables in the world.

The Company's bowling and billiards products are sold through a variety of channels, including distributors, dealers, mass merchandisers, bowling centers and retailers, and directly to consumers. BB&B products are distributed worldwide from regional warehouses, sales offices and factory stocks of merchandise. Demand for the Bowling & Billiards segment's products is influenced by a number of factors, including, but not limited to:

- Economic conditions in the United States and key international regions, particularly Asia, Canada and Europe;
- The segment's ability to develop and market competitive products;
- Prevailing interest rates and availability of financing for purchasers of bowling capital equipment;
- Product innovation;
- Availability of effective product distribution;
- Consumer participation in bowling and billiards;
- Demand from owners and operators of recreation centers for new equipment from the segment;
- Competition from other manufacturers as well as alternative forms of recreation;
- Product and facility quality, pricing, and customer service; and
- Adverse weather in key geographical areas, including excessive snow and summers with prolonged periods of below-average rain.

FINANCIAL SERVICES

The Company established a joint venture in 2002 with Transamerica Distribution Finance to provide financial products and services to customers of the Company's domestic marine businesses. The venture, Brunswick Acceptance Company, LLC (BAC), will provide secured wholesale floor-plan financing to the Company's boat dealers and may provide other financial services in support of the Company's marine businesses. In addition, the parties contemplate that BAC will purchase and service a portion of Mercury Marine's domestic accounts receivable for its boatbuilder customers. The Company owns a 15 percent interest in the joint venture initially, but will increase its ownership to 49 percent by July 15, 2003. BAC became operational in January 2003.

DISTRIBUTION

The Company depends on distributors, dealers and retailers (Dealers) for the majority of its recreational boat sales, and significant portions of its marine engine, fitness and bowling and billiards products. The Company has approximately 14,000 Dealers serving its business segments worldwide. The Company's marine Dealers typically carry boats, engines and related parts and accessories from the Company's Marine Engine and Boat segments.

Most of the Company's Dealers consist of independent companies and proprietors that range in size from small, family-owned dealerships to large, publicly traded organizations with substantial revenues and multiple locations. Some of the Company's Dealers sell the Company's products exclusively, while

others also carry competing products. In some cases, the Company owns equity in select Dealers, including minority interests in certain marine Dealers and 100 percent ownership of Omni Fitness, an exercise equipment retailer that is operated by the Company's Life Fitness division.

A significant portion of the Company's products are seasonal, and a number of the Company's Dealers are relatively small and often highly leveraged. As a result, many of the Company's Dealers require financial support to remain in business and provide a stable outlet for the Company's products. To ensure the stability of its distribution channels, the Company provides various financial incentives and support to its Dealers from time to time. This support includes loans, loan guarantees and inventory repurchase commitments, under which the Company is obligated to repurchase inventory in the event of a Dealer's default. The Company believes that these investments and obligations are in the Company's best interest, but its financial support of its Dealers does expose the Company to credit risks and business risks. The Company's business units maintain active credit operations to manage this financial exposure on an ongoing basis, and the Company continues to seek opportunities to improve and sustain its various distribution channels. See NOTE 7, COMMITMENTS AND CONTINGENCIES, in the Notes to Consolidated Financial Statements.

DISCONTINUED OPERATIONS

During 2001, the Company substantially completed the divestiture of its outdoor recreation segment, originally announced in June of 2000, with the sale of its North American fishing, hunting sports accessories and cooler businesses. See NOTE 11, DISCONTINUED OPERATIONS, in the Notes to Consolidated Financial Statements, for a description of the Company's discontinued operations.

INTERNATIONAL OPERATIONS

The Company's sales to customers in international markets were \$1,004.7 million (27.1 percent of net sales) and \$859.2 million (25.5 percent of net sales) in 2002 and 2001, respectively. The Company generally transacts its sales in international markets in local currencies, and denominates its costs of products manufactured or sourced in U.S. dollars. The Company's international sales are set forth in NOTE 3, SEGMENT

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INFORMATION, in the Notes to Consolidated Financial Statements, and are also included in the table below, which details the Company's international sales by region for 2002, 2001 and 2000:

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<Caption>

	2002	2001	2000
	-----	-----	-----
	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Europe.....	\$ 552.1	\$448.0	\$432.1
Pacific Rim.....	174.7	171.4	166.4
Canada.....	166.9	146.0	149.9
Latin America.....	74.0	64.1	59.6
Other.....	37.0	29.7	30.4
	-----	-----	-----
	\$1,004.7	\$859.2	\$838.4
	=====	=====	=====

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Mercury Marine sales comprised approximately 50 percent of the Company's total international sales in 2002. Mercury Marine's primary international operations include the following:

- A product customization plant and distribution center in Belgium;
- A propeller and underwater stern-gear manufacturing plant in Newton Abbot, United Kingdom;
- Sales offices and distribution centers in Australia, Brazil, Canada, China, Japan, Malaysia, Mexico, New Zealand and Singapore;
- Sales offices in Belgium, Denmark, France, Germany, Indonesia, Italy, the Netherlands, Norway, Russia, Sweden and Switzerland;
- Boat assembly plants in Australia, Mexico and Sweden; and
- A marina and club in China.

The Brunswick Boat Group's sales comprised approximately 24 percent of the Company's total international sales in 2002. The Boat Group's products are manufactured or assembled in the United States, Bulgaria, Canada, Mexico, Poland and the United Kingdom, and are sold worldwide through dealers. The Boat Group also sells kits for certain runabout boat models to approved manufacturers outside the United States who then manufacture boats to specification and sell the boats under certain Boat Group brand names. The Boat Group has sales offices in Brazil, England, France, the Netherlands and Spain, and product display locations in Australia and the Netherlands.

Fitness segment sales comprised approximately 18 percent of the Company's total international sales in 2002. Life Fitness sells its products worldwide and has sales and distribution centers in Brazil, Germany, Hong Kong, Japan, the Netherlands, Spain and the United Kingdom, as well as sales offices in Austria and Italy.

Bowling & Billiards segment sales comprised approximately 8 percent of the Company's total international sales in 2002. BB&B sells its products worldwide, has sales offices in Germany, Hong Kong and the United Kingdom, and has a plant that assembles pinsetters in Hungary. BB&B operates bowling centers in Austria, Canada and Germany, and holds a 50 percent interest in an entity that sells bowling equipment and operates bowling centers in Japan.

RAW MATERIALS

Raw materials are purchased from various sources. At present, the Company is not experiencing any critical raw material shortages, nor are any currently anticipated. General Motors Corporation is the sole supplier of engine blocks used to manufacture the Company's gasoline sterndrive engines.

During 2002, the Company expanded its global procurement operations to leverage the Company's purchasing power across its divisions and improve supply chain efficiencies. In conjunction with the Brunswick Boat Group, in 2002 the Company's global procurement team helped establish a boat manufacturing facility in Reynosa, Mexico, using the Company's proprietary PRO(TM) (Process Resource Optimization) System. The PRO System consists of three key elements: global manufacturing, global sourcing of high-quality parts and components, and institutionalizing a world-class quality assurance system. The PRO System allows the Company to take advantage of local sourcing, labor and logistical efficiencies to manufacture quality products

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at lower costs, and the Company intends to deploy the system in additional locations to continue to improve its cost advantages.

PATENTS, TRADEMARKS AND LICENSES

The Company has, and continues to obtain, patent rights covering certain features of the Company's products and processes. By law, the Company's patent rights, which consist of patents and patent licenses, have limited lives and expire periodically.

In the Marine Engine segment, patent rights principally relate to features of outboard engines 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; marine vessel control systems; and fuel and oil injection systems.

In the Boat segment, patent rights principally relate to processes for manufacturing fiberglass hulls, decks and components for the Company's boat products, as well as patent rights related to boat seats, interiors and other boat features and components.

In the Fitness segment, patent rights principally relate to fitness equipment designs and components, including patents covering internal processes, programming functions, displays, design features and styling. See ITEM 3, LEGAL PROCEEDINGS, for a description of certain litigation involving fitness equipment patents.

In the Bowling & Billiards segment, patent rights principally relate to computerized bowling scorers and bowling center management systems, bowling

lanes and related equipment, bowling balls, and billiards table designs and components.

While the Company believes that its patent rights are important to its competitive position, the Company also believes that future success in all of its businesses is mainly dependent upon its engineering, manufacturing and marketing capabilities, its cost advantages, its ability to continue to develop and manufacture high-quality, innovative, and competitive products, and the effectiveness of its distribution channels.

The following are among the Company's primary trademarks or registered trademarks:

Marine Engine Segment: Arvor, Astra, Bermuda, Chartus, IDS, Mariner, MercNet, MerCruiser, Mercury, MercuryCare, Mercury Marine, Mercury Parts Express, Mercury Precision Parts, Mercury Propellers, Mercury Racing, MotorGuide, MotoTron, OptiMax, Northstar, Ornvik, Pinpoint, ProMax, QuickFit, Quicksilver, Savage, SeaPro, SmartCraft, SportJet, Teignbridge Propellers, Typhoon, Uttern and WaterMouse.

Boat Segment: Baja, Bayliner, Boston Whaler, Capri, Ciera, Hatteras, Master Dealer, Maxum, Meridian, Precision Piloting, Princecraft, Sea Ray, Sealine, Swivel-Eze and Trophy.

Fitness Segment: Flex Deck, Hammer Strength, Lifecycle, Life Fitness, Omni Fitness and ParaBody.

Bowling & Billiards Segment: Air-Hockey, Anvilane Pro Lane, Ball Wall, Brunswick, Brunswick Billiards, Brunswick Pavilion, Brunswick Zone, Centennial, CenterMaster, Cosmic Bowling, DBA Products, Dominion, Frameworx, Fuze, Gold Crown, Inferno, IQ, Lane Shield, Lightworx, Monster, Throbot, U.S. Play by Brunswick, Viz-A-Ball and Zone.

The Company's trademarks have indefinite lives, and many of these trademarks are well known to the public and are considered valuable assets of the Company.

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, innovative technological advancements and effective marketing, advertising and sales efforts, and by providing high-quality products at competitive prices.

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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, single-product businesses.

The following summarizes the Company's competitive position in each segment.

Marine Engine Segment: 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 international companies that comprise the majority of the market, and several smaller companies. There are also many competitors in the marine accessories, electronics, engine controls and navigation systems businesses. Competitive advantage in the marine engine and accessories markets is a function of product features, technological leadership, quality, service, performance and durability, along with effective promotion, distribution and pricing.

Boat Segment: The Company believes it has the largest dollar sales volume of pleasure boats in the world. There are several major manufacturers of pleasure and offshore fishing boats, along with hundreds of smaller manufacturers. Consequently, this business is both highly competitive and highly fragmented. The Company believes it has the broadest range of boat product offerings in the world, with boats ranging from 12 to 100 feet. In all of its boat operations, the Company competes on the basis of product features, technology, quality, dealer service, performance, value, durability and styling,

along with effective promotion, distribution and pricing.

Fitness Segment: The Company believes it is the world's largest manufacturer of commercial fitness equipment and a leading manufacturer of high-quality consumer fitness equipment. Many of the Company's fitness equipment products feature industry-leading product innovations, and the Company places significant emphasis on new product introductions. Competitive emphasis is also placed on product quality, marketing activities, pricing and service. The Company also operates Omni Fitness, a chain of 63 specialty retail stores, where emphasis is placed on providing excellent customer service and offering competitive products.

Bowling & Billiards Segment: The Company believes it is the world's leading full-line designer and producer of bowling products and billiards tables. Competitive emphasis is placed on product innovation, quality, marketing activities, pricing and service. The Company also operates 136 retail bowling centers worldwide, including those operated by the Company's joint ventures, where emphasis is placed on enhancing the bowling and entertainment experience, maintaining quality facilities and providing excellent customer service.

RESEARCH AND DEVELOPMENT

The Company strives to bolster its competitive position in all of its segments by continuously investing in research and development. The Company's research and development investments support the introduction of new products and enhancements to existing products. The Company's research and development investments are shown below:

<Table>
<Caption>

	2002	2001	2000	
	-----	-----	-----	
	(IN MILLIONS)			
<S>	<C>	<C>	<C>	
Marine Engine.....	\$ 61.7	\$58.2	\$ 60.8	
Boat.....	22.1	19.7	22.5	
Fitness.....	14.4	12.9	13.6	
Bowling & Billiards.....		4.6	5.1	5.3
	-----	-----	-----	
Total.....	\$102.8	\$95.9	\$102.2	
	=====	=====	=====	

</Table>

NUMBER OF EMPLOYEES

The approximate number of employees as of March 1, 2003, is shown below by segment:

<Table>
<S>

Marine Engine.....	6,400
Boat.....	7,400
Fitness.....	1,780
Bowling & Billiards.....	5,250
Corporate.....	185

Total.....	21,015
	=====

</Table>

As of March 1, 2003, there were approximately 2,200 employees in the Marine Engine segment, 400 employees in the Boat segment, 140 employees in the Fitness segment, and 200 employees in the Bowling & Billiards segment represented by labor unions. The Company believes that it has good relations with these labor unions.

ENVIRONMENTAL REQUIREMENTS

See ITEM 3, LEGAL PROCEEDINGS, for a description of certain environmental proceedings in which the Company is involved.

AVAILABLE INFORMATION

The Company maintains an Internet web site at <http://www.brunswick.com> that includes links to the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports. These reports are available without charge as soon as reasonably practicable following the time that they are filed with or furnished to the SEC. Shareholders and other interested parties may request email notification of the posting of these documents through the Investor Information section of the Company's web site.

ITEM 2. PROPERTIES

The Company's headquarters are located in Lake Forest, Illinois. The Company also maintains administrative offices in Chicago, Illinois. The Company has numerous manufacturing plants, distribution warehouses, retail stores, sales offices and test sites located throughout the world. Research and development facilities are decentralized within the Company's operating segments, and most are located at individual manufacturing sites.

The Company believes its facilities are suitable and adequate for its current 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 manufacturing facilities are operating at approximately 75 percent of current capacity. The Company's headquarters and most of its principal plants are owned by the Company.

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

Marine Engine Segment: St. Cloud, Florida; Chicago, Illinois; Acton, Massachusetts; Raleigh, North Carolina; Stillwater and Tulsa, Oklahoma; Fond du Lac, Milwaukee and Oshkosh, Wisconsin; Melbourne, Australia; Petit Rechain, Belgium; Mississauga and Pickering, Ontario, Canada; Saint Cast, France; Juarez, Mexico; Singapore; Skellefhamn, Sweden; and Newton Abbot, United Kingdom. The Chicago, Illinois; Acton, Massachusetts; Raleigh, North Carolina; Pickering, Ontario, Canada; Saint Cast, France; and Skellefhamn, Sweden, facilities are leased. The remaining facilities are owned by the Company.

Boat Segment: Edgewater, Merritt Island and Palm Coast, Florida; Cumberland and Salisbury, Maryland; Pipestone, Minnesota; New Bern, North Carolina; Bucyrus, Ohio; Roseburg, Oregon; Knoxville and Vonore, Tennessee; Lancaster, Texas; Arlington, Washington; Princeville, Quebec, Canada; Reynosa,

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Mexico; and Kidderminster, United Kingdom. All of these facilities are owned by the Company with the exception of the Lancaster, Texas, facility, which is leased.

Fitness Segment: Paso Robles, California; Franklin Park, Illinois; Falmouth, Kentucky; Ramsey, Minnesota; and 63 Omni Fitness retail stores in the United States. All of the Omni Fitness stores, the Paso Robles, California, facility and a portion of the Franklin Park, Illinois, facility are leased. The remaining facilities are owned by the Company.

Bowling & Billiards Segment: Lake Forest, Illinois; Muskegon, Michigan; Bristol, Wisconsin; Szekesfehervar, Hungary; and 118 Company-operated bowling recreation centers in the United States, Canada and Europe. Approximately 50 percent of BB&B's bowling centers are leased. The remaining facilities are owned by the Company.

ITEM 3. LEGAL PROCEEDINGS

The Company accrues for litigation exposure based upon its assessment, made in consultation with counsel, of the likely range of exposure stemming from the claim. In light of existing reserves, the Company's litigation claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position. If current estimates for the cost of resolving any claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required.

On April 18, 2002, the Company, in cooperation with the United States Consumer Products Safety Commission (CPSC), announced a recall of approximately 103,000 bicycles that were sold by the Company's former bicycle division. The bicycles had been equipped with suspension forks that were purchased from a third party supplier. Some of the forks were found to have been defectively manufactured and were involved in approximately 55 reported incidents. The 2002 recall was an expansion of a prior recall involving the suspension forks, and allows consumers who purchased bicycles with an affected fork to return the fork in exchange for \$65 or a replacement bicycle. In addition to the costs of administering the recall, the Company anticipates that it will incur additional costs to resolve litigation stemming from the sale of the bike forks, and faces a potential fine from the CPSC based on inadvertent delays in reporting several of the incidents involving the forks. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

On April 22, 2002, a federal court in Seattle lifted a stay in a lawsuit filed against Life Fitness by Precor Incorporated (Precor). The suit, which alleges that certain of Life Fitness' cross trainer exercise machines infringe Precor's Miller '829 patent, was stayed by the court pending re-examination of the patent by the U.S. Patent and Trademark Office (PTO). The PTO issued a modified Miller '829 patent to Precor on March 5, 2002, which led to the lifting of the stay. Trial is scheduled for July 14, 2003. This matter was initiated in January 2000 and seeks monetary damages and injunctive relief. The Company does not believe that its machines infringe the patent, as modified, but is unable to predict the outcome of this matter.

In a separate lawsuit between the Company and Precor, a federal court in Seattle awarded Precor approximately \$230,000 in attorneys' fees on June 14, 2002. The award was reduced from \$5.3 million in light of an appellate court ruling in the case. This matter was originally filed in 1994 and sought monetary damages and injunctive relief. The Company believes that this matter has been finally concluded.

During the fourth quarter of 2002, the Company settled a patent infringement lawsuit filed against it by CCS Fitness, Inc. (CCS). CCS had alleged that a front-drive cross trainer manufactured by Life Fitness infringed a patent held by CCS. This matter was initiated in 1998 and sought monetary damages and injunctive relief. In light of the settlement, the matter was dismissed with prejudice.

On May 30, 2002, Leiserv, Inc. (Leiserv), a Company subsidiary operated by the Bowling & Billiards segment, was sued in the Circuit Court of St. Louis County, Missouri, for alleged violations of the federal Telephone Consumer Protection Act. The lawsuit was brought as a putative class action seeking monetary damages on behalf of all people and entities within two area codes in the St. Louis area who allegedly received unsolicited faxes from a service provider retained by Leiserv. Because this case remains in the early stages of

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litigation and raises legal issues that have not yet been fully resolved by the courts, the Company is unable to predict the outcome of this matter.

On December 3, 2002, the United States Supreme Court reversed an Illinois Supreme Court decision that had been entered in the Company's favor in *Sprietsma vs. Mercury Marine*, a "propeller guard" case. In its decision, the U.S. Supreme Court rejected one of the defenses the Company had successfully asserted in *Sprietsma* and other cases based on federal preemption of state law. The case, which was initiated in July 1996 and sought monetary damages, was remanded to the Illinois court for further consideration. The Company believes that it has a number of other valid defenses to the claims asserted in *Sprietsma*, and does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company has been named in a number of asbestos-related lawsuits, the majority of which involve Vapor Corporation, a former subsidiary which the Company divested in 1990. Virtually all of the asbestos suits against the Company involve numerous other defendants. The claims generally allege that the Company sold products that contained components, such as gaskets, that included asbestos, and seek monetary damages from the Company. Neither the Company nor Vapor is alleged to have manufactured asbestos. The Company's insurers have settled a number of asbestos claims for nominal amounts, while a number of other claims have been dismissed. No suit has yet gone to trial. The Company does not

believe that the resolution of these lawsuits will have a material adverse effect on the Company's consolidated financial position or results of operations.

In 1999, the United States Tax Court upheld an Internal Revenue Service (IRS) determination that resulted in the disallowance of capital losses and other expenses from two partnership investments for 1990 and 1991. In 2000, the Company appealed the Tax Court ruling to the United States Court of Appeals for the District of Columbia and posted a \$79.8 million surety bond to secure payment of tax deficiencies plus accrued interest related to the appeal. In late 2001, the Court of Appeals rendered a decision vacating the Tax Court's opinion and remanded the case to the Tax Court for reconsideration. In February 2003, the Tax Court on remand ruled that the Company did not have a non-tax business purpose for forming the two partnerships and that they were therefore not valid for tax purposes. The Company will appeal this decision to the United States Court of Appeals for the District of Columbia. If, on appeal, the Company does not prevail, the Company will owe approximately \$135 million, consisting of \$60 million in taxes due plus \$75 million of interest, net of tax. The Company has previously settled a number of other issues with the IRS on open tax years 1989 through 1994 and anticipates favorable adjustments that would reduce the liability associated with the two partnership investments to approximately \$53 million, consisting of \$27 million in taxes due and \$26 million in interest, net of tax. The Company has established an adequate reserve for this contingency and does not anticipate any material adverse effects on its consolidated financial position or results of operations in the event of an unfavorable resolution of this matter. No penalties have been asserted by the IRS to date, and the Company has not provided for any penalties or interest on such penalties.

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

In its Marine Engine segment, the Company will continue to develop engine technologies to reduce engine emissions to comply with present and future emissions requirements. The costs associated with these activities and the introduction of low-emission engines will have an adverse effect on Marine Engine segment operating margins and may affect short-term operating results. The Boat segment continues to pursue fiberglass boat manufacturing technologies and techniques to reduce air emissions at its boat manufacturing facilities.

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The Company does not believe that compliance with federal, state and local environmental laws will have a material adverse effect on the Company's competitive position. See NOTE 7, COMMITMENTS AND CONTINGENCIES, in the Notes to Consolidated Financial Statements, for disclosure of the potential cash requirements of environmental proceedings.

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

None.

EXECUTIVE OFFICERS OF THE COMPANY

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

<Table>

<Caption>

OFFICER	PRESENT POSITION	AGE
-----	-----	---
<S>	<C>	<C>
George W. Buckley*.....	Chairman and Chief Executive Officer	56
Peter B. Hamilton*.....	Vice Chairman and President--Brunswick Bowling & Billiards	56
Victoria J. Reich*.....	Senior Vice President and Chief Financial Officer	45
Kathryn J. Chieger.....	Vice President--Corporate and Investor Relations	54
Tzau J. Chung*.....	Vice President and President--Brunswick New Technologies	39

William J. Gress*.....	Vice President--Supply Chain Management	48
Kevin S. Grodzki*.....	Vice President and President--Life Fitness Division	47
Peter G. Leemputte*.....	Vice President and Controller	45
B. Russell Lockridge*.....	Vice President and Chief Human Resources Officer	53
Patrick C. Mackey*.....	Vice President and President--Mercury Marine Group	56
Dustan E. McCoy*.....	Vice President and President--Brunswick Boat Group	53
William L. Metzger.....	Vice President and Treasurer	42
Clifford M. Sladnick.....	Vice President--Acquisitions	46
Marschall I. Smith*.....	Vice President, General Counsel and Secretary	57
Dale B. Tompkins*.....	Vice President--Strategy and Corporate Development	41
Cynthia Trudell *.....	Vice President and President--Sea Ray Division	49
Judith P. Zelisko.....	Vice President--Tax	52

*Members of the Operating Committee

There are no familial relationships among these officers. The term of office of all elected officers expires April 30, 2003. The Group and Division Presidents are appointed from time to time at the discretion of the Chief Executive Officer.

George W. Buckley has been Chairman and Chief Executive Officer of the Company since 2000. From May to June 2000 he was President and Chief Operating Officer of the Company. He was President of the Mercury Marine Group from 1997 to 2000, and during that period was also an officer of the Company, holding the following positions: Executive Vice President, February to May 2000; Senior Vice President, 1998 to 2000; and Vice President, 1997 to 1998.

Peter B. Hamilton has been Vice Chairman of the Company and President of Brunswick Bowling & Billiards since 2000. He was Executive Vice President and Chief Financial Officer of the Company from 1998 to 2000. He was Senior Vice President and Chief Financial Officer of the Company from 1995 to 1998.

Victoria J. Reich has been Senior Vice President and Chief Financial Officer of the Company since 2000. She was Vice President and Controller of the Company from 1996 to 2000.

Kathryn J. Chieger has been Vice President--Corporate and Investor Relations of the Company since 1996.

Tzau J. Chung has been a Vice President of the Company since 2000 and was named President--Brunswick New Technologies, in February 2002. Prior to that he was Vice President--Strategic Planning of the Company from 2000 to 2002, and was Senior Vice President--Strategy and IT, for the Company's Mercury Marine Group from 1997 to 2000.

William J. Gress has been Vice President--Supply Chain Management of the Company since 2001. From February 2000 to January 2001, he was Executive Vice President of the Company's Igloo business. Prior to that he was employed by Mercury Marine, where he was Vice President of its MerCruiser Diesel business from 1999 to 2000, Vice President of Business Development from 1998 to 1999, Senior Director of Strategic Sourcing during 1997, and Director of Materials Management from 1993 to 1997. From November 1997 to August 1998, he was Vice President of Supplier Relations for Goss Graphics, Inc., a printing equipment manufacturer.

Kevin S. Grodzki has been Vice President of the Company and President of its Life Fitness Division since 2000. Prior to that, he was Vice President of Witco Corporation, a specialty chemical company, from 1997 to 2000.

Peter G. Leemputte has been Vice President and Controller of the Company since 2001. From 1998 to 2000, he was Executive Vice President, Chief Financial and Administrative Officer for Chicago Title Corporation, a national title insurance and real estate related products company. He was Vice President and a partner of Mercer Management Consulting, an international management consulting firm, from 1996 to 1998.

B. Russell Lockridge has been Vice President and Chief Human Resources Officer of the Company since 1999. From 1996 to 1999, he was Senior Vice President--Human Resources of IMC Global, Inc., a company that produces crop nutrients, animal feed ingredients and salt.

Patrick C. Mackey has been Vice President of the Company and President of its Mercury Marine Group since 2000. Prior to that, he was Executive Vice President of Witco Corporation, a specialty chemical company, from 1998 to 1999.

Dustan E. McCoy has been Vice President of the Company and President--Brunswick Boat Group since 2000. From 1999 to 2000, he was Vice President, General Counsel and Secretary of the Company. He was previously an officer of Witco Corporation, a specialty chemical company, where he was Executive Vice President in 1999; Senior Vice President from 1998 to 1999; and Senior Vice President, General Counsel and Corporate Secretary from 1996 to 1998.

William L. Metzger has been Vice President and Treasurer of the Company since 2001. From 2000 to 2001, he was Assistant Vice President--Corporate Finance. From 1996 to 2000, he was Director--Corporate Accounting.

Clifford M. Sladnick has been Vice President--Acquisitions of the Company since 2001. He joined the Company in 2000 as Assistant General Counsel. From 1990 to 1999, he was Senior Vice President, General Counsel and Corporate Secretary of St. Paul Bancorp, Inc.

Marschall I. Smith has been Vice President, General Counsel and Secretary of the Company since 2001. He joined Brunswick from Digitas Inc., a leading e-commerce integrator. Prior to that assignment, he spent five years as Senior Vice President and General Counsel of IMC Global Inc.

Dale B. Tompkins was named Vice President--Strategy and Corporate Development in January 2003. He joined the Company in 2000 as Vice President--Strategy and Business Development for the Mercury Marine Group. Previously, he was employed by Giddings & Lewis LLC, where he was Vice President--Planning and Development from 1999 to 2000, and Director--Strategic Planning from 1997 to 1999.

Cynthia Trudell has been Vice President and President--Sea Ray Division since 2001. Prior to joining Brunswick, she held a number of positions with various divisions of General Motors, including Chairman and President--Saturn Corporation from 1999 to 2001, and President--IBC Vehicles, from 1996 to 1999.

Judith P. Zelisko has been Vice President--Tax of the Company since 1998. She was Staff Vice President--Tax from 1996 to 1998.

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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 21, QUARTERLY DATA, in the Notes to Consolidated Financial Statements. As of March 3, 2003, there were approximately 16,580 shareholders of record of the Company's common stock.

The Company announced in 2001 that, beginning in 2002, it would convert to an annual dividend rather than pay dividends quarterly to reduce administrative costs. Future dividends, declared at the discretion of the Board of Directors, will be paid in December.

ITEM 6. SELECTED FINANCIAL DATA

The selected historical financial data presented below as of and for the years ended December 31, 2002, 2001 and 2000, have been derived from, and should be read in conjunction with, the historical consolidated financial statements of the Company, including the notes thereto, and ITEM 7, MANAGEMENT'S DISCUSSION AND ANALYSIS, including the MATTERS AFFECTING COMPARABILITY section, contained elsewhere within this Annual Report on Form 10-K. The selected historical financial data presented below as of and for the years ended December 31, 1999, 1998 and 1997, have been derived from the consolidated financial statements of the Company that are not included herein. The financial data presented below have been restated to present the discontinued operations in accordance with Accounting Principles Board Opinion (APB) No. 30, "Reporting the Results of

Operations -- Reporting the Effects of a Segment of a Business, and
Extraordinary, Unusual and Infrequently Occurring Events and Transactions."

<Table>
<Caption>

	2002(1)	2001(2)	2000	1999	1998	1997(3)
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)						
RESULTS OF OPERATIONS DATA						
Net sales.....	\$3,711.9	\$3,370.8	\$3,811.9	\$3,541.3	\$3,234.9	\$2,993.6
Unusual charges.....	\$ --	\$ --	\$ 55.1	\$ 116.0	\$ 50.8	\$ 79.5
Operating earnings.....	\$ 196.6	\$ 191.1	\$ 397.1	\$ 274.6	\$ 301.8	\$ 208.1
Earnings before income taxes.....	\$ 161.6	\$ 132.2	\$ 323.3	\$ 219.3	\$ 245.3	\$ 173.8
Earnings from continuing operations.....	\$ 103.5	\$ 84.7	\$ 202.2	\$ 143.1	\$ 154.4	\$ 111.3
Discontinued operations:						
Earnings (loss) from discontinued operations, net of tax.....	--	--	(68.4)	(105.2)	31.9	39.9
Loss from disposal of discontinued operations, net of tax.....	--	--	(229.6)	--	--	--
Cumulative effect of change in accounting principles, net of tax.....	(25.1)	(2.9)	--	--	--	(0.7)
Net earnings (loss).....	\$ 78.4	\$ 81.8	\$ (95.8)	\$ 37.9	\$ 186.3	\$ 150.5
BASIC EARNINGS (LOSS) PER COMMON SHARE:						
Earnings from continuing operations.....	\$ 1.15	\$ 0.96	\$ 2.28	1.56	\$ 1.57	\$ 1.12
DISCONTINUED OPERATIONS:						
Earnings (loss) from discontinued operations, net of tax.....	--	--	(0.77)	(1.14)	0.32	0.40
Loss from disposal of discontinued operations, net of tax.....	--	--	(2.59)	--	--	--
Cumulative effect of change in accounting principles, net of tax.....	(0.28)	(0.03)	--	--	--	(0.01)
Net earnings (loss).....	\$ 0.87	\$ 0.93	\$ (1.08)	\$ 0.41	\$ 1.90	\$ 1.52
Average shares used for computation of basic earnings per share.....	90.0	87.8	88.7	92.0	98.3	99.2

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<Table>
<Caption>

	2002(1)	2001(2)	2000	1999	1998	1997(3)
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)						
DILUTED EARNINGS (LOSS) PER COMMON SHARE:						
Earnings from continuing operations.....	\$ 1.14	\$ 0.96	\$ 2.28	\$ 1.55	\$ 1.56	\$ 1.11
Discontinued operations:						
Earnings (loss) from discontinued operations, net of tax.....	--	--	(0.77)	(1.14)	0.32	0.40
Loss from disposal of discontinued operations, net of tax.....	--	--	(2.59)	--	--	--
Cumulative effect of change in accounting principles, net of tax.....	(0.28)	(0.03)	--	--	--	(0.01)
Net earnings (loss).....	\$ 0.86	\$ 0.93	\$ (1.08)	\$ 0.41	\$ 1.88	\$ 1.50
Average shares used for computation of diluted earnings per share.....	90.7	88.1	88.7	92.6	99.0	100.3

(1) Refer to NOTE 1, SIGNIFICANT ACCOUNTING POLICIES, in the Notes to Consolidated Financial Statements for a discussion on Goodwill and Other

Intangibles.

(2) Refer to NOTE 1, SIGNIFICANT ACCOUNTING POLICIES, in the Notes to Consolidated Financial Statements for a discussion on Derivatives.

(3) In 1997, the Company adopted the provisions of Emerging Issues Task Force No. 97-13, "Accounting for Costs Incurred in Connection with a Consulting Contract or an Internal Project that Combines Business Process Re-engineering and Information Technology Transformation." This resulted in a one-time charge for the cumulative effect of a change in accounting principle totaling \$0.7 million after-tax, (\$1.1 million pre-tax).

<Table>

<Caption>

	2002	2001	2000	1999	1998	1997

(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA						
Assets of continuing operations.....	\$3,407.1	\$3,157.5	\$3,094.3	\$2,685.3	\$2,501.2	\$2,445.8
=====						
Debt						
Short-term.....	\$ 28.9	\$ 40.0	\$ 172.7	\$ 107.7	\$ 170.1	\$ 109.3
Long-term.....	589.5	600.2	601.8	622.5	635.4	645.5

Total debt.....	618.4	640.2	774.5	730.2	805.5	754.8
Common shareholders' equity.....	1,101.8	1,110.9	1,067.1	1,300.2	1,311.3	1,315.0

Total capitalization.....	\$1,720.2	\$1,751.1	\$1,841.6	\$2,030.4	\$2,116.8	\$2,069.8
=====						
CASH FLOW DATA						
Net cash provided by operating activities of						
continuing operations.....	\$ 413.0	\$ 299.3	\$ 251.0	\$ 250.4	\$ 387.4	\$ 84.8
Depreciation and amortization.....	148.4	160.4	148.8	141.4	135.6	132.6
Capital expenditures.....	112.6	111.4	156.0	166.8	164.6	167.3
Acquisitions of businesses.....	21.2	134.4	--	4.2	32.8	331.1
Stock repurchases.....	--	--	87.1	18.3	159.9	8.4
Cash dividends paid.....	45.1	43.8	44.3	45.9	49.0	49.6
OTHER DATA						
Dividends declared per share.....	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Book value per share.....	12.15	12.61	12.22	14.16	14.27	13.22
Return on beginning shareholders' equity....	7.0%	7.7%	(7.4)%	2.9%	14.2%	12.6%
Effective tax rate.....	36.0%	36.0%	37.5%	34.7%	37.1%	36.0%
Debt-to-capitalization rate.....	35.9%	36.6%	42.1%	36.0%	38.1%	36.5%
Number of employees.....	21,015	20,700	23,200	23,100	21,800	21,100
Number of shareholders of record.....	16,605	13,200	13,800	14,500	15,600	16,200
COMMON STOCK PRICE (NYSE)						
High.....	\$ 30.01	\$ 25.01	\$ 22.13	\$ 30.00	\$ 35.69	\$ 36.50
Low.....	18.30	14.03	14.75	18.06	12.00	23.63
Close (last trading day).....	19.86	21.76	16.44	22.25	24.75	30.31

</Table>

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

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

Certain statements in Management's Discussion and Analysis are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations that are subject to risks and uncertainties. Actual results may differ materially from expectations as of the date of this filing because of factors discussed below under the FORWARD-LOOKING STATEMENTS section.

OVERVIEW

GENERAL

Brunswick Corporation (the Company) is a manufacturer and marketer of leading consumer brands including Mercury and Mariner outboard engines; Mercury MerCruiser sterndrive and inboard engines; Sea Ray, Bayliner, Maxum, Meridian,

and Sealine pleasure boats; Hatteras luxury sportfishing convertibles and motoryachts; Baja high-performance boats; Boston Whaler and Trophy offshore fishing boats; Princecraft fishing, deck and pontoon boats; MotorGuide trolling motors; Mercury Precision Parts; Quicksilver and Swivl-Eze marine-related components and accessories; Integrated Dealer Systems, dealer management systems; MotoTron engine control systems; Northstar marine navigation systems; Life Fitness, Hammer Strength and ParaBody fitness equipment; Brunswick bowling products, including capital equipment, parts and supplies; and Brunswick billiards tables and accessories. The Company also owns and operates Brunswick bowling centers across the United States and internationally, and Omni Fitness, a chain of specialty fitness retail stores.

The Company's strategy is to achieve growth by developing innovative products, identifying and deploying leading-edge technologies, pursuing aggressive marketing and brand-building activities, enhancing its distribution channels, seizing international opportunities and leveraging core competencies. Further, the Company focuses on enhancing its operating margins through effective cost management and investments in technology. The Company's objective is to enhance shareholder value by achieving returns on investments that exceed its cost of capital.

During the fourth quarter of 2002, the Company re-evaluated the composition of its reportable segments to account for the anticipated divergence in the future growth trends and economic characteristics of the operating units within what was formerly known as the Recreation segment. The Company determined that its reportable segments are Marine Engine, Boat, Fitness and Bowling & Billiards. The segment information for all periods presented has been reclassified for consistent presentation.

Sales in 2002 increased 10.1 percent to \$3,711.9 million primarily due to additional growth in the marine engine and exercise equipment businesses and the incremental sales associated with the acquisitions of boat companies completed in 2001. Operating earnings increased 2.9 percent to \$196.6 million, primarily attributable to the increase in product sales, the incremental sales associated with the acquisitions completed in 2001 and cost reduction improvements partially offset by higher variable compensation and pension costs. See the MATTERS AFFECTING COMPARABILITY section below.

MATTERS AFFECTING COMPARABILITY

The Company's operating results for 2002 include the operating results of Teignbridge Propellers, Ltd. (Teignbridge), a manufacturer of custom and standard propellers and underwater stern gear for inboard-powered vessels; Monolith Corporation/Integrated Dealer Systems (IDS), a developer of dealer management systems for dealers of marine products and recreational vehicles; and Northstar Technologies, Inc. (Northstar), a supplier of premium marine navigation electronics, from the acquisition dates of February 10, 2002, October 1, 2002, and December 16, 2002, respectively.

The Company's operating results for 2001 include the operating results of Omni Fitness Equipment Inc. (Omni Fitness), a domestic retailer of fitness equipment; Princecraft Boats Inc. (Princecraft), a manufacturer of deck and pontoon boats; Sealine International (Sealine), a leading manufacturer of luxury sport cruisers and motoryachts; and Hatteras Yachts, Inc. (Hatteras), a leading manufacturer of luxury sportfishing

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convertibles and motoryachts, from the acquisition dates of February 28, 2001, March 7, 2001, July 3, 2001, and November 30, 2001, respectively.

Net earnings per diluted share totaled \$0.86 in 2002 compared with net earnings per diluted share of \$0.93 in 2001 and a net loss per diluted share of \$1.08 in 2000. Comparisons of net earnings per diluted share are affected by changes in accounting principles, unusual charges and discontinued operations, which are listed below. The effect of these items on diluted earnings per share is as follows:

<Table>
<Caption>

2002	2001	2000
-----	-----	-----

<S>

<C> <C> <C>

Net earnings (loss) per diluted share -- as reported.....	\$0.86	\$0.93	\$(1.08)
Unusual charges.....	--	--	0.45
Loss from discontinued operations.....	--	--	0.77
Loss from disposal of discontinued operations.....	--	--	2.59
Goodwill and indefinite-lived intangible amortization.....	--	0.12	0.11
Cumulative effect of change in accounting principle.....	0.28	0.03	--
	-----	-----	-----
Net earnings per diluted share from continuing operations -- as adjusted.....	\$1.14	\$1.08	\$ 2.84
	=====	=====	=====

</Table>

There are a number of matters that affect the comparability of results between 2002, 2001 and 2000. These matters include:

- Change in Accounting Principle: Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires that goodwill and certain other intangible assets deemed to have indefinite useful lives are no longer amortized but are reviewed annually for impairment. SFAS No. 142 does not require retroactive restatement for all periods presented; however, it does require the disclosure of prior year effects adjusted for the elimination of amortization of goodwill and indefinite-lived intangible assets. The effect on diluted earnings per share for the elimination of amortization of goodwill and indefinite-lived intangible assets would have been \$0.12 and \$0.11 per diluted share for 2001 and 2000, respectively. In connection with the adoptions of SFAS No. 142, the Company completed its impairment testing and recorded the cumulative effect of the change in accounting principle as a one-time, non-cash charge of \$29.8 million pre-tax (\$25.1 million after-tax or \$0.28 per diluted share) to reduce its carrying amount of goodwill. Refer to NOTE 1, SIGNIFICANT ACCOUNTING POLICIES, in the Notes to Consolidated Financial Statements.

Effective January 1, 2001, the Company adopted SFAS Nos. 133/138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." Under SFAS Nos. 133/138, all derivative instruments are recognized on the balance sheet at their fair values. As a result of the adoption of this standard in 2001, the Company recorded a \$4.7 million loss (\$2.9 million after-tax or \$0.03 per diluted share) as a cumulative effect of a change in accounting principle, primarily resulting from interest rate swaps. Refer to NOTE 8, FINANCIAL INSTRUMENTS, in the Notes to Consolidated Financial Statements.

- Unusual Charges: In 2000, the Company recorded a \$55.1 million charge to operating earnings (\$40.0 million after-tax or \$0.45 per diluted share) to increase environmental reserves related to the cleanup of contamination from a former manufacturing facility and to account for the write-down of investments in certain Internet-related businesses. Refer to NOTE 4, UNUSUAL CHARGES, in the Notes to Consolidated Financial Statements.

- Discontinued Operations: During 2000, the Company announced its intention to divest the businesses that comprised the former outdoor recreation segment. In 2000, losses from the disposition of the businesses, which were based on estimates, totaled \$229.6 million after-tax, or \$2.59 per diluted share. The discontinued operations generated after-tax losses of \$68.4 million in 2000, or \$0.77 per diluted share. See the DISCONTINUED OPERATIONS section for a more detailed discussion of the operations that were discontinued in 2000.

RESULTS OF OPERATIONS

CONSOLIDATED

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

<Table>
<Caption>

2002	2001	2000
------	------	------

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

<S>	<C>	<C>	<C>
Net sales.....	\$3,711.9	\$3,370.8	\$3,811.9
Percentage increase (decrease).....	10.1%	(11.6)%	7.6%
Operating earnings.....	\$ 196.6	\$ 191.1	\$ 397.1
Earnings from continuing operations.....	\$ 103.5	\$ 84.7	\$ 202.2
Loss from discontinued operations, net of tax.....	--	--	(68.4)
Loss from disposal of discontinued operations, net of tax...	--	--	(229.6)
Cumulative effect of change in accounting principle, net of tax.....	(25.1)	(2.9)	--
	-----	-----	-----
Net earnings (loss).....	\$ 78.4	\$ 81.8	\$ (95.8)
	=====	=====	=====
Diluted earnings per share from continuing operations.....	\$ 1.14	\$ 0.96	\$ 2.28
Diluted loss per share from discontinued operations.....	--	--	(0.77)
Diluted loss per share from disposal of discontinued operations.....	--	--	(2.59)
Cumulative effect of change in accounting principle.....	(0.28)	(0.03)	--
	-----	-----	-----
Diluted earnings (loss) per share.....	\$ 0.86	\$ 0.93	\$ (1.08)
	=====	=====	=====

EXPRESSED AS A PERCENTAGE OF NET SALES:

Gross margin.....	23.2%	23.2%	28.6%
Selling, general and administrative expense.....	15.1%	14.7%	14.0%
Operating margin.....	5.3%	5.7%	10.4%

</Table>

Results for 2000 include a \$55.1 million pre-tax unusual charge to operating earnings (\$40.0 million after-tax or \$0.45 per diluted share) to increase environmental reserves related to the cleanup of contamination from a former manufacturing facility and to account for the write-down of investments in certain Internet-related businesses. Excluding these items, the amounts are as follows:

<Table>
<Caption>

2002 2001 2000

(DOLLARS IN MILLIONS,
EXCEPT PER SHARE DATA)

<S>	<C>	<C>	<C>
Operating earnings.....	\$196.6	\$191.1	\$452.2
Operating margin.....	5.3%	5.7%	11.9%
Earnings from continuing operations.....	\$103.5	\$ 84.7	\$242.2
Diluted earnings per share from continuing operations.....	\$ 1.14	\$ 0.96	\$ 2.73

</Table>

In 2002, net sales increased \$341.1 million to \$3,711.9 million when compared with 2001. Excluding acquisitions completed in 2002 and 2001, sales increased 4.4 percent in 2002. The sales increase, excluding acquisitions, was mainly attributable to an increase in sales in the Marine Engine, Fitness and Bowling & Billiards segments partially offset by a decline in sales in the Boat segment. Marine Engine segment sales increased due to higher domestic outboard and sterndrive engine sales, improved pricing, and higher revenues from international markets due in part to favorable currency trends. Fitness segment sales increased primarily due to higher sales of consumer and commercial fitness equipment in domestic and international markets. Bowling & Billiards segment sales increased due to higher volumes of consumer products and after-market parts and supplies. Boat segment sales, excluding acquisitions, decreased due to lower sales of larger cruisers and yachts.

International sales increased \$145.5 million to \$1,004.7 million in 2002 compared with \$859.2 million in 2001. The increase in sales was experienced across all reportable segments. Sales in Europe increased

\$104.1 million, or 23.2 percent, to \$552.1 million, primarily due to the incremental sales associated with the Sealine acquisition, the benefit of a weakening dollar that resulted in favorable currency trends in the Marine Engine and Fitness segments and increased sales of commercial fitness equipment. Marine engine product sales comprised the largest share of international sales in 2002

and 2001.

In 2001, net sales of \$3,370.8 million declined \$441.1 million, or 11.6 percent, from 2000. Excluding the boat acquisitions completed in 2001, sales decreased 14.1 percent for the year-over-year comparison. The reduction in sales, excluding acquisitions, was experienced across all reportable segments but was mainly attributed to lower sales in the Boat and Marine Engine segments. Throughout 2001, weakened market conditions adversely affected domestic marine sales, particularly small boats and engines. Fitness segment sales benefited from growth in the fitness equipment business internationally, but was partially offset by lower sales of consumer and commercial fitness equipment in the United States. The Bowling & Billiards segment sales were affected by the decrease in the sales of bowling capital equipment due to the economic recession.

International sales increased \$20.8 million to \$859.2 million in 2001 compared with \$838.4 million in 2000. Sales in Europe increased \$15.9 million, or 3.7 percent, to \$448.0 million in 2001, reflecting stronger sales of marine engine products and fitness equipment, which were partially offset by reduced sales of boats and bowling capital equipment. Unfavorable currency trends also adversely affected international revenue comparisons. Marine engine product sales comprised the largest share of international sales in 2001 and 2000.

Gross margin percentage of 23.2 percent in 2002 was unchanged from 2001. In 2002, gross margin percentages were affected by favorable pricing, cost reductions and favorable currency trends, offset by a shift to lower-margin products in the Marine Engine and Boat segments and an increase in variable compensation and pension costs.

The Company's gross margin percentage decreased 540 basis points to 23.2 percent in 2001 from 28.6 percent in 2000, principally due to the impact of lower production rates, plant closures and extended shutdowns. Production rates were cut to bring production in line with demand and reduce the Company's inventory levels. Gross margins also declined as a result of a shift in sales mix in the marine businesses toward international markets and lower-margin products, as well as unfavorable currency trends.

Selling, general and administrative (SG&A) expenses, as a percentage of net sales, increased 40 basis points to 15.1 percent in 2002 compared with 14.7 percent in 2001. Excluding acquisitions completed in 2002 and 2001, SG&A expenses as a percentage of net sales were 15.2 percent and 14.7 percent in 2002 and 2001, respectively. The 50 basis point increase in SG&A expenses compared with 2001 is a result of higher variable compensation, pension and insurance costs.

SG&A expenses, as a percentage of net sales, increased 70 basis points to 14.7 percent in 2001 compared with 14.0 percent in 2000. SG&A expenses increased due to the Company's overall reduction in sales, offset by cost-containment efforts, including workforce reductions, hiring and wage freezes, and reductions in performance-based compensation, as well as a \$10.6 million gain on the sale of a testing facility.

Operating earnings in 2002 totaled \$196.6 million versus \$191.1 million in 2001 and \$397.1 million in 2000. Operating earnings in 2000 included the previously mentioned \$55.1 million pre-tax unusual charge. Excluding this charge, operating earnings were \$452.2 million in 2000. Operating margins, excluding unusual charges, were 5.3 percent in 2002, 5.7 percent in 2001 and 11.9 percent in 2000. The decline in operating margins between 2002 and 2001 was mainly due to higher SG&A expenses, as a percentage of net sales, partially offset by increased leverage from higher product sales and the elimination of amortization of goodwill and indefinite-lived intangible assets as a result of the adoption of SFAS No. 142.

Interest expense was \$43.3 million in 2002, \$52.9 million in 2001 and \$67.6 million in 2000. The decrease in 2002 and 2001 was primarily attributable to a decline in the average outstanding debt levels and a lower interest rate environment. The weighted-average interest rate on short-term borrowings was 2.45 percent in 2002, 4.76 percent in 2001 and 6.58 percent in 2000.

Other income totaled \$8.3 million in 2002 compared with other expense of \$6.0 million and \$6.2 million in 2001 and 2000, respectively. The increase in other income in 2002 compared with other expense in 2001 is

due to improved results from joint venture investments and favorable currency adjustments from a weakening U.S. dollar. Contributing to the other expenses in 2001 and 2000 were joint venture losses, the write-down of certain investments, unfavorable currency adjustments and start-up costs incurred in 2000 in connection with an equity investment.

The Company's effective tax rate was 36.0 percent in 2002, 36.0 percent in 2001 and 37.5 percent in 2000. Excluding the 2000 unusual charge, the effective tax rate was 36.0 percent in all three years.

Average common shares outstanding used to calculate diluted earnings per share were 90.7 million, 88.1 million and 88.7 million in 2002, 2001 and 2000, respectively. The increase in average shares outstanding in 2002 was due primarily to the effects of stock options exercised, as well as an increase in common stock equivalents related to unexercised employee stock options driven by an increase in the Company's average stock price. The decrease in average shares outstanding in 2001 compared to 2000 was primarily due to the share repurchase program that was principally completed in the first half of 2000. See the CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES section below for additional discussion of share repurchase program activity.

MARINE ENGINE SEGMENT

The following table sets forth Marine Engine segment results:

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>
Net sales.....	\$ 1,705.2	\$ 1,561.6	\$ 1,759.9
Percentage increase (decrease).....		9.2%	(11.3)%
Operating earnings.....	\$ 170.9	\$ 173.0	\$ 276.0
Percentage decrease.....		(1.2)%	(37.3)%
Operating margin.....	10.0%	11.1%	15.7%
Capital expenditures.....	\$ 44.8	\$ 48.8	\$ 63.8

</Table>

Marine Engine segment sales increased \$143.6 million, or 9.2 percent, to \$1,705.2 million in 2002, compared with 2001. The increase in sales was primarily due to an increase in unit shipments of sterndrive and outboard engines in the domestic market. These higher shipments in 2002 were largely due to a change in the rate at which dealers and boatbuilders adjusted their engine inventories, rather than higher retail sales. In 2001, dealers and boatbuilders significantly reduced their wholesale purchases to lower their inventory levels. Reductions in dealer and boatbuilder inventories during 2002 occurred at a much lower rate. Improved pricing in the domestic market, increased parts and accessories sales, and an increase in international sales, due in part to favorable currency trends from a weakening U.S. dollar, also helped drive sales growth in the Marine Engine segment in 2002.

Operating earnings for the segment decreased \$2.1 million, or 1.2 percent, to \$170.9 million in 2002, compared with 2001. Operating margins as a percentage of sales fell 110 basis points to 10.0 percent when compared with 2001. The decline in operating earnings and margins in 2002 was primarily due to higher variable compensation, pension and insurance costs, and a change in the mix of product sold toward low-emission two-stroke and four-stroke outboard engines, which carry lower profit margins. Increased SG&A expenses associated with the formation and operation of Brunswick New Technologies, which is included in the Marine Engine segment, also reduced operating earnings. Items partially offsetting these unfavorable trends include the increase in sales in 2002, improved pricing and favorable currency trends from a weakening U.S. dollar.

Marine Engine segment sales declined 11.3 percent to \$1,561.6 million in 2001 compared with 2000, primarily due to weak U.S. market conditions, especially for small boats. Domestic retail sales of sterndrive and outboard engines declined compared with the prior year due to a weakening economy. As discussed above, efforts by dealers and boatbuilders to reduce their inventory levels in 2001 also contributed to the decline in wholesale shipments. International sales were up 13.3 percent for the year, despite adverse currency

fluctuations, reflecting more favorable economic conditions than in the domestic market and increased market share, due in part to the bankruptcy of a competitor.

In 2001, operating earnings for the segment decreased to \$173.0 million from \$276.0 million, and operating margins fell 460 basis points to 11.1 percent, compared with 2000. Lower shipments combined with the lower absorption of fixed costs from reduced production rates and extended plant shutdowns were the primary driver for this decline in operating earnings. An unfavorable shift in sales mix from higher-margin sterndrive engines to lower-margin outboard engines, along with an increase in lower margin international sales, also accounted for some of the margin pressure. Benefits from cost-containment efforts, including reductions in performance based incentives and a reduction in salaried headcount, partially mitigated these factors.

BOAT SEGMENT

The following table sets forth Boat segment results:

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>
Net sales.....	\$ 1,405.3	\$ 1,251.3	\$ 1,574.3
Percentage increase (decrease).....		12.3%	(20.5)%
Operating earnings.....	\$ 19.0	\$ 18.1	\$ 148.2
Percentage increase (decrease).....		5.0%	(87.8)%
Operating margin.....	1.4%	1.4%	9.4%
Capital expenditures.....	\$ 41.0	\$ 35.5	\$ 57.4

Sales in the Boat segment increased \$154.0 million, or 12.3 percent, to \$1,405.3 million in 2002 compared with 2001. The increase in sales was primarily due to a full year of sales from the acquisitions of Princecraft, Sealine and Hatteras, which were completed in 2001. Excluding these acquisitions, sales declined 2.0 percent. This sales decline was driven by weak retail demand, most notably for larger cruisers and yachts. In addition, boat dealers continued to lower their inventories, further reducing wholesale demand for the Boat segment's products.

Boat segment operating earnings increased \$0.9 million to \$19.0 million compared with 2001. Earnings contributions from acquisitions completed in 2001 and a reduction in operating losses from the Boat segment's US Marine division, discussed below, were largely offset by the reduction in sales of larger cruisers and yachts in 2002. Operating margins in 2002 were adversely affected by the mix shift toward smaller boats, which carry lower margins.

In 2001, Boat segment sales totaled \$1,251.3 million, a decrease of 20.5 percent from 2000. Excluding the acquisition of Princecraft, Sealine and Hatteras, sales declined 24.3 percent. Significantly reduced retail demand for smaller boats was a leading cause of the decline, although demand for larger cruisers and yachts also weakened in the second half of the year. As retail sales of boats weakened, dealers started to lower their own inventories, further reducing wholesale demand.

Boat segment operating earnings totaled \$18.1 million in 2001, declining \$130.1 million from the prior year. Operating margins also declined, falling 800 basis points to 1.4 percent in 2001. The decline in operating earnings was primarily attributable to reduced sales and the operating losses experienced at the Company's US Marine division. Reduced absorption of fixed costs due to lower production and temporary shutdowns at the boat plants also impacted operating earnings. A portion of the operating earnings decline was offset by efforts to enhance operating effectiveness, as well as reduced costs and decreased headcount.

The overall performance of the Boat Segment was adversely affected in both 2002 and 2001 by operations at the Company's US Marine division, which manufactures Bayliner, Maxum and Meridian pleasure boats and Trophy offshore fishing boats. Operating losses for the division were \$29.0 million and \$37.3

million for the years ended 2002 and 2001, respectively, compared with operating earnings of \$38.0 million in 2000. In 2002 and 2001, losses at US Marine were primarily due to sales reductions, operating inefficiencies associated

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with shifting boat production from five facilities closed throughout 2001 to remaining manufacturing plants, the launch of the Meridian yacht brand, and the start up of a new plant in Mexico to manufacture small boats. The decrease in the operating loss for 2002 is due to reduced discounting and higher sales.

FITNESS SEGMENT

The following table sets forth Fitness segment results:

<Table>

<Caption>

	2002	2001	2000
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
	<C>	<C>	<C>
Net sales.....	\$456.7	\$397.7	\$348.3
Percentage increase.....	14.8%	14.2%	
Operating earnings.....	\$ 44.9	\$ 28.4	\$ 31.2
Percentage increase (decrease).....	58.1%	(9.0)%	
Operating margin.....	9.8%	7.1%	9.0%
Capital expenditures.....	\$ 9.4	\$ 9.9	\$ 13.3

</Table>

In 2002, Fitness segment sales increased 14.8 percent to \$456.7 million compared with 2001. Domestic sales increased 18.3 percent in 2002 compared with 2001. This increase was primarily due to increased commercial sales to health club chains, governmental agencies and the military, as well as increased sales of consumer products. International sales increased 9.8 percent in 2002 compared with 2001, driven by higher commercial fitness equipment sales into Europe and the benefit of favorable currency trends from a weakening U.S. dollar. Both domestic and international business benefited from share gains attributable in part to the success of new product launches in treadmills, cross trainers, and stationary bikes.

Fitness segment operating earnings increased 58.1 percent to \$44.9 million in 2002 relative to 2001, and operating margins increased 270 basis points to 9.8 percent. Operating earnings increased primarily due to the impact of higher sales and the elimination of amortization of goodwill and indefinite-lived intangible assets as a result of the adoption of SFAS No. 142, partially offset by higher variable compensation expenses.

In 2001, Fitness segment sales increased 14.2 percent to \$397.7 million compared with 2000. Domestic sales increased 8.8 percent in 2001 compared with 2000, primarily due to the acquisition of Omni Fitness, a specialty fitness equipment retailer. Excluding the acquisition of Omni Fitness, domestic sales decreased 7.6 percent. This decrease was a result of reduced sales of consumer and commercial products as health club chains delayed expansion and upgrade projects due to the weakening economy. International sales increased 23.2 percent in 2001 compared with 2000. This increase related primarily to improved sales of commercial and consumer products despite adverse currency fluctuations.

The Fitness segment reported operating earnings of \$28.4 million in 2001 compared with \$31.2 million in 2000. Operating margins declined 190 basis points to 7.1 percent in 2001. The reduction in operating earnings reflected the lower absorption of fixed costs that resulted from temporary plant shutdowns necessary to adjust production rates. Increased distribution expenses, higher warranty costs and adverse foreign currency trends also contributed to lower operating earnings, but these factors were partially mitigated by other cost-containment efforts. In addition, Omni Fitness, whose results are included after the acquisition on February 28, 2001, reported a slight operating loss for the year.

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BOWLING & BILLIARDS SEGMENT

The following table sets forth Bowling & Billiards segment results:

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
<S>	<C>	<C>	<C>
Net sales.....	\$377.7	\$368.1	\$422.4
Percentage increase (decrease).....		2.6%	(12.9)%
Operating earnings.....	\$ 21.4	\$ 7.3	\$ 41.9
Percentage increase (decrease).....		193.2%	(82.6)%
Operating margin.....	5.7%	2.0%	9.9%
Capital expenditures.....	\$ 15.7	\$ 15.8	\$ 18.5

</Table>

In 2002, Bowling & Billiards segment sales increased 2.6 percent to \$377.7 million compared with 2001. Sales of bowling products increased 3.5 percent in 2002 due to improved volumes in consumer products and after-market parts and supplies, and favorable pricing associated with capital equipment. Sales of billiards tables and accessories increased 8.9 percent in 2002 largely due to market share gains. Sales at bowling retail centers were essentially flat between 2002 and 2001.

Operating earnings for the Bowling & Billiards segment increased \$14.1 million in 2002 to \$21.4 million, and operating margins increased 370 basis points to 5.7 percent. The increase in operating earnings primarily related to the segment's bowling products business. Key drivers included significant efforts to reduce costs through global sourcing initiatives, and headcount and other expense reductions, as well as reduced bad debt expense from the level seen in 2001.

In 2001, Bowling & Billiards segment sales decreased 12.9 percent to \$368.1 million compared with 2000. Retail bowling center results were flat between 2001 and 2000. Billiards sales were modestly higher comparing 2001 with 2000. Bowling product sales, including capital equipment, balls, supplies and other accessories, declined due to a reduction in demand as bowling center proprietors deferred investments in new lane packages and upgrades of existing facilities as a result of the recession in both domestic and international markets. Sales of bowling equipment were also down as a result of supply chain efforts to reduce wholesale inventories.

The Bowling & Billiards segment reported operating earnings of \$7.3 million in 2001 compared with \$41.9 million in 2000. Operating margins declined 790 basis points to 2.0 percent for 2001. Operating earnings declined in 2001 compared with 2000 due to the decline in sales volume, lower absorption of fixed costs due to lower production, increased bad debt expenses associated with the weakened international economy, and severance expenses from a workforce reduction, as well as reduced gains related to the divestiture of certain retail bowling centers.

DISCONTINUED OPERATIONS

During 2000, the Company announced its intention to divest the following businesses that comprised its former outdoor recreation segment: fishing, camping, bicycle, cooler, hunting sports accessories and marine accessories. These businesses have been accounted for as discontinued operations and the consolidated financial statements for all periods have been restated to present these businesses as discontinued operations in accordance with APB Opinion No. 30.

The Company substantially completed the disposal of its discontinued operations as of December 31, 2001. The sale of the hunting sports accessories, cooler and North American fishing businesses was completed in 2001, and the sale of the bicycle and camping businesses was completed in 2000. Cash generated from these dispositions, including cash proceeds, net of costs to sell, cash required to fund operations through disposition and related tax benefits realized in connection with the divestitures, was approximately \$275 million after-tax through December 31, 2001. On December 31, 2002, the Company decided to retain its marine accessories businesses after efforts to sell these operations proved unsuccessful. The financial results of these businesses,

material to the Company's consolidated financial statements.

Discontinued operations experienced losses of \$68.4 million in 2000. Losses from discontinued operations included the results of operations from the cooler, hunting sports accessories and marine accessories businesses through September 30, 2000, and from the fishing, camping and bicycle businesses through June 30, 2000. Losses relating to these businesses subsequent to these dates were estimated and provided for in the loss on the disposition of these businesses.

The 2000 loss from discontinued operations of \$68.4 million included the write-off of goodwill and other long-term assets related to the camping business (\$76.0 million pre-tax, \$50.0 million after-tax) that was recorded in the second quarter of 2000. The write-off was necessary as the Company determined that additional actions would not improve operating performance to levels sufficient to recover its investment in these assets. Also included were asset write-downs and restructuring costs, consisting primarily of severance in the fishing and camping businesses, necessitated by a change in business conditions and the decision to outsource the manufacture of fishing reels that were previously produced in-house.

The loss from disposal recorded in 2000 totaled \$305.3 million pre-tax and \$229.6 million after-tax. The losses associated with the disposition of these businesses were based on an estimate of cash proceeds, net of costs to sell, along with an estimate of results of operations for these businesses from the date the decision was made to dispose of the businesses through the actual disposition date. The tax benefits associated with the disposal reflect the non-deductibility of losses on the sale of the cooler business.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth an analysis of cash flow for the years ended December 31, 2002, 2001 and 2000 (in millions):

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
	<C>	<C>	<C>
EBITDA*.....	\$ 353.3	\$ 345.5	\$ 594.8
Changes in working capital.....	90.8	(10.9)	(163.2)
Interest expense.....	(43.3)	(52.9)	(67.6)
Tax receipts (payments).....	6.2	26.6	(55.2)
Other.....	6.0	(9.0)	(57.8)
	-----	-----	-----
Cash provided by operating activities of continuing operations.....	413.0	299.3	251.0
Cash used for investing activities of continuing operations**.....	(108.5)	(85.9)	(188.1)
	-----	-----	-----
Free cash flow ***.....	\$ 304.5	\$ 213.4	\$ 62.9
	=====	=====	=====
Cash flow from discontinued operations (pretax).....	\$ --	\$ 107.4	\$ 45.3
	=====	=====	=====

</Table>

* EBITDA is defined as net earnings, adjusted for the effect of changes in accounting principles, unusual charges and discontinued operations (as previously described), and before interest, taxes, depreciation and amortization. EBITDA is presented to assist in the analysis of cash from operations. However, it is not intended as an alternative measure of operating results or cash flow from operations, as determined in accordance with generally accepted accounting principles.

** Comprised principally of capital expenditures and excludes acquisition and disposition activities.

*** Free cash flow is defined as cash flow from operating and investing activities of continuing operations, excluding acquisition, disposition and financing activities.

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

Net cash provided by operating activities of continuing operations totaled \$413.0 million in 2002 compared with \$299.3 million in 2001 and \$251.0 million in 2000. The \$113.7 million increase in net cash provided by operating activities of continuing operations in 2002 versus the prior year was generated

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principally from a decrease in working capital. Cash provided from operating activities included changes in working capital that generated cash of \$90.8 million in 2002 compared with a use of cash of \$10.9 million and \$163.2 million in 2001 and 2000, respectively.

The change in working capital was the result of an increase in accounts payable and accrued expenses, as well as a reduction in inventories. Accounts payable increased to \$291.2 million at December 31, 2002, from \$214.5 million at December 31, 2001, which can be attributed to the increased production levels in the fourth quarter of 2002 compared with 2001, as well as efforts to improve cash management. Accrued expenses increased to \$685.5 million in 2002 from \$648.2 million in 2001, as a result of recording accruals for variable compensation plans in 2002, whereas the Company did not accrue any significant bonuses based on 2001 performance. Inventories, excluding acquisitions, decreased \$35.1 million in 2002 compared with 2001. The decrease in inventories was driven primarily by the Boat segment's inventory reduction program. Accounts and notes receivable of \$401.4 million at December 31, 2002, increased from \$361.9 million at December 31, 2001. The increase in accounts and notes receivable is primarily due to an increase in sales in the fourth quarter of 2002 versus the fourth quarter of 2001.

Net tax receipts in 2002 reflect the realization of tax benefits associated with the divestiture of the cooler business in late 2001 partially offset by tax payments associated with net earnings. Net tax receipts in 2001 reflect benefits realized from the Company's divestiture of the other outdoor recreation businesses in late 2000 partially offset by tax payments associated with net earnings. Other operating cash flow activities included payments made by the Company for litigation settlements totaling \$0.2 million in 2002, \$6.6 million in 2001, and \$49.4 million in 2000.

The Company invested \$112.6 million, \$111.4 million and \$156.0 million in capital expenditures in 2002, 2001 and 2000, respectively. The largest portion of these expenditures was made for on-going investments to introduce new products, expand product lines and achieve improved production efficiencies and product quality.

Cash paid for acquisitions, net of cash acquired, totaled \$21.2 million for 2002, comprised primarily of consideration paid for Teignbridge, a manufacturer of custom and standard propellers and underwater stern gear for inboard-powered vessels; IDS, a developer of management systems for marine and recreational vehicle dealers; Northstar, a supplier of premium marine navigation electronics; and additional consideration relating to the November 30, 2001, acquisition of Hatteras. Teignbridge, IDS and Northstar were acquired on February 10, 2002, October 1, 2002, and December 16, 2002, respectively, and their results of operations are included in the Marine Engine segment post-acquisition. In 2001, the company invested \$134.4 million in Boat segment acquisitions, to acquire Hatteras Yachts, a leading manufacturer of sportfishing convertibles and motoryachts; Sealine, a leading manufacturer of luxury sports cruisers and motoryachts; and Princecraft, a manufacturer of aluminum fishing, deck and pontoon boats. Investments totaling \$8.9 million for 2002 were primarily related to the Cummins MerCruiser Diesel Marine LLC joint venture. Investments totaling \$38.1 million for 2000 were primarily comprised of amounts invested in Internet-related businesses and fitness equipment distribution alliances.

The Company anticipates spending approximately \$150.0 million for capital expenditures in 2003. About one-half of the capital spending covers investments in new and upgraded products, about one-third for necessary enhancements and the balance targeted toward cost reductions and investments in information technology. The Company will continue to evaluate acquisitions and other investment opportunities as they arise.

Cash and cash equivalents totaled \$351.4 million at the end of 2002 compared with \$108.5 million in 2001. Total debt at year-end 2002 was \$618.4 million versus \$640.2 million at the end of 2001. The decrease in total debt outstanding is principally due to decreases in short-term borrowings and

payments related to the Company's ESOP debt. Debt-to-capitalization ratios were 35.9 percent at December 31, 2002, and 36.6 percent at December 31, 2001. The Company has a \$350.0 million long-term credit agreement with a group of banks as described in NOTE 10, DEBT, in the Notes to Consolidated Financial Statements, that serves as support for commercial paper borrowings. There were no borrowings under the revolving credit agreement during 2002. The Company has the ability to issue up to \$100.0 million in letters of credit within the revolving

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credit facility, with \$66.1 million in outstanding letters of credit at December 31, 2002. The Company had borrowing capacity of \$283.9 million under the terms of this agreement and if utilized, the Company has multiple borrowing options. The borrowing rate, as calculated in accordance with those terms, would have been 2.02 percent at December 31, 2002. The Company also has \$600.0 million available under a universal shelf registration statement filed in 2001 with the Securities and Exchange Commission for the issuance of equity and/or debt securities.

The Company announced in 2001 that, beginning in 2002, it would convert to an annual dividend rather than pay dividends quarterly to reduce administrative costs. Future dividends, declared at the discretion of the Board of Directors, will be paid in December. A dividend of \$0.50 per share was declared in October and paid in December of 2002.

During 2002, the Company received \$40.3 million from stock options exercised compared with \$9.8 million and \$3.2 million in 2001 and 2000, respectively. No stock repurchases occurred during 2002 and 2001. For the year ended December 31, 2000, the Company spent \$87.1 million, to repurchase 4.7 million shares of stock under two repurchase programs. On February 8, 2000, the Company announced a program to repurchase \$100 million of its common stock from time to time in the open market or through privately negotiated transactions. During the first half of 2000, the Company repurchased 4.6 million shares of its common stock for \$84.7 million in open market transactions under this program. The Company also has a program, which was initiated in 1997, to systematically repurchase 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. Under this program, the Company repurchased 0.1 million shares for \$2.4 million in 2000. A total of 2.7 million additional shares may be repurchased under this program.

The adverse conditions in the equity markets, along with the low interest rate environment, have had an unfavorable impact on the funded status of the Company's domestic qualified defined benefit pension plans. While there was no legal requirement under the Employee Retirement Income Security Act (ERISA) to contribute to these plans in 2002, the Company contributed \$45.0 million in cash to the qualified pension plans and funded \$8.3 million to cover benefit payments in the unfunded nonqualified pension plan. Additional contributions may be made to pension plans in 2003 to achieve the Company's funding objectives.

The Company established a joint venture in 2002 with Transamerica Distribution Finance to provide financial products and services to customers of the Company's domestic marine businesses. The venture, Brunswick Acceptance Company, LLC (BAC), will provide secured wholesale floor-plan financing to the Company's boat dealers and may provide other financial services in support of the Company's marine businesses. In addition, the parties contemplate that BAC will purchase and service a portion of Mercury Marine's domestic accounts receivable for its boatbuilder customers. The Company owns a 15 percent interest in the joint venture initially, but will increase its ownership to 49 percent by July 15, 2003. BAC became operational in January 2003. The Company expects to receive approximately \$60 to \$85 million resulting from the initial sale of select Mercury Marine domestic receivables in mid-2003 and intends to contribute approximately \$30 million to fund its share of BAC's equity requirements in 2003. See NOTE 19, FINANCIAL SERVICES, in the Notes to Consolidated Financial Statements.

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

LEGAL PROCEEDINGS

The Company accrues for litigation exposure based upon its assessment, made in consultation with counsel, of the likely range of exposure stemming from the claim. In light of existing reserves, the Company's litigation claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position. If current estimates for the cost of resolving any claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required.

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On April 18, 2002, the Company, in cooperation with the United States Consumer Products Safety Commission (CPSC), announced a recall of approximately 103,000 bicycles that were sold by the Company's former bicycle division. The bicycles had been equipped with suspension forks that were purchased from a third party supplier. Some of the forks were found to have been defectively manufactured and were involved in approximately 55 reported incidents. The 2002 recall was an expansion of a prior recall involving the suspension forks, and allows consumers who purchased bicycles with an affected fork to return the fork in exchange for \$65 or a replacement bicycle. In addition to the costs of administering the recall, the Company anticipates that it will incur additional costs to resolve litigation stemming from the sale of the bike forks, and faces a potential fine from the CPSC based on inadvertent delays in reporting several of the incidents involving the forks. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

On April 22, 2002, a federal court in Seattle lifted a stay in a lawsuit filed against Life Fitness by Precor Incorporated (Precor). The suit, which alleges that certain of Life Fitness' cross trainer exercise machines infringe Precor's Miller '829 patent, was stayed by the court pending reexamination of the patent by the U.S. Patent and Trademark Office (PTO). The PTO issued a modified Miller '829 patent to Precor on March 5, 2002, which led to the lifting of the stay. Trial is scheduled for July 14, 2003. This matter was initiated in January 2000 and seeks monetary damages and injunctive relief. The Company does not believe that its machines infringe the patent, as modified, but is unable to predict the outcome of this matter.

In a separate lawsuit between the Company and Precor, a federal court in Seattle awarded Precor approximately \$230,000 in attorneys' fees on June 14, 2002. The award was reduced from \$5.3 million in light of an appellate court ruling in the case. This matter was originally filed in 1994 and sought monetary damages and injunctive relief. The Company believes that this matter has been finally concluded.

During the fourth quarter of 2002, the Company settled a patent infringement lawsuit filed against it by CCS Fitness, Inc. (CCS). CCS had alleged that a front-drive cross trainer manufactured by Life Fitness infringed a patent held by CCS. This matter was initiated in 1998 and sought monetary damages and injunctive relief. In light of the settlement, the matter was dismissed with prejudice.

On May 30, 2002, Leiserv, Inc. (Leiserv), a Company subsidiary operated by the Bowling & Billiards segment, was sued in the Circuit Court of St. Louis County, Missouri, for alleged violations of the federal Telephone Consumer Protection Act. The lawsuit was brought as a putative class action seeking monetary damages on behalf of all people and entities within two area codes in the St. Louis area who allegedly received unsolicited faxes from a service provider retained by Leiserv. Because this case remains in the early stages of litigation and raises legal issues that have not yet been fully resolved by the courts, the Company is unable to predict the outcome of this matter.

On December 3, 2002, the United States Supreme Court reversed an Illinois Supreme Court decision that had been entered in the Company's favor in *Sprietsma vs. Mercury Marine*, a "propeller guard" case. In its decision, the U.S. Supreme Court rejected one of the defenses the Company had successfully asserted in *Sprietsma* and other cases based on federal preemption of state law. The case, which was initiated in July 1996 and sought monetary damages, was remanded to the Illinois court for further consideration. The Company believes that it has a number of other valid defenses to the claims asserted in *Sprietsma*, and does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company has been named in a number of asbestos-related lawsuits, the majority of which involve Vapor Corporation, a former subsidiary which the Company divested in 1990. Virtually all of the asbestos suits against the Company involve numerous other defendants. The claims generally allege that the Company sold products that contained components, such as gaskets, that included asbestos, and seek monetary damages from the Company. Neither the Company nor Vapor is alleged to have manufactured asbestos. The Company's insurers have settled a number of asbestos claims for nominal amounts, while a number of other claims have been dismissed. No suit has yet gone to trial. The Company does not believe that the resolution of these lawsuits will have a material adverse effect on the Company's consolidated financial position or results of operations.

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In 1999, the United States Tax Court upheld an Internal Revenue Service (IRS) determination that resulted in the disallowance of capital losses and other expenses from two partnership investments for 1990 and 1991. In 2000, the Company appealed the Tax Court ruling to the United States Court of Appeals for the District of Columbia and posted a \$79.8 million surety bond to secure payment of tax deficiencies plus accrued interest related to the appeal. In late 2001, the Court of Appeals rendered a decision vacating the Tax Court's opinion and remanded the case to the Tax Court for reconsideration. In February 2003, the Tax Court on remand ruled that the Company did not have a non-tax business purpose for forming the two partnerships and that they were therefore not valid for tax purposes. The Company will appeal this decision to the United States Court of Appeals for the District of Columbia. If, on appeal, the Company does not prevail, the Company will owe approximately \$135 million, consisting of \$60 million in taxes due plus \$75 million of interest, net of tax. The Company has previously settled a number of other issues with the IRS on open tax years 1989 through 1994 and anticipates favorable adjustments that would reduce the liability associated with the two partnership investments to approximately \$53 million, consisting of \$27 million in taxes due and \$26 million in interest, net of tax. The Company has established an adequate reserve for this contingency and does not anticipate any material adverse effects on its consolidated financial position or results of operations in the event of an unfavorable resolution of this matter. No penalties have been asserted by the IRS to date, and the Company has not provided for any penalties or interest on such penalties.

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

In its Marine Engine segment, the Company will continue to develop engine technologies to reduce engine emissions to comply with present and future emissions requirements. The costs associated with these activities and the introduction of low-emission engines will have an adverse effect on Marine Engine segment operating margins and may affect short-term operating results. The Boat segment continues to pursue fiberglass boat manufacturing technologies and techniques to reduce air emissions at its boat manufacturing facilities.

The Company does not believe that compliance with federal, state and local environmental laws will have a material adverse effect on the Company's competitive position. See NOTE 7, COMMITMENTS AND CONTINGENCIES, in the Notes to Consolidated Financial Statements, for disclosure of the potential cash requirements of environmental proceedings.

ENGINE EMISSION REGULATIONS

U.S. Environmental Protection Agency (EPA) regulations 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 modifying automotive two-stroke direct fuel injection technology for marine use and substituting certain two-stroke engines with four-stroke engines.

Both of these technologies yield emission reductions of 80 percent or better. The California Air Resources Board (CARB) voted to adopt regulations more stringent than the EPA regulations. These regulations accelerated the applicability of the EPA targeted emissions reductions from 2006 to 2001. This affected new engines sold in California beginning with the model year 2001, with further emission reductions scheduled in 2004 and 2008. The Company met the 2001 requirements and 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. The Company expects the amount of low-emission engine sales as a percentage of total Marine Engine segment sales to continue to increase and anticipates that it will continue to invest in development of low-emission engine technologies.

EFFECTS OF THREATENED EUROPEAN COMMUNITIES TARIFF INCREASES

On April 19, 2002, the Commission of the European Communities announced its intention to increase tariffs on certain U.S. exports to the countries comprising the European Communities (EC), including many categories of recreational boats. The proposed EC tariff increase was announced in response to increases by the United States on certain steel tariffs. If the EC tariffs become effective, a substantial portion of the Company's boats imported into the EC could be subject to an additional duty of up to 30 percent. The proposed tariffs are scheduled to become effective on March 20, 2005, or five days following a ruling from the World Trade Organization (WTO) that the U.S. steel tariffs are incompatible with WTO standards, whichever is sooner. A ruling from the WTO is expected during 2003, but the Company is unable to predict what that ruling will be. Although it is not possible to determine the likely effects of the EC proposal, the Company is carefully monitoring developments concerning this matter and will continue to evaluate potential strategies for mitigating any adverse effects of the proposed tariffs. The Company's sales of U.S. produced boats into the EC during 2002 totaled approximately \$50 million.

EURO CONVERSION

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies (legacy currencies) and one new common currency - the Euro. Beginning in January 2002, new Euro-denominated bills and coins were issued. The costs to prepare for this conversion, including the costs to adapt information systems, were not material to the Company's results of operations, financial position or cash flows.

CRITICAL ACCOUNTING POLICIES

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amount of reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results may differ from those estimates. The Company discussed the development and selection of the critical accounting policies with the audit committee of the board of directors and believes the following are the most critical accounting policies that could have an effect on the Company's reported results.

Revenue Recognition and Sales Incentives. The Company's revenue is derived primarily from product sales. Revenue is recognized in accordance with the terms of the sale, primarily upon shipment to customers, once the sales price is fixed or determinable, and collectibility is reasonably assured. The Company offers discounts and sales incentives that include retail promotional activities, rebates and manufacturer coupons. The estimated liability for sales incentives is recorded at the later of when the program has been communicated to the customer or at the time of sale in accordance with Emerging Issues Task Force (EITF) No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of a Vendor's Products)." The liability is estimated based on the costs for the incentive program, the planned duration of the program and historical experience. If actual costs are different from estimated costs, the liability could be affected.

Allowances for Doubtful Accounts. The Company records an allowance for uncollectible receivables based upon past transaction history with customers, customer payment practices and economic conditions. Actual collection experience

may differ from the current estimate of net receivables. A change to the allowance for uncollectible amounts may be required if a future event or other change in circumstances results in a change in the estimate of the ultimate collectibility of a specific account.

Reserve for Excess and Obsolete Inventories. The Company records a reserve for excess and obsolete inventories in order to ensure inventories are carried at the lower of cost or fair market value. Fair market value can be affected by assumptions about market demand, market conditions, historical usage rates, model changes and new product introductions. If model changes or new product introductions create less than favorable market conditions, the reserve for excess and obsolete inventories may need to increase. Refer to

NOTE 1, SIGNIFICANT ACCOUNTING POLICIES, in the Notes to Consolidated Financial Statements for further discussion on the basis of accounting for inventories.

Litigation. The Company accrues for litigation exposure based upon its assessment, made in consultation with counsel, of the likely range of exposure stemming from the claim. In light of existing reserves, the Company's litigation claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position. If current estimates for the cost of resolving any claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required. The Company estimates a range of losses when the amount and range of loss can be estimated. In the event that no amount within the range is a better estimate, the Company records at least the minimum amount in the range. The Company records a loss when it is probable that a loss has been incurred and the loss can be reasonably estimated.

Warranty Reserves. The Company records a liability for standard product warranties at the time revenue is recognized. The liability is estimated using historical warranty experience, projected claim rates and expected costs per claim. If necessary, the Company adjusts its liability for specific warranty matters when they become known and are reasonably estimable. The Company's warranty reserves are affected by product failure rates and material usage and labor costs incurred in correcting a product failure. If these estimated costs differ from actual product failure rates, and actual material usage and labor costs, a revision to the warranty reserve would be required. Refer to NOTE 7, COMMITMENTS AND CONTINGENCIES, in the Notes to Consolidated Financial Statements for additional information.

Self-Insurance Reserves. The Company records a liability for self-insurance obligations, which include employee-related health care benefits and claims for workers' compensation, product liability, general liability and auto liability. The liability is estimated based on claims incurred as of the date of the financial statements. In estimating the obligations associated with self-insurance reserves, the Company primarily uses loss development factors based on historical claim experience. These loss development factors are used to estimate ultimate losses on incurred claims. Actual costs associated with a specific claim can vary from an earlier estimate. If the facts were to change, the liability recorded for expected costs associated with a specific claim may need to be revised.

Pension and Postretirement Benefit Reserves. Pension, postretirement and postemployment costs and obligations are actuarially determined and are affected by assumptions including the discount rate, the estimated future return on plan assets, the annual rate of increase in compensation for plan employees, the increase in costs of health care benefits and other factors. The Company evaluates assumptions used on a periodic basis and makes adjustments to these liabilities as necessary.

The Company utilizes the Moody's Aa long-term corporate bond yield as a basis for determining the discount rate with a yield adjustment made for the longer duration of the Company's obligations. As a result of the decline in Moody's Aa long-term corporate bond yield and the overall declining interest rate environment, the Company lowered its discount rate assumption used to determine pension obligations from 7.25 percent to 6.75 percent at December 31, 2001 and 2002, respectively. The Company evaluates its assumption regarding the estimated long-term rate of return on plan assets based on the historical experience and future expectations on investment returns. The Company chooses a rate of return on plan assets that it believes is an appropriate long-term

average return. The expected return on plan assets takes into account estimated future investment returns for various asset classes held in the plans' portfolio. The Company lowered its investment return assumptions in determining pension cost to 9.0 percent in 2002 compared with 9.5 percent in 2001 and 2000. As a result of the lower discount rate, the reduced return on plan assets and the increased unrecognized actuarial losses in 2002, pension expense is expected to increase to approximately \$44 million in 2003, from \$22.0 million in 2002 and \$9.7 million in 2001.

Under current accounting guidelines, if individual pension plans are underfunded on an accumulated benefit obligation basis, the shortfall in assets is required to be recorded as an additional minimum liability. In recognizing an additional minimum liability, an intangible asset equal to the unrecognized prior service cost is recorded with the excess reported in common shareholders' equity, net of tax. In 2002, the Company recorded a non-cash reduction in equity of \$115.7 million, net of tax. If equity market returns do not improve in 2003

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and if interest rates remain at current levels, the Company could be required to record an additional non-cash reduction in equity.

Pension, postretirement and postemployment benefit reserves are determined in accordance with SFAS No. 87, "Employers' Accounting for Pensions," SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 112, "Employers' Accounting for Postemployment Benefits," respectively. Refer to NOTE 13, PENSION AND OTHER POSTRETIREMENT BENEFITS, in the Notes to Consolidated Financial Statements for additional information regarding the assumptions used and for changes in the accrued benefit.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes both SFAS No. 121 and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that Opinion). The adoption of SFAS No. 144 did not have a material impact on the financial statements.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The statement is effective for exit or disposal activities initiated after December 31, 2002. The Company believes the adoption of SFAS No. 146 will not have a material impact on the financial statements.

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others - An Interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34." This interpretation clarifies the requirements for a guarantor's accounting for and disclosures of certain guarantees issued and outstanding. FIN 45 also clarifies the requirements related to the recognition of a liability by a guarantor at the inception of a guarantee. FIN 45 is effective for guarantees entered into or modified after December 31, 2002. The Company has not determined the impact FIN 45 will have on the financial statements.

In January 2003, the FASB issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities - An Interpretation of Accounting Research Bulletin (ARB) No. 51." This interpretation clarifies how to identify variable interest entities and how the Company should assess its interests in a variable interest entity to decide whether to consolidate the entity. FIN 46 applies to variable interest entities created after January 31, 2003, in which the Company obtains an interest after that date. Also, FIN 46 applies in the first fiscal quarter or interim period beginning after June 15, 2003, to variable interest entities in which the Company holds a variable interest that it acquired before February 1, 2003. The Company has not determined the impact FIN 46 will have on the financial statements.

SUBSEQUENT EVENTS

In January 2003, the Company purchased a 36 percent equity interest in Bella-Veneet OY (Bella), a boat manufacturer located in Finland. The Company will account for this investment using the equity method and will have the option to acquire the remaining equity interest of Bella in 2007.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this Annual Report may include words such as "expect," "anticipate," "believe," "may," "should," "could," or "estimate." These statements involve certain

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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:

- - General economic conditions, a weakened stock market and consumer confidence, and resultant demand for the Company's products, particularly in the United States and Europe:

Like many companies, the Company's revenues have been, and continue to be, affected by weak domestic and international market conditions and the fluctuating stock market. The threat of war in the Middle East and other global political events may adversely affect consumer confidence during 2003 and beyond. The Company's future results may continue to suffer if general economic conditions do not improve.

- - The effect of interest rates and fuel prices on demand for marine products:
The Company's marine products, particularly boats, are often financed, and higher interest rates can retard demand for these products. The Company's marine businesses are somewhat fuel-cost-sensitive, and higher fuel costs can also hurt demand.
- - Adverse weather conditions retarding sales of marine products:
Sales of the Company's marine products are generally more robust just before and during spring and summer, and favorable weather during these months tends to have a positive effect on consumer demand. Conversely, poor weather conditions during these periods can retard demand.
- - Shifts in currency exchange rates:
The Company manufactures its products predominately in the United States, though international manufacturing and sourcing are increasing. A strong U.S. dollar can make the Company's products less price-competitive relative to locally produced products in international markets. The Company is focusing on international manufacturing and global sourcing in part to offset this risk.
- - Competitive pricing pressures:
Across all of the Company's product lines, introduction of lower-cost alternatives by other companies can hurt the Company's competitive position. The Company's efforts toward cost-containment, commitment to quality products, and excellence in operational effectiveness and customer service are designed in part to offset this risk.
- - Inventory adjustments by the Company, its major dealers, retailers and independent boatbuilders:
The Company's inventory reduction efforts have focused on reducing production, which results in lower rates of absorption of fixed costs and thus lower margins. In addition, as the Company's dealers and retailers, as well as independent boatbuilders who purchase the Company's marine engine products, adjust their inventories downward, wholesale demand for the Company's products diminishes. Inventory reduction can hurt the Company's short-term results of operations and limit the Company's ability to meet increased demand when the U.S. economy recovers.
- - Financial difficulties experienced by dealers and independent boatbuilders:
The U.S. economic downturn has adversely affected some of the Company's

dealers. As the main distribution channel for the Company's products, dealer health is critical to the Company's continued success. In addition, a substantial portion of the Company's engine sales are made to independent boatbuilders. As a result, the Company's financial results can be influenced by the availability of capital and the financial health of these independent boatbuilders.

- - The ability to maintain effective distribution:
The Company sells the majority of its products through third parties such as dealers, retailers and distributors. Maintaining good relationships with superior distribution partners, and establishing new distribution channels where appropriate, is critical to the Company's continued success.
- - The Company's ability to complete environmental remediation efforts and resolve claims and litigation at the cost estimated:
As discussed in PART I, ITEM 3 above, the Company is subject to claims and litigation in the ordinary course of operations. These claims include several environmental proceedings, some of which involve

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costly remediation efforts over extended periods of time, as well as certain litigation matters which if not resolved in the Company's favor, could require significant expenditures by the Company. The Company believes that it is adequately reserved for these obligations, but significant increases in the anticipated costs associated with these matters could hurt the Company's results of operations in the period or periods in which additional reserves or outlays are deemed necessary.

- - The Company's ability to develop product technologies which comply with regulatory requirements:
As discussed in PART I, ITEM 3 above, the Company's Marine Engine segment is subject to emissions standards that require ongoing efforts to bring the Company's engine products in line with regulatory requirements. The Company believes that these efforts are on track and will be successful, but unforeseen delays in these efforts could have an adverse effect on the Company's results of operations.
- - The success of marketing and cost-management programs and the Company's ability to develop and produce competitive new products and technologies:
The Company is constantly subject to competitive pressures. The Company's continuing ability to respond to these pressures, particularly through cost-containment initiatives, marketing strategies, and the introduction of new products and technologies, is critical to the Company's continued success.
- - The ability to maintain product quality and service standards expected by the Company's customers:
The Company's consumers demand high quality products and excellent customer service. The Company's ability to meet these demands through continuous quality improvement across all of its businesses will significantly impact the Company's future results.
- - The Company's ability to maintain market share and volume in key high-margin product lines, particularly in its marine engine segment:
The Company derives a significant portion of its earnings from sales of higher-margin products, especially in its marine engine business. Changes in sales mix to lower-margin products, including low-emission engines, as well as increased competition in these product lines, could adversely impact the Company's future operating results. The Company is focusing on cost-containment efforts, new product development and global sourcing initiatives, as well as operational improvements, to offset this risk.
- - The ability to successfully integrate acquisitions:
The Company has acquired several new businesses since 2000 and intends to continue to acquire additional businesses to complement its existing portfolio. The Company's success in effectively integrating these operations, including their financial, operational and distribution practices and systems, will affect the contribution of these businesses to the Company's consolidated results.

- - Adverse foreign economic conditions:
As the Company continues to focus on international growth, it will become increasingly vulnerable to the effects of political instability, economic conditions and war in key world regions.
- - The effect of weak financial markets on pension expense and funding levels:
The Company has made, and will continue to make as necessary, contributions to meet its pension funding obligations. The Company's pension expense is affected by the performance of financial markets where pension assets are invested. These costs will continue to increase if the performance of financial markets weaken further.
- - The success of global sourcing and supply chain management initiatives:
The Company has launched a number of initiatives to strengthen its sourcing and supply chain management activities. The success of these initiatives will play a critical role in the Company's continuing ability to reduce costs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The Company 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 Euro, Canadian dollar, Japanese yen, British pound and Australian dollar. Hedging of anticipated transactions is accomplished with financial instruments as the maturity date of the instrument, along with the realized gain or loss, occurs on or near the execution of the anticipated transaction. 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.

The Company uses interest rate swap agreements to mitigate the effect that changes in interest rates have on the fair market value of the Company's debt and to lower the Company's borrowing costs. The Company's net exposure to interest rate risk is primarily attributable to fixed-rate debt 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. In the fourth quarter of 2002, the Company deferred a realized gain of \$12.2 million on the termination of interest rate swaps in advance of their scheduled termination date. The deferred gain will be amortized through 2006 based upon the underlying debt, in effect decreasing interest expense associated with the Company's borrowings.

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 one-day reduction in pre-tax 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, interest rate swap agreements and commodity swap agreements.

The amounts shown below represent the estimated reduction in fair market value that the Company could incur on its derivative financial instruments from adverse changes in foreign exchange rates, interest rates or commodity prices using the VAR estimation model. The VAR model uses the Monte Carlo simulation 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.

<Table>

<Caption>

RISK CATEGORY	AMOUNT			CONFIDENCE LEVEL
	IN	TIME	MILLIONS PERIOD	
<S>	<C>	<C>	<C>	
Foreign exchange.....	\$0.9	1 day	95%	
Interest rates.....	\$5.0	1 day	95%	
Commodity prices.....	\$0.4	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 foreign currency exchange rates, interest 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, as actual results may differ significantly depending upon activity in global financial markets.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to the Index to Financial Statements and Financial Statement Schedule for the required information.

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

On March 13, 2002, the Company terminated the engagement of Arthur Andersen LLP (Arthur Andersen) as its independent auditor. The decision to terminate the engagement of Arthur Andersen was recommended by the Company's Audit and Finance Committee (now Audit Committee) and approved by its Board of Directors. Arthur Andersen's report on the financial statements of the Company for each of the years ended December 31, 2000, and December 31, 2001, did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2000, and December 31, 2001, and the interim period between December 31, 2001, and March 13, 2002, there were no disagreements between the Company and Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Arthur Andersen, would have caused it to make reference to the subject matter of the disagreements in connection with its report. During the years ended December 31, 2000, and December 31, 2001, and the interim period between December 31, 2001, and March 13, 2002, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K promulgated by the Securities and Exchange Commission). A letter from Arthur Andersen was attached as Exhibit 16.1 to a Report on Form 8-K filed by the Company on March 15, 2002.

The Company engaged Ernst & Young LLP (Ernst & Young) as its new independent auditor effective March 14, 2002. The engagement of Ernst & Young was recommended by the Company's Audit and Finance Committee (now Audit Committee) and approved by its Board of Directors. During the years ended December 31, 2000, and December 31, 2001, and the interim period between December 31, 2001, and March 13, 2002, the Company did not consult with Ernst & Young regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, (ii) the type of audit opinion that might be rendered on the Company's financial statements or (iii) any matter that was either the subject of a disagreement (as described above) or a reportable event.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to the directors of the Company and Section 16(a) Beneficial Ownership Reporting Compliance will be set forth in the Company's

definitive Proxy Statement for the Annual Meeting of Shareholders to be held on April 30, 2003 (the Proxy Statement). All of the foregoing information is hereby incorporated by reference. The Company's executive officers are listed herein on pages 13 to 14.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to executive compensation will be set forth in the Proxy Statement and is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

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 will be set forth in the Proxy Statement, and such information is hereby incorporated by reference.

Information required with respect to the securities authorized for issuance under the Company's equity compensation plans, including plans that have previously been approved by the Company's stockholders and plans that have not previously been approved by the Company's stockholders, will be set forth in the Proxy Statement, and such information is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to certain relationships and related transactions will be set forth in the Proxy Statement and is hereby incorporated by reference.

ITEM 14. CONTROLS AND PROCEDURES

The Chairman and Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively) have evaluated the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)) as of a date within 90 days of the date of the filing of this Report on Form 10-K. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information required to be included in the Company's periodic SEC filings relating to the Company (including its consolidated subsidiaries). There were no significant changes in the Company's internal controls, or in other factors that could significantly affect these controls, subsequent to the date of such evaluation.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) 1. The financial statements listed in the accompanying Index to Financial Statements and Financial Statement Schedule are filed as part of this report on pages 43 to 81.
2. The financial statement schedule listed in the accompanying Index to Financial Statements and Financial Statement Schedule is filed as part of this report on page 81.
3. The exhibits listed in the accompanying Index to Exhibits are filed as part of the 10-K unless noted otherwise.
4. All other schedules are omitted because they are not required or are not applicable, or the required information is shown in the Consolidated Financial Statements or notes thereto.

(b) Reports on Form 8-K

None.

(c) Exhibits

See Exhibit Index on pages 82 to 84.

(d) Financial Statement Schedule

See Index to Financial Statements and Financial Statement Schedule on page 42.

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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.

<Table>

<S>

<C>

BRUNSWICK CORPORATION

By: /s/ VICTORIA J. REICH

By: /s/ PETER G. LEEMPUTTE

Victoria J. Reich

Peter G. Leemputte

Senior Vice President and Chief Financial Officer

Vice President and Controller

</Table>

March 11, 2003

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATE INDICATED.

<Table>

<Caption>

SIGNATURE

TITLE

<S>

<C>

GEORGE W. BUCKLEY

Chairman and Chief Executive Officer
(Principal Executive Officer) and Director

VICTORIA J. REICH

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

PETER G. LEEMPUTTE

Vice President and Controller (Principal Accounting Officer)

NOLAN D. ARCHIBALD

Director

DORRIT J. BERN

Director

JEFFREY L. BLEUSTEIN

Director

MICHAEL J. CALLAHAN

Director

MANUEL A. FERNANDEZ

Director

PETER B. HAMILTON

Vice Chairman and President--
Brunswick Bowling & Billiards and Director

PETER HARF

Director

JAY W. LORSCH

Director

BETTYE MARTIN MUSHAM

Director

GRAHAM H. PHILLIPS

Director

ROBERT L. RYAN

Director

ROGER W. SCHIPKE

Director

Peter G. Leemputte, 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 his 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.

By: /s/ PETER G. LEEMPUTTE

Peter G. Leemputte
Vice President and Controller

March 11, 2003

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CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, George W. Buckley, certify that:

1. I have reviewed this annual report on Form 10-K of Brunswick Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with

regard to significant deficiencies and material weaknesses.

Date: March 11, 2003

/s/ GEORGE W. BUCKLEY

George W. Buckley
Chief Executive Officer

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CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Victoria J. Reich, certify that:

1. I have reviewed this annual report on Form 10-K of Brunswick Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 11, 2003

/s/ VICTORIA J. REICH

Victoria J. Reich
Chief Financial Officer

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

BRUNSWICK CORPORATION

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Report of Independent Public Accountants.....	45
Consolidated Statements of Income for the Years Ended December 31, 2002, 2001 and 2000.....	46
Consolidated Balance Sheets at December 31, 2002 and 2001...	47
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Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2002, 2001 and 2000.....	50
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BRUNSWICK CORPORATION
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 accounting principles generally accepted in the United States 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 Committee of the Board of Directors, comprised entirely of independent directors, meets regularly with the independent public accountants, management and internal auditors to review accounting, reporting, internal control and other financial matters. The Committee regularly meets with both the internal and external auditors without members of management present.

<Table>

<S>	<C>
/s/ GEORGE W. BUCKLEY	/s/ VICTORIA J. REICH
-----	-----
George W. Buckley	Victoria J. Reich
Chairman and Chief Executive Officer	Senior Vice President and Chief Financial Officer

</Table>

January 28, 2003

BRUNSWICK CORPORATION
REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
Brunswick Corporation

We have audited the accompanying consolidated balance sheet of Brunswick Corporation as of December 31, 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended. Our audit

also included the financial statement schedule for the year ended December 31, 2002, listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit. The financial statements and schedule of Brunswick Corporation as of December 31, 2001 and for each of the two years in the period ended December 31, 2001 were audited by other auditors who have ceased operations and whose report dated January 28, 2002 expressed an unqualified opinion on those statements before the disclosure and restatement adjustments described in Notes 1 and 3, respectively.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Brunswick Corporation at December 31, 2002, and the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As described in Note 1 to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill and other intangible assets to conform with FASB Statement No. 142, Goodwill and Other Intangible Assets.

As discussed above, the financial statements of Brunswick Corporation as of December 31, 2001, and for each of the two years in the period ended December 31, 2001, were audited by other auditors who have ceased operations. As described in Note 1, these financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards (Statement) No. 142, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 3 with respect to 2001 and 2000 included (a) agreeing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings-per-share amounts. Also, as described in Note 3, the Company changed the composition of its reportable segments in 2002, and the amounts in the 2001 and 2000 financial statements relating to reportable segments have been restated to conform to the 2002 composition of reportable segments. We audited the adjustments that were applied to restate the disclosures for reportable segments reflected in the 2001 and 2000 financial statements. Our procedures included (a) agreeing the adjusted amounts of segment revenues, operating income and assets to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliations of segment amounts to the consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 financial statements of the Company other than with respect to such disclosures and adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

CHICAGO, ILLINOIS
January 28, 2003

PREVIOUSLY ISSUED ARTHUR ANDERSEN REPORT IS PURSUANT TO THE "TEMPORARY FINAL RULE AND FINAL RULE REQUIREMENTS FOR ARTHUR ANDERSEN LLP AUDITING CLIENTS," ISSUED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION IN MARCH 2002. NOTE THAT THIS PREVIOUSLY ISSUED ARTHUR ANDERSEN REPORT INCLUDES REFERENCES TO CERTAIN FISCAL YEARS THAT ARE NOT REQUIRED TO BE PRESENTED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000. THIS AUDIT REPORT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN IN CONNECTION WITH THIS FILING ON FORM 10-K.

BRUNSWICK CORPORATION
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, 2001 and 2000, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 2001. 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 auditing standards generally accepted in the United States. 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, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As explained in Note 1 to the financial statements, effective January 1, 2001, the Company changed its method of accounting for certain derivatives instruments and certain hedging activities to conform with Statement of Financial Accounting Standards Nos. 133/138. As a result of the adoption, the Company recorded a \$2.9 million (after tax) loss as a cumulative effect of a change in accounting principle.

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

/s/ ARTHUR ANDERSEN LLP

CHICAGO, ILLINOIS
JANUARY 28, 2002

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BRUNSWICK CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

<Table>
<Caption>

FOR THE YEARS ENDED DECEMBER 31

2002 2001 2000
---- ---- ----
(IN MILLIONS, EXCEPT PER SHARE DATA)

<u><S></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>
NET SALES.....	\$3,711.9	\$3,370.8	\$3,811.9		
Cost of sales.....	2,852.0	2,587.4	2,723.3		
Selling, general and administrative expense.....		560.5	496.4	534.2	
Research and development expense.....		102.8	95.9	102.2	
Unusual charges.....	--	--	55.1		
	-----	-----	-----		
OPERATING EARNINGS.....		196.6	191.1	397.1	
Interest expense.....	(43.3)	(52.9)	(67.6)		
Other income (expense).....	8.3	(6.0)	(6.2)		
	-----	-----	-----		
EARNINGS BEFORE INCOME TAXES.....		161.6	132.2	323.3	
Income tax provision.....	58.1	47.5	121.1		
	-----	-----	-----		
EARNINGS FROM CONTINUING OPERATIONS.....		103.5	84.7	202.2	
Loss from discontinued operations, net of tax.....	--	--	(68.4)		
Loss from disposal of discontinued operations, net of tax...	--	--	(229.6)		
Cumulative effect of change in accounting principle, net of tax.....	(25.1)	(2.9)	--		
	-----	-----	-----		
NET EARNINGS (LOSS).....	\$ 78.4	\$ 81.8	\$ (95.8)		
	=====	=====	=====		
BASIC EARNINGS (LOSS) PER COMMON SHARE:					
Earnings from continuing operations.....	\$ 1.15	\$ 0.96	\$ 2.28		
Loss from discontinued operations.....	--	--	(0.77)		
Loss from disposal of discontinued operations.....	--	--	(2.59)		
Cumulative effect of change in accounting principle.....	(0.28)	(0.03)	--		
	-----	-----	-----		
Net earnings (loss).....	\$ 0.87	\$ 0.93	\$ (1.08)		
	=====	=====	=====		
DILUTED EARNINGS (LOSS) PER COMMON SHARE:					
Earnings from continuing operations.....	\$ 1.14	\$ 0.96	\$ 2.28		
Loss from discontinued operations.....	--	--	(0.77)		
Loss from disposal of discontinued operations.....	--	--	(2.59)		
Cumulative effect of change in accounting principle.....	(0.28)	(0.03)	--		
	-----	-----	-----		
Net earnings (loss).....	\$ 0.86	\$ 0.93	\$ (1.08)		
	=====	=====	=====		
AVERAGE SHARES USED FOR COMPUTATION OF:					
Basic earnings per share.....	90.0	87.8	88.7		
Diluted earnings per share.....	90.7	88.1	88.7		
CASH DIVIDENDS DECLARED PER COMMON SHARE.....	\$ 0.50	\$ 0.50	\$ 0.50		

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

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BRUNSWICK CORPORATION
CONSOLIDATED BALANCE SHEETS

<Table>
<Caption>

AS OF DECEMBER 31

2002 2001

(DOLLARS IN MILLIONS,
EXCEPT PER SHARE DATA)

<u><S></u>	<u><C></u>	<u><C></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, at cost, which approximates market.....	\$ 351.4	\$ 108.5
Accounts and notes receivable, less allowances of \$31.8 and \$26.1.....	401.4	361.9
Inventories		
Finished goods.....	272.5	317.2
Work-in-process.....	201.6	180.9
Raw materials.....	72.8	59.3
	-----	-----
Net inventories.....	546.9	557.4
	-----	-----

Prepaid income taxes.....	305.1	307.5	
Prepaid expenses.....	49.5	38.9	
Income tax refunds receivable.....	5.9	26.7	
	-----	-----	
CURRENT ASSETS.....	1,660.2	1,400.9	
	-----	-----	
PROPERTY			
Land.....	68.3	68.4	
Buildings and improvements.....	478.2	460.0	
Equipment.....	998.2	964.8	
	-----	-----	
Total land, buildings and improvements and equipment.....	1,544.7	1,493.2	
Accumulated depreciation.....	(871.0)	(803.8)	
	-----	-----	
Net land, buildings and improvements and equipment...	673.7	689.4	
Unamortized product tooling costs.....	119.0	116.2	
	-----	-----	
NET PROPERTY.....	792.7	805.6	
	-----	-----	
OTHER ASSETS			
Goodwill.....	452.8	474.4	
Other intangibles.....	117.5	128.9	
Investments.....	95.4	80.4	
Other long-term assets.....	288.5	267.3	
	-----	-----	
OTHER ASSETS.....	954.2	951.0	
	-----	-----	
TOTAL ASSETS.....	\$3,407.1	\$3,157.5	
	=====	=====	

</Table>

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

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BRUNSWICK CORPORATION

CONSOLIDATED BALANCE SHEETS

<Table>

<Caption>

	AS OF DECEMBER 31	
	2002	2001
	-----	-----
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)	
	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt, including current maturities of long term debt.....	\$ 28.9	\$ 40.0
Accounts payable.....	291.2	214.5
Accrued expenses.....	685.5	648.2
	-----	-----
CURRENT LIABILITIES.....	1,005.6	902.7
	-----	-----
LONG-TERM DEBT		
Notes, mortgages and debentures.....	589.5	600.2
	-----	-----
DEFERRED ITEMS		
Income taxes.....	144.1	185.2
Postretirement and postemployment benefits.....	399.3	216.1
Other.....	166.8	142.4
	-----	-----
DEFERRED ITEMS.....	710.2	543.7
	-----	-----
COMMON SHAREHOLDERS' EQUITY		
Common stock; authorized: 200,000,000 shares, \$0.75 par value; issued: 102,538,000 shares.....	76.9	76.9
Additional paid-in capital.....	308.9	316.2

Retained earnings.....	1,112.7	1,079.4
Treasury stock, at cost:		
12,377,000 and 14,739,000 shares.....	(228.7)	(289.8)
Unamortized ESOP expense and other.....	(22.2)	(27.1)
Accumulated other comprehensive loss:		
Foreign currency translation.....	(9.9)	(20.0)
Minimum pension liability.....	(136.5)	(20.8)
Unrealized investment gains (losses).....	2.7	(1.7)
Unrealized losses on derivatives.....	(2.1)	(2.2)
	-----	-----
Total accumulated other comprehensive loss.....	(145.8)	(44.7)
	-----	-----
COMMON SHAREHOLDERS' EQUITY.....	1,101.8	1,110.9
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$3,407.1	\$3,157.5
	=====	=====

</Table>

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

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BRUNSWICK CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

<Table>
<Caption>

FOR THE YEARS ENDED DECEMBER 31

2002 2001 2000

(IN MILLIONS)

<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss).....	\$ 78.4	\$ 81.8	\$(95.8)
Depreciation and amortization.....	148.4	160.4	148.8
Change in accounting principle, net of tax.....	25.1	2.9	--
Changes in noncash current assets and current liabilities			
Change in accounts and notes receivable.....	(35.1)	51.1	(69.4)
Change in inventory.....	35.1	39.4	(104.3)
Change in prepaid expenses.....	(9.7)	10.7	2.6
Change in accounts payable.....	71.0	(47.5)	(10.4)
Change in accrued expense.....	29.5	(64.6)	18.3
Income taxes.....	64.3	74.1	65.9
Antitrust litigation settlement payments.....	(0.2)	(6.6)	(49.4)
Unusual charge.....	--	--	55.1
Loss from discontinued operations.....	--	--	298.0
Other, net.....	6.2	(2.4)	(8.4)
	-----	-----	-----
NET CASH PROVIDED BY CONTINUING OPERATIONS.....	413.0	299.3	251.0
NET CASH PROVIDED BY DISCONTINUED OPERATIONS.....	--	31.5	5.8
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	413.0	330.8	256.8
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures.....	(112.6)	(111.4)	(156.0)
Investments.....	(8.9)	--	(38.1)
Acquisitions of businesses, net of debt and cash acquired.....	(21.2)	(134.4)	--
Proceeds on the sale of property, plant and equipment....	13.2	26.8	10.5
Other, net.....	(0.2)	(1.3)	(4.5)
	-----	-----	-----
NET CASH USED FOR CONTINUING OPERATIONS.....	(129.7)	(220.3)	(188.1)
NET CASH PROVIDED BY DISCONTINUED OPERATIONS.....	--	75.9	39.5
	-----	-----	-----
NET CASH USED FOR INVESTING ACTIVITIES.....	(129.7)	(144.4)	(148.6)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Net issuances (repayments) of commercial paper and other short-term debt.....	(9.4)	(144.4)	57.5
Payments of long-term debt including current maturities...	(26.2)	(24.7)	(13.1)
Cash dividends paid.....	(45.1)	(43.8)	(44.3)

Stock repurchases.....	--	--	(87.1)
Stock options exercised.....	40.3	9.8	3.2
	-----	-----	-----
NET CASH USED FOR FINANCING ACTIVITIES.....	(40.4)	(203.1)	(83.8)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	242.9	(16.7)	24.4
Cash and cash equivalents at January 1.....	108.5	125.2	100.8
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT DECEMBER 31.....	\$ 351.4	\$ 108.5	\$ 125.2
	=====	=====	=====

SUPPLEMENTAL CASH FLOW DISCLOSURES:

Interest paid.....	\$ 43.3	\$ 52.6	\$ 71.3
Income taxes paid (received), net.....	\$ (6.2)	\$ (26.6)	\$ 55.2
Treasury stock issued for compensation plans and other....	\$ 56.0	\$ 12.8	\$ 3.7

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

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BRUNSWICK CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<Table>
<Caption>

	ADDITIONAL COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED UNAMORTIZED TREASURY STOCK	OTHER ESOP AND OTHER EXPENSE INCOME (LOSS)	COMPREHENSIVE INCOME (LOSS)	TOTAL
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)						
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, DECEMBER 31, 1999...	\$76.9	\$314.3	\$1,181.5	\$(214.0)	\$(49.3)	\$ (9.2)	\$1,300.2
COMPREHENSIVE INCOME							
Net loss.....	--	--	(95.8)	--	--	(95.8)	
Currency translation adjustments.....	--	--	--	--	(8.3)	(8.3)	
Unrealized losses on investments.....	--	--	--	--	(3.9)	(3.9)	
Minimum pension liability adjustment.....	--	--	--	--	(6.0)	(6.0)	
Total comprehensive income -- 2000.....	--	--	(95.8)	--	(18.2)	(114.0)	
Stock repurchased.....	--	--	--	(87.1)	--	--	(87.1)
Dividends (\$0.50 per common share).....	--	--	(44.3)	--	--	(44.3)	
Compensation plans and other.....	--	0.2	--	4.7	7.4	--	12.3
BALANCE, DECEMBER 31, 2000...	\$76.9	\$314.5	\$1,041.4	\$(296.4)	\$(41.9)	\$ (27.4)	\$1,067.1
COMPREHENSIVE INCOME							
Net earnings.....	--	--	81.8	--	--	81.8	
Currency translation adjustments.....	--	--	--	--	(5.0)	(5.0)	
Unrealized gains on investments.....	--	--	--	--	4.4	4.4	
Unrealized loss on derivative instruments...	--	--	--	--	(2.1)	(2.1)	
Minimum pension liability adjustment.....	--	--	--	--	(14.6)	(14.6)	
Total comprehensive income -- 2001.....	--	--	81.8	--	(17.3)	64.5	
Dividends (\$0.50 per common share).....	--	--	(43.8)	--	--	(43.8)	
Compensation plans and other.....	--	1.7	--	6.6	14.8	--	23.1
BALANCE, DECEMBER 31, 2001...	\$76.9	\$316.2	\$1,079.4	\$(289.8)	\$(27.1)	\$ (44.7)	\$1,110.9

COMPREHENSIVE INCOME									
Net earnings.....	--	--	78.4	--	--	--	--	78.4	
Currency translation adjustments.....	--	--	--	--	--	10.1	--	10.1	
Unrealized gains on investments.....	--	--	--	--	--	4.4	--	4.4	
Unrealized gains on derivative instruments...	--	--	--	--	--	0.1	--	0.1	
Minimum pension liability adjustment.....	--	--	--	--	--	(115.7)	--	(115.7)	

Total comprehensive income --									
2002.....	--	--	78.4	--	--	(101.1)	--	(22.7)	
Dividends (\$0.50 per common share).....	--	--	(45.1)	--	--	--	--	(45.1)	
Compensation plans and other.....	--	(7.3)	--	61.1	4.9	--	--	58.7	

BALANCE, DECEMBER 31, 2002...	\$76.9	\$308.9	\$1,112.7	\$(228.7)	\$(22.2)	\$(145.8)	\$1,101.8		
=====									

</Table>

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

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation. The consolidated financial statements of Brunswick Corporation (the Company) include the accounts of all consolidated domestic and foreign subsidiaries, after eliminating transactions between the Company and such subsidiaries.

Reclassifications. Certain previously reported amounts have been reclassified to conform with current-year reporting.

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

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

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

- Losses on litigation and other contingencies;
- Warranty, extended warranties, income tax, insurance, inventory valuation and environmental reserves;
- Allowances for doubtful accounts;
- Reserves for dealer allowances;
- Reserves related to restructuring activities;
- Determination of the discount rate and other actuarial assumptions for pension, postretirement and postemployment liabilities;
- The valuation of investments, and;
- The loss on the disposal of the discontinued operations.

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

Accounts Receivable and Allowance for Doubtful Accounts. The Company carries its accounts receivable at their face amounts less an allowance for doubtful accounts. On a regular basis, the Company records an allowance for uncollectible receivables based upon past transaction history with customers,

customer payment practices and economic conditions. Actual collection experience may differ from the current estimate of net receivables. A change to the allowance for uncollectible amounts may be required if a future event or other change in circumstances results in a change in the estimate of the ultimate collectibility of a specific account.

Inventories. Inventories are valued at the lower of cost or market, with market based on replacement cost or net realizable value. Approximately 63 percent of the Company's inventories were determined by the first-in, first-out method (FIFO). Inventories valued at the last-in, first-out method (LIFO) were \$85.7 million and \$83.6 million lower than the FIFO cost of inventories at December 31, 2002 and 2001, respectively. Inventory cost includes material, labor and manufacturing overhead.

Property. Property, including major improvements and product tooling costs, is recorded at cost. Product tooling costs principally comprise the cost to acquire and construct various long-lived molds, dies and other tooling owned by the Company and used in its manufacturing processes. Design and prototype development costs associated with product tooling are expensed as incurred. Maintenance and repair costs are also expensed as incurred. Depreciation is recorded over the estimated service lives of the related assets, principally using the straight-line method. Buildings and improvements are depreciated over a useful life of five to forty years. Equipment is depreciated over a useful life of two to twenty years. Product tooling costs are amortized over the shorter of the useful life of the tooling or the useful life of the applicable product, for a period not to exceed eight years. Gains and losses recognized on the sale of property are included in selling,

BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

general and administrative (SG&A) expenses. The amount of gains and losses included in SG&A as of December 31 were as follows (in millions):

<Table>
<Caption>

	2002	2001	2000
	----	----	----
	<C>	<C>	<C>
Gains on the sale of property.....	\$ 1.5	\$16.9	\$7.2
Losses on the sale of property.....	(2.0)	(4.2)	(0.1)
	----	----	----
Net gains (losses) on sale of property.....	\$(0.5)	\$12.7	\$7.1
	=====	=====	=====

</Table>

The gains on the sale of property in 2001 included gains recognized on the sale of a marine engine testing facility for \$10.6 million. Gains on the divestiture of certain bowling centers were \$2.7 million and \$6.0 million in 2001 and 2000, respectively.

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 costs of material and services, payroll-related costs of employees working on the project and related interest costs incurred during the application development stage are capitalized. These capitalized costs are amortized over three to seven years, beginning when the system is placed in service. Training costs and costs to re-engineer business processes are expensed as incurred.

Goodwill and Other Intangibles. Goodwill and other intangible assets generally result from business acquisitions. The excess of cost over net assets of businesses acquired is recorded as goodwill.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," which requires that, effective January 1, 2002, goodwill and certain other intangible assets deemed to have an indefinite useful life are no longer amortized. SFAS No. 142 does not require retroactive restatement for all periods presented; however, the comparative pro forma information below for 2001 and 2000 assumes that SFAS No. 142 was in effect beginning January 1, 2000.

PRO FORMA INFORMATION

<Table>
<Caption>

	FOR THE YEARS ENDED DECEMBER 31,		
	2002	2001	2000

	(IN MILLIONS, EXCEPT PER SHARE DATA)		
	<C>	<C>	<C>
Reported net earnings (loss).....	\$78.4	\$81.8	\$(95.8)
Goodwill and indefinite-lived intangible amortization.....	--	10.8	9.6

Adjusted net earnings (loss).....	\$78.4	\$92.6	\$(86.2)
	=====		
BASIC EARNINGS PER COMMON SHARE:			
Reported net earnings (loss).....	\$0.87	\$0.93	\$(1.08)
Goodwill and indefinite-lived intangible amortization.....	--	0.12	0.11

Adjusted net earnings (loss).....	\$0.87	\$1.05	\$(0.97)
	=====		
DILUTED EARNINGS PER COMMON SHARE:			
Reported net earnings (loss).....	\$0.86	\$0.93	\$(1.08)
Goodwill and indefinite-lived intangible amortization.....	--	0.12	0.11

Adjusted net earnings (loss).....	\$0.86	\$1.05	\$(0.97)
	=====		

</Table>

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Under SFAS No. 142, while amortization of goodwill and certain other intangible assets is no longer permitted, these accounts must be reviewed annually for impairment. The impairment test for goodwill is a two-step process. The first step is to identify when goodwill impairment has occurred by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill test should be performed to measure the amount of the impairment loss, if any. In this second step, the implied fair value of the reporting unit's goodwill is compared with the carrying amount of the goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss should be recognized in an amount equal to that excess, not to exceed the carrying amount of the goodwill.

The Company completed both steps of the process described above in the second quarter of 2002 and recorded a one-time, non-cash charge of \$25.1 million after-tax (\$29.8 million pre-tax) to reduce the carrying amount of its goodwill effective January 1, 2002. Such charge is reflected as a cumulative effect of change in accounting principle in the accompanying Consolidated Statements of Income. In calculating the impairment charge, the fair value of the impaired reporting units underlying the segments was estimated using a discounted cash flow methodology.

All of the \$25.1 million after-tax goodwill impairment charge is associated with the Fitness and Bowling & Billiards segments. Various bowling products businesses acquired in 1996 account for \$11.7 million of the after-tax goodwill impairment (\$13.3 million pre-tax). The remaining \$13.4 million after-tax charge (\$16.5 million pre-tax) is associated with a fitness equipment retailer acquired beginning in 1999.

Other intangibles consist of the following (in millions):

<Table>
<Caption>

DECEMBER 31, 2002*	DECEMBER 31, 2001*

GROSS ACCUMULATED GROSS ACCUMULATED
AMOUNT AMORTIZATION AMOUNT AMORTIZATION

<S>	<C>	<C>	<C>	<C>
Amortized intangible assets:				
Dealer network.....	\$195.2	\$(166.6)	\$205.7	\$(155.3)
Other.....	11.2	(1.8)	7.9	(2.0)
Total.....	\$206.4	\$(168.4)	\$213.6	\$(157.3)
Indefinite-lived intangible assets:				
Trademarks/tradenames.....	\$ 64.5	\$ (17.4)	\$ 53.9	\$ (17.4)
Pension intangible asset.....	32.4	--	36.1	--
Total.....	\$ 96.9	\$(17.4)	\$ 90.0	\$(17.4)

</Table>

* Gross amounts and related accumulated amortization amounts include adjustments related to the impact of foreign currency translation and changes in the fair value of net assets subject to purchase accounting adjustments, primarily arising from the Teignbridge Propellers, Ltd. (Teignbridge), Integrated Dealer Systems, Inc. (IDS) and Northstar Technologies, Inc., (Northstar) acquisitions completed in 2002 and the Sealine International (Sealine) and Hatteras Yachts, Inc. (Hatteras) acquisitions completed in the third and fourth quarters of 2001, respectively.

The costs of definite-lived intangible assets are amortized over their expected useful lives using the straight-line method. Aggregate amortization expense for other intangibles was \$12.0 million, \$13.5 million and \$12.4 million for the years ended December 31, 2002, 2001 and 2000, respectively.

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Estimated amortization expense for definite-lived intangibles for each of the next five years is as follows (in millions):

<Table>	<C>
<S>	<C>
For year ended December 31, 2003.....	\$12.3
For year ended December 31, 2004.....	\$12.2
For year ended December 31, 2005.....	\$ 1.4
For year ended December 31, 2006.....	\$ 1.3
For year ended December 31, 2007.....	\$ 1.3

The reduction in estimated amortization expense in 2005 relates to the completion of intangible amortization assigned to dealer network costs from the 1986 acquisition of the Boat segment's Sea Ray operations.

A summary of changes in the Company's goodwill during the period ended December 31, 2002, by segment is as follows (in millions):

<Table>
<Caption>

GOODWILL

<S>	<C>	<C>	<C>	<C>
	JANUARY 1, 2002	ACQUISITIONS & ADJUSTMENTS*	IMPAIRMENTS	DECEMBER 31, 2002
Marine Engine.....	\$ 9.0	\$7.7	\$ --	\$ 16.7
Boat.....	173.5	(0.7)	--	172.8
Fitness.....	277.3	1.1	(16.5)	261.9
Bowling & Billiards.....	14.6	0.1	(13.3)	1.4
Total.....	\$474.4	\$8.2	\$(29.8)	\$452.8

</Table>

* Adjustments primarily relate to the impact of foreign currency translation and

changes in the fair value of net assets subject to purchase accounting adjustments, primarily arising from the Teignbridge, IDS and Northstar acquisitions completed in 2002 and the Sealine and Hatteras acquisitions completed in the third and fourth quarters of 2001, respectively.

Investments. The Company accounts for its long-term investments that represent less than 20 percent ownership using SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company has investments in certain equity securities that have readily determinable market values and are being accounted for as Available-for-Sale equity investments in accordance with SFAS No. 115. Therefore, these investments are recorded at market value with changes reflected in other comprehensive income, a component of shareholders' equity, on an after-tax basis.

Other investments for which the Company does not have the ability to exercise significant influence and for which there is not a readily determinable market value are accounted for under the cost method of accounting. The Company periodically evaluates the carrying value of its investments and, at December 31, 2002 and 2001, such investments were recorded at the lower of cost or fair value.

For investments in which the Company owns or controls from 20 percent to 50 percent of the voting shares, the equity method of accounting is used. The Company's share of net earnings or losses from equity method investments is outlined in NOTE 17, INVESTMENTS, and is included in the Consolidated Statements of Income.

Long-lived assets. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of its intangible assets, excluding goodwill, and other long-lived assets, may warrant revision or that the remaining balance of such assets may not be recoverable. The

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Company uses an estimate of the related undiscounted cash flows over the remaining life of the asset in measuring whether the asset is recoverable.

Other long-term assets. Other long-term assets include pension assets, which are discussed in NOTE 13, PENSION AND OTHER POSTRETIREMENT BENEFITS, and long-term notes receivable. Long-term notes receivable include cash advances made to customers, principally boatbuilders and fitness equipment retailers, or their owners, in connection with long-term supply arrangements. These transactions have occurred in the normal course of business and are backed by secured or unsecured notes receivable that are reduced as purchases of qualifying products are made. Credits earned by these customers through qualifying purchases are applied to the outstanding note balance in lieu of payment. The reduction in the note receivable balance is recorded as a reduction in the Company's sales revenue as a sales discount. In the event sufficient orders are not received, the outstanding balance remaining under the notes is subject to full collection. Amounts outstanding related to these arrangements as of December 31, 2002 and 2001, totaled \$46.0 million and \$53.9 million, respectively. One boatbuilder customer and its owner comprised 69 percent of these amounts as of both December 31, 2002 and 2001.

Other long-term notes receivable also include certain agreements that provide for the assignment of lease and other long-term receivables originated by the Company to third parties. Refer to NOTE 7, FINANCIAL COMMITMENTS, for further discussion. The assignment is not treated as a sale of the associated receivables, but as a secured obligation under SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The associated receivables and related obligations are included in Consolidated Balance Sheets under Other Long-Term Assets and Deferred Items - Other, respectively.

Advertising costs. Advertising and promotion costs, included in selling, general and administrative expenses, are expensed in the year in which the advertising first takes place. Advertising and promotion costs were \$55.3 million, \$67.7 million and \$86.0 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Revenue recognition. The Company's revenue is derived primarily from product sales. Revenue is recognized in accordance with the terms of the sale, primarily upon shipment to customers, once the sales price is fixed or determinable, and collectibility is reasonably assured. The Company offers discounts and sales incentives that include retail promotional activities, rebates and manufacturer coupons. The estimated liability for sales incentives is recorded at the later of when the program has been communicated to the customer or at the time of sale in accordance with Emerging Issues Task Force (EITF) No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of a Vendor's Products)." Shipping and handling costs are included as a part of Cost of Sales in the Consolidated Statements of Income.

Comprehensive income. Accumulated other comprehensive income includes minimum pension liability adjustments, currency translation adjustments, and unrealized derivative and investment gains and losses. The net effect of these items reduced Shareholders' equity on a cumulative basis by \$145.8 million in 2002 and \$44.7 million in 2001. The \$101.1 million change from 2001 to 2002 is primarily due to the Company recording a minimum pension liability adjustment of \$115.7 million in 2002. The tax effect included in accumulated other comprehensive income was \$93.0 million, \$28.6 million, and \$14.3 million for the years ended December 31, 2002, 2001 and 2000, respectively. Refer to NOTE 13, PENSION AND OTHER POSTRETIREMENT BENEFITS, for further discussion on the recognition of the additional minimum pension liability adjustment.

Stock-based Compensation. See NOTE 12, STOCK PLANS AND MANAGEMENT COMPENSATION, for a description of the Company's stock-based compensation plans. Effective December 31, 2002, the Company adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." As it relates to stock options, the Company continues to apply the provisions of Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." Under APB No. 25, no compensation cost related to stock options granted has been recognized in the Company's Consolidated

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Statements of Income because the option terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. In accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," the fair value of option grants is estimated on the date of grant using the Black-Scholes option pricing model for pro forma footnote purposes.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to all its outstanding stock option plans as of December 31:

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
	(IN MILLIONS, EXCEPT PER SHARE DATA)		
	<C>	<C>	<C>
Earnings from continuing operations:			
As reported.....	\$103.5	\$84.7	\$202.2
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax.....	5.3	5.7	4.2
	-----	-----	-----
Pro forma.....	\$ 98.2	\$79.0	\$198.0
	=====	=====	=====
Basic earnings per common share from continuing operations:			
As reported.....	\$ 1.15	\$0.96	\$ 2.28
Pro forma.....	1.09	0.90	2.23
Diluted earnings per common share from continuing operations:			
As reported.....	\$ 1.14	\$0.96	\$ 2.28
Pro forma.....	1.08	0.90	2.23

</Table>

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. See NOTE 8, FINANCIAL INSTRUMENTS, for further discussion.

Effective January 1, 2001, the Company adopted SFAS Nos. 133/138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." Under SFAS Nos. 133/138, all derivative instruments are recognized on the balance sheet at fair values. As a result of the adoption of this standard, on January 1, 2001, the Company recorded a \$2.9 million after-tax loss (\$4.7 million pre-tax) as a cumulative effect of a change in accounting principle, primarily resulting from interest rate swaps.

Recent Accounting Pronouncements. Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes both SFAS No. 121 and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of a business (as previously defined in that Opinion). The adoption of SFAS No. 144 did not have a material impact on the financial statements.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The statement is effective for exit or disposal activities initiated after December 31, 2002. The Company believes the adoption of, FAS No. 146 will not have a material impact on the financial statements.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others - An Interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34." This interpretation clarifies the requirements for a guarantor's accounting for and disclosures of certain guarantees issued and outstanding. FIN 45 also clarifies the requirements related to the recognition of a liability by a guarantor at the inception of a guarantee. FIN 45 is effective for guarantees entered into or modified after December 31, 2002. The Company has not determined the impact FIN 45 will have on the financial statements.

In January 2003, the FASB issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities - An Interpretation of Accounting Research Bulletin (ARB) No. 51." This interpretation clarifies how to identify variable interest entities and how the Company should assess its interests in a variable interest entity to decide whether to consolidate the entity. FIN 46 applies to variable interest entities created after January 31, 2003, in which the Company obtains an interest after that date. Also, FIN 46 applies in the first fiscal quarter or interim period beginning after June 15, 2003, to variable interest entities in which the Company holds a variable interest that it acquired before February 1, 2003. The Company has not determined the impact FIN 46 will have on the financial statements.

2. EARNINGS PER COMMON SHARE

There is no difference in the net earnings used to compute basic and diluted earnings per share. The difference in the average number of shares of common stock outstanding used to compute basic and diluted earnings per share is primarily the amount of common stock equivalents relating to unexercised outstanding employee stock options. The average number of shares of common stock equivalents was 0.7 million in 2002, 0.3 million in 2001 and less than 0.1 million in 2000.

3. SEGMENT INFORMATION

The Company is a manufacturer and marketer of leading consumer brands. In the fourth quarter of 2002, the Company re-evaluated the composition of its reportable segments and determined that its four reportable segments are Marine Engine, Boat, Fitness and Bowling & Billiards. The segment information for all periods presented has been reclassified for consistent presentation.

The Marine Engine segment manufactures and markets a full range of outboard engines, sterndrive engines, inboard engines, water-jet propulsion systems and parts and accessories, which are principally sold directly to boatbuilders, including the Company's Boat segment, or through marine retail dealers worldwide. The segment also manufactures and distributes boats in certain international markets. The Company's engine manufacturing plants are located primarily in the United States, and sales are primarily in the United States, Europe and Asia.

The Boat segment designs, manufactures and markets fiberglass pleasure boats, high-performance boats, offshore fishing boats and aluminum fishing, deck and pontoon boats, which are marketed primarily through dealers. The segment's boat plants are located in the United States, Canada, Mexico and the United Kingdom and sales are primarily in the United States. Sales to one dealer, with multiple locations, comprised approximately 21 percent of Boat segment sales in 2002.

The Fitness segment designs, manufactures, and markets fitness equipment, including treadmills, total-body cross-trainers, stationary bikes and strength-training equipment. These products are manufactured or sourced from domestic or foreign locations. Fitness equipment is sold primarily in the United States, Europe and Asia to health clubs, military, government, corporate and university facilities, and to consumers through specialty retail shops.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Bowling & Billiards segment manufactures, designs and markets bowling capital equipment and associated parts and supplies, including lanes, pinsetters, automatic scorers; bowling balls and other accessories; billiards tables and accessories; and operates bowling centers. Products are manufactured or sourced from domestic and foreign locations. Bowling products are sold through a direct sales force in the United States and through distributors in foreign markets, primarily Europe and Asia. Billiards equipment is predominantly sold in the United States and is distributed primarily through dealers.

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

OPERATING SEGMENTS

<Table>

<Caption>

	SALES TO CUSTOMERS			OPERATING EARNINGS				TOTAL ASSETS
	2002	2001	2000	2002	2001	2000	2002	
	(IN MILLIONS)							
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Marine Engine.....	\$1,705.2	\$1,561.6	\$1,759.9	\$170.9	\$173.0	\$276.0	\$ 860.1	\$ 772.5
Boat.....	1,405.3	1,251.3	1,574.3	19.0	18.1	148.2	772.1	783.9
Marine eliminations.....	(233.0)	(207.9)	(293.0)	--	--	--	--	--
Total Marine.....	2,877.5	2,605.0	3,041.2	189.9	191.1	424.2	1,632.2	1,556.4
Fitness.....	456.7	397.7	348.3	44.9	28.4	31.2	577.1	589.7
Bowling & Billiards.....	377.7	368.1	422.4	21.4	7.3	41.9	317.5	350.2
Corporate/Other.....	--	--	--	(59.6)	(35.7)	(45.1)	880.3	661.2
Total.....	\$3,711.9	\$3,370.8	\$3,811.9	196.6	191.1	452.2	\$3,407.1	\$3,157.5
Unusual charges*.....				--	--	(55.1)		
Operating earnings.....				\$196.6	\$191.1	\$397.1		

</Table>

* For a description of the unusual charges in 2000, refer to NOTE 4, UNUSUAL CHARGES.

<Table>
<Caption>

	DEPRECIATION			AMORTIZATION		
	2002	2001	2000	2002	2001	2000
	(IN MILLIONS)					
	<C>	<C>	<C>	<C>	<C>	<C>
Marine Engine.....	\$ 56.7	\$ 57.4	\$ 54.0	\$ 0.1	\$ 1.3	\$ 1.3
Boat.....	44.5	40.0	36.1	11.4	15.5	14.9
Fitness.....	12.2	11.6	9.5	0.5	9.5	7.6
Bowling & Billiards.....	20.3	21.2	21.4	0.1	1.4	1.8
Corporate.....	2.6	2.5	2.2	--	--	--
Total.....	\$136.3	\$132.7	\$123.2	\$12.1	\$27.7	\$25.6

</Table>

<Table>
<Caption>

	RESEARCH AND DEVELOPMENT					
	CAPITAL EXPENDITURES			EXPENSE		
	2002	2001	2000	2002	2001	2000
	(IN MILLIONS)					
	<C>	<C>	<C>	<C>	<C>	<C>
Marine Engine.....	\$ 44.8	\$ 48.8	\$ 63.8	\$ 61.7	\$ 58.2	\$ 60.8
Boat.....	41.0	35.5	57.4	22.1	19.7	22.5
Fitness.....	9.4	9.9	13.3	14.4	12.9	13.6
Bowling & Billiards.....	15.7	15.8	18.5	4.6	5.1	5.3
Corporate.....	1.7	1.4	3.0	--	--	--
Total.....	\$112.6	\$111.4	\$156.0	\$102.8	\$95.9	\$102.2

</Table>

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

GEOGRAPHIC SEGMENTS

<Table>
<Caption>

	SALES TO CUSTOMERS			TOTAL ASSETS	
	2002	2001	2000	2002	2001
	(IN MILLIONS)				
	<C>	<C>	<C>	<C>	<C>
United States.....	\$2,707.2	\$2,511.6	\$2,973.5	\$2,086.0	\$2,073.7
International.....	1,004.7	859.2	838.4	440.8	422.6
Corporate/Other.....	--	--	--	880.3	661.2
Total.....	\$3,711.9	\$3,370.8	\$3,811.9	\$3,407.1	\$3,157.5

</Table>

The Company evaluates performance based on business segment operating earnings. Operating earnings of segments do not include the expenses of corporate administration, other expenses and income of a non-operating or strategic nature, or provisions for income taxes. Corporate assets consist primarily of prepaid income taxes, cash and marketable securities, pension assets and investments in unconsolidated affiliates.

4. UNUSUAL CHARGES

Unusual charges included a \$55.1 million pre-tax unusual charge recorded in the third quarter of 2000 to increase environmental reserves (\$41.0 million)

related to the cleanup of contamination from a former manufacturing facility and to account for the write-down of investments in certain Internet-related businesses (\$14.1 million).

5. ASSET WRITE-DOWNS AND STRATEGIC CHARGES

In the third quarter of 1998, the Company recorded a pre-tax charge of \$50.8 million (\$35.1 million after-tax) to operating earnings. The charge covered exit and asset disposition costs related to strategic initiatives taken in the bowling business largely in response to the effect of the Asian economic situation. The 1998 strategic charge includes lease termination costs, severance costs, other incremental costs and asset disposition costs. These actions were substantially completed during 1999.

The Company's activity relating to strategic charges, included as part of accrued expenses, at December 31, 2002, 2001 and 2000, were as follows (in millions):

<Table>
<Caption>

	LEASE TERMINATION	OTHER COSTS	TOTAL	
	-----	----	----	
	<C>	<C>	<C>	
Balance at December 31, 1999.....		\$11.1	\$1.7	\$12.8
Activity.....	--	(0.2)	(0.2)	
	----	----	----	
Balance at December 31, 2000.....		11.1	1.5	12.6
Activity.....	(3.4)	(1.4)	(4.8)	
	----	----	----	
Balance at December 31, 2001.....		7.7	0.1	7.8
Activity.....	(1.4)	(0.1)	(1.5)	
	----	----	----	
Balance at December 31, 2002.....		\$ 6.3	\$ --	\$ 6.3
	=====	=====	=====	

</Table>

The remaining reserves relate principally to the strategic actions taken in 1998. Lease termination costs are expected to be paid out over the contractual terms of the leases.

6. ACQUISITIONS

The Company adopted SFAS No. 141, "Business Combinations," which requires that all business combinations initiated after June 30, 2001, be accounted for under the purchase method.

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BRUNSWICK CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Cash paid for acquisitions, net of cash acquired, totaled \$21.2 million for 2002, comprised primarily of consideration paid for Teignbridge, a manufacturer of custom and standard propellers and underwater stern gear for inboard-powered vessels; IDS, a developer of management systems for marine and recreational vehicle dealers; Northstar, a supplier of premium marine navigation electronics; and additional consideration relating to the November 30, 2001, acquisition of Hatteras. Teignbridge, IDS and Northstar were acquired on February 10, 2002, October 1, 2002, and December 16, 2002, respectively, and their results of operations are included in the Marine Engine segment post-acquisition.

Cash paid for acquisitions, net of debt and cash acquired, totaled \$134.4 million for 2001, comprised primarily of consideration paid for Princecraft Boats Inc. (Princecraft), a manufacturer of aluminum fishing, deck and pontoon boats; Sealine, a leading manufacturer of luxury sports cruisers; and Hatteras, a leading manufacturer of luxury sportfishing convertibles and motoryachts. The Company acquired Princecraft on March 7, 2001. The Company acquired assets including inventory, net property, plant and equipment and a trademark. The Company acquired the stock of Sealine on July 3, 2001, for total consideration of approximately \$68 million. The acquisition was funded through approximately \$38 million in cash, the assumption of debt and the issuance of notes to certain sellers. The Company acquired the stock of Hatteras on November 30, 2001, for approximately \$86 million in cash, of which \$81 million was paid in 2001. The

transaction provides for an additional payment of up to \$20 million based on the financial performance of Hatteras during the period ending June 30, 2003. Princecraft, Sealine and Hatteras' results are included in the Boat segment since the date of their acquisition. All three acquisitions have been accounted for as a purchase.

In addition, the Company also acquired the remaining interest in Omni Fitness Equipment, Inc. (Omni Fitness), a domestic retailer of fitness equipment, effective February 28, 2001. Omni Fitness' results are included in the Fitness segment, and the acquisition has been accounted for as a purchase. The Company acquired the remaining interest in satisfaction of a note with the previous owner. The Company had previously accounted for its interest in Omni Fitness under the equity method of accounting. The Company also acquired some bowling centers included in the Bowling & Billiards segment, which were not material to the Company.

The purpose of the acquisitions was to achieve growth by pursuing aggressive marketing and brand-building activities, pursuing international opportunities and leveraging core competencies. The acquisitions of Northstar and IDS were to build Brunswick New Technologies (BNT), which was established in 2002 and are included in the Marine Engine segment. BNT will expand the Company's product offerings in marine electronics, engine controls, navigation systems, management systems and related equipment for use in the marine industry and in non-marine applications. Acquisitions in 2002 were not material to the Company's results of operations and total assets. The 2001 acquisitions resulted in goodwill of \$96.3 million. Acquisitions in 2001 were not material to the Company's results of operations and total assets. No acquisitions occurred in 2000.

7. 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 a significant effect on the Company's results of operations. The maximum potential repurchase commitments were approximately \$189 million at December 31, 2002, and approximately \$205 million at December 31, 2001.

The Company also has various agreements with financial institutions that provide limited recourse on customer obligations relating to bowling capital equipment, fitness equipment and marine equipment sales. Recourse losses have not had a significant effect on the Company's results of operations. The maximum potential recourse liabilities outstanding under these programs at December 31, 2002 and 2001, were approximately \$41 million and \$47 million, respectively.

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Other long-term notes include certain agreements that provide for the assignment of lease and other long-term receivables originated by the Company to third parties. The assignment is not treated as a sale of the associated receivables, but as a secured obligation under SFAS No. 140. The associated receivables and related obligations are included in Other Long-Term Assets and Deferred Items - Other, respectively, and totaled \$91.7 million and \$88.5 million at December 31, 2002 and 2001, respectively.

The Company had outstanding standby letters of credit, surety bonds and other financial guarantees of \$167.0 million and \$182.6 million at December 31, 2002 and 2001, respectively, representing conditional commitments whereby a third party has guaranteed the Company's ability to satisfy certain liabilities or obligations. Included in the amounts for 2002 and 2001 is a \$79.8 million surety bond to secure payment of tax deficiencies plus accrued interest related to the Company's appeal of a United States Tax Court determination. Refer to NOTE 14, INCOME TAXES, for a description of the Company's reserve established in connection with the Tax Court matter. The Company also has \$60.4 million and \$50.2 million of standby letters of credit and surety bonds outstanding at December 31, 2002 and 2001, respectively, primarily in connection with its self-insurance workers' compensation program as required by its insurance companies and various state agencies. Under certain circumstances, such as an event of default under the Company's revolving credit facility, described further in NOTE 10, DEBT, or in the case of surety bonds, a ratings downgrade below investment grade, the Company could be required to post collateral to

support the outstanding letters of credit and surety bonds. Included in the amount for 2001 was a \$13.0 million surety bond to secure damages awarded in October 1999 in a suit against the Company, pertaining to the Fitness segment, while the Company pursued an appeal. In 2002, the lawsuit was settled and the surety bond relinquished. The remaining letters of credit, surety bonds and other financial guarantees are comprised of guarantees of payment for subsidiary debt, certain performance obligations and other guarantees issued in the ordinary course of business.

Product Warranties. The Company records a liability for standard product warranties at the time revenue is recognized. The liability is estimated using historical warranty experience, projected claim rates and expected costs per claim. The Company adjusts its liability for specific warranty matters when they become known and are reasonably estimable. The Company's warranty reserves are affected by product failure rates and material usage and labor costs incurred in correcting a product failure. If these estimated costs differ from actual product failure rates, and actual material usage and labor costs, a revision to the warranty reserve would be required.

Additionally, the Company's customers may purchase a warranty contract that extends product protection beyond the standard product warranty period. A deferred liability is recorded based on the amount of contracts sold, and recognized into income over the contract period in proportion to the costs expected to be incurred.

The following activity related to product warranty liabilities at December 31, 2002, was recorded in Accrued Expenses and Deferred Items-Other (in millions):

<Table>
<Caption>

	2002	
<S>	<C>	
Balance at January 1.....	\$157.5	
Payments made.....	(87.4)	
Provisions for contracts issued during 2002.....	96.0	
Aggregate changes for preexisting warranties.....	2.2	

Balance at December 31.....	\$168.3	
	=====	

</Table>

Legal and Environmental. The Company accrues for litigation exposure based upon its assessment, made in consultation with counsel, of the likely range of exposure stemming from the claim. In light of existing reserves, the Company's litigation claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position. If current

estimates for the cost of resolving any claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required.

On April 18, 2002, the Company, in cooperation with the United States Consumer Products Safety Commission, announced a recall of approximately 103,000 bicycles that were sold by the Company's former bicycle division. The bicycles had been equipped with suspension forks that were purchased from a third party supplier. Some of the forks were found to have been defectively manufactured and were involved in approximately 55 reported incidents. The 2002 recall was an expansion of a prior recall involving the suspension forks, and allows consumers who purchased bicycles with an affected fork to return the fork in exchange for \$65 or a replacement bicycle. In addition to the costs of administering the recall, the Company anticipates that it will incur additional costs to resolve litigation stemming from the sale of the bike forks, and faces a potential fine from the CPSC based on inadvertent delays in reporting several of the incidents involving the forks. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

On April 22, 2002, a federal court in Seattle lifted a stay in a lawsuit filed against Life Fitness by Precor Incorporated (Precor). The suit, which alleges that certain of Life Fitness' cross trainer exercise machines infringe Precor's Miller '829 patent, was stayed by the court pending reexamination of the patent by the U.S. Patent and Trademark Office (PTO). The PTO issued a modified Miller '829 patent to Precor on March 5, 2002, which led to the lifting of the stay. Trial is scheduled for July 14, 2003. This matter was initiated in January 2000 and seeks monetary damages and injunctive relief. The Company does not believe that its machines infringe the patent, as modified, but is unable to predict the outcome of this matter.

In a separate lawsuit between the Company and Precor, a federal court in Seattle awarded Precor approximately \$230,000 in attorneys' fees on June 14, 2002. The award was reduced from \$5.3 million in light of an appellate court ruling in the case. This matter was originally filed in 1994 and sought monetary damages and injunctive relief. The Company believes that this matter, which was originally filed in 1994, has been finally concluded.

During the fourth quarter of 2002, the Company settled a patent infringement lawsuit filed against it by CCS Fitness, Inc. (CCS). CCS had alleged that a front-drive cross trainer manufactured by Life Fitness infringed a patent held by CCS. This matter was initiated in 1998 and sought monetary damages and injunctive relief. In light of the settlement, the matter was dismissed with prejudice.

On May 30, 2002, Leiserv, Inc. (Leiserv), a Company subsidiary operated by the Bowling & Billiards segment, was sued in the Circuit Court of St. Louis County, Missouri, for alleged violations of the federal Telephone Consumer Protection Act. The lawsuit was brought as a putative class action seeking monetary damages on behalf of all people and entities within two area codes in the St. Louis area who allegedly received unsolicited faxes from a service provider retained by Leiserv. Because this case remains in the early stages of litigation and raises legal issues that have not yet been fully resolved by the courts, the Company is unable to predict the outcome of this matter.

On December 3, 2002, the United States Supreme Court reversed an Illinois Supreme Court decision that had been entered in the Company's favor in *Sprietsma vs. Mercury Marine*, a "propeller guard" case. In its decision, the U.S. Supreme Court rejected one of the defenses the Company had successfully asserted in *Sprietsma* and other cases based on federal preemption of state law. The case, which was initiated in July 1996 and sought monetary damages, was remanded to the Illinois court for further consideration. The Company believes that it has a number of other valid defenses to the claims asserted in *Sprietsma*, and does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company has been named in a number of asbestos-related lawsuits, the majority of which involve Vapor Corporation, a former subsidiary which the Company divested in 1990. Virtually all of the asbestos suits against the Company involve numerous other defendants. The claims generally allege that the Company sold products that contained components, such as gaskets, that included asbestos, and seek monetary damages from the Company. Neither the Company nor Vapor is alleged to have manufactured asbestos. The Company's insurers have settled a number of asbestos claims for nominal amounts, while a number of other claims have been dismissed. No suit has yet gone to trial. The Company does not believe that the resolution of these lawsuits will have a material adverse effect on the Company's consolidated financial position or results of operations.

In 1999, the United States Tax Court upheld an Internal Revenue Service (IRS) determination that resulted in the disallowance of capital losses and other expenses from two partnership investments for 1990 and 1991. In 2000, the Company appealed the Tax Court ruling to the United States Court of Appeals for the District of Columbia and posted a \$79.8 million surety bond to secure payment of tax deficiencies plus accrued interest related to the appeal. In late 2001, the Court of Appeals rendered a decision vacating the Tax Court's opinion and remanded the case to the Tax Court for reconsideration. If the Company does not ultimately prevail, it will owe approximately \$135 million, consisting of

\$60 million in taxes due plus \$75 million of interest, net of tax. The Company has previously settled a number of other issues with the IRS on open tax years 1989 through 1994 and anticipates favorable adjustments that would reduce the liability associated with the two partnership investments, to approximately \$53 million, consisting of \$27 million in taxes due and \$26 million in interest, net of tax. The Company has established an adequate reserve for this contingency and does not anticipate any material adverse effects on its consolidated financial position or results of operations in the event of an unfavorable resolution of this matter. No penalties have been asserted by the IRS to date, and the Company has not provided for any penalties or interest on such penalties.

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

The environmental remediation and clean-up projects in which the Company is involved have an aggregate estimated range of exposure of approximately \$36.3 million to \$68.5 million as of December 31, 2002. At December 31, 2002 and 2001, the Company had reserves for environmental liabilities of \$61.7 million and \$62.6 million, respectively. Environmental provisions were \$0.5 million, \$1.7 million and \$43.1 million for the years ended December 31, 2002, 2001 and 2000, respectively. The provision for the year ended December 31, 2000, includes a \$41.0 million charge resulting from an increase in the estimated cost of remediation of contamination alleged to have come from a former manufacturing facility of the Company.

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, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position or results of operations.

8. FINANCIAL INSTRUMENTS

The Company engages in business activities involving both financial and market risks. The Company uses derivative financial instruments to manage its risks associated with movements in foreign currency exchange

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BRUNSWICK CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

rates, interest rates and commodity prices. Derivative instruments are not used for trading or speculative purposes. The effects of derivative and financial instruments are not expected to be material to the Company's financial position or 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, 2002 and 2001, the fair value of the Company's long-term debt was \$602.1 million and \$569.6 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 market-based valuations and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to future fluctuations in the markets in which they are traded.

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, 2002 and 2001, had contract values of \$54.3 million and \$18.4 million, respectively. The approximate fair value of forward exchange contracts was a \$1.7 million and \$0.1 million liability at December 31, 2002 and 2001, respectively. Option contracts outstanding at December 31, 2002 and 2001, had contract values of \$96.4 million and \$49.4 million, respectively. The approximate fair value of options contracts outstanding was a \$1.7 million and \$0.7 million liability at December 31, 2002 and 2001, respectively. The forward and options contracts outstanding at December 31, 2002, mature during 2003 and relate primarily to the Japanese yen, Euro and British pound.

Interest Rate Swaps. The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates on the Company's borrowings. The Company did not enter into any interest rate swap agreements in 2002. In 2001, the Company entered into four fixed-to-floating interest rate swaps with a notional amount of \$150.0 million, which were terminated during 2002 in advance of their scheduled termination date in 2006. The Company recognized a deferred gain of \$12.2 million, which is included in long-term debt, and will be amortized through 2006 based upon the underlying debt obligation. The estimated aggregate market value of these four agreements was a gain of less than \$0.1 million at December 31, 2001.

Commodity Swaps. The Company uses commodity swap agreements to hedge anticipated purchases of certain raw materials. Commodity swap contracts outstanding at December 31, 2002 and 2001, had notional values of \$31.2 million and \$34.5 million, respectively. At December 31, 2002 and 2001, the estimated fair value of these swap contracts was a net liability of \$1.2 million and \$2.7 million, respectively. The contracts outstanding at December 31, 2002, mature throughout 2003 and 2004.

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 on-going credit evaluation program and security is obtained if required. Concentrations of credit risk with respect to accounts receivable are not material to the Company's financial position, due to the large number of customers comprising the Company's customer base and their dispersion across many different geographic areas, with the exception of one boatbuilder customer who had long-term notes and accounts receivable outstanding of \$47.7 million and \$50.1 million at December 31, 2002 and 2001, respectively.

Accounting for Derivatives. Effective January 1, 2001, the Company adopted SFAS Nos. 133/138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." Under SFAS Nos. 133/138, all derivative instruments are recognized on the balance sheet at their fair values. As a result of

the adoption of this standard, in the first quarter of 2001, the Company recorded a \$2.9 million after-tax loss (\$4.7 million pre-tax) as a cumulative effect of a change in accounting principle, primarily resulting from interest rate swaps.

Cash Flow Hedges -- Certain derivative instruments qualify as cash flow hedges under the requirements of SFAS Nos. 133/138. The Company executes forward contracts and options, based on forecasted transactions, to manage foreign exchange exposure mainly related to inventory purchase transactions. The Company also enters into commodity swap agreements, based on anticipated purchases of certain raw materials, to manage exposure related to risk from price changes.

A cash flow hedge requires that as changes in the fair value of derivatives occur, the portion of the change deemed to be effective is recorded temporarily in accumulated other comprehensive income, an equity account, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of a derivative instrument's change in fair value is recorded directly in other income (expense). The ineffective portion of derivative transactions, including the premium or discount on option contracts, was not material to the results of operations for the year ended December 31, 2002.

The following activity related to cash flow hedges for the year ended December 31, 2002, was recorded in accumulated other comprehensive loss (in millions):

<Table>
<Caption>

	ACCUMULATED UNREALIZED DERIVATIVE GAINS (LOSSES) YEAR ENDED DECEMBER 31, 2002	
	PRE-TAX	AFTER-TAX
	-----	-----
<S>	<C>	<C>
Beginning balance.....	\$ (3.6)	\$ (2.1)
Net change associated with current period hedging activity.....	(3.2)	(2.1)
Net amount reclassified into earnings.....	3.6	2.2
	----	----
Net accumulated unrealized derivative losses.....	\$ (3.2)	\$ (2.0)
	=====	=====

</Table>

The Company estimates that \$0.2 million of after-tax net derivative losses deferred in accumulated other comprehensive loss will be realized in earnings over the next 12 months. At December 31, 2002, the term of derivative instruments hedging forecasted transactions ranges from one to twenty-four months.

Fair Value Hedges -- During 2002, the Company entered into foreign currency forward contracts, which qualify as fair value hedges under the requirements of SFAS Nos. 133/138. The Company enters into foreign currency forward contracts to hedge the changes in the fair value of receivables or payables associated with changes in the exchange rates of foreign currencies. A fair value hedge requires that the change in the fair value of the forward contract and the corresponding change in the fair value of the receivable or payable of the Company's be recorded through earnings, with any difference reflecting the ineffectiveness of the hedge. Any ineffective portion of a derivative instrument's change in fair value is recorded directly in other income (expense) and was not material to the results of operations for the year ended December 31, 2002.

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

9. ACCRUED EXPENSES

Accrued expenses at December 31 were as follows (in millions):

<Table>
<Caption>

	2002	2001
	-----	-----
<S>	<C>	<C>
Accrued compensation and benefit plans.....	\$158.9	\$127.2
Product warranties.....	139.6	138.7
Dealer allowances and discounts.....	111.3	114.3
Insurance reserves.....	71.3	68.0
Environmental reserves.....	61.7	62.6
Other.....	142.7	137.4
	-----	-----
Total accrued expenses.....	\$685.5	\$648.2
	=====	=====

</Table>

10. DEBT

Short-term debt at December 31 consisted of the following (in millions):

<Table>

<Caption>

	2002	2001
	-----	-----
<S>	<C>	<C>
Notes payable.....	\$ 4.1	\$ 13.6
Current maturities of long-term debt.....	24.8	26.4
	-----	-----
Total short-term debt.....	\$ 28.9	\$ 40.0
	=====	=====

</Table>

Long-term debt at December 31 consisted of the following (in millions):

<Table>

<Caption>

	2002	2001
	-----	-----
<S>	<C>	<C>
Notes, 6.75% due 2006, net of discount of \$0.9 and \$1.1.....	\$249.1	\$248.9
Notes, 7.125% due 2027, net of discount of \$1.2.....	198.8	198.8
Debentures, 7.375% due 2023, net of discount of \$0.6 and \$0.7.....	124.4	124.3
Guaranteed ESOP debt, 8.13% payable through 2004.....	15.5	24.9
Notes, 3.17% to 4.50% payable through 2004.....	14.1	29.3
Fair value adjustments and other.....	12.4	0.4
	-----	-----
Current maturities.....	614.3	626.6
	(24.8)	(26.4)
	-----	-----
Long-term debt.....	\$589.5	\$600.2
	=====	=====
Scheduled maturities		
2004.....	\$ 5.6	
2005.....	0.1	
2006.....	260.6	
2007.....	--	
Thereafter.....	323.2	

Total.....	\$589.5	
	=====	

</Table>

In the fourth quarter of 2002, the Company deferred a realized gain of \$12.2 million on the termination of interest rate swaps in advance of their scheduled termination date. This amount was reported in long-term debt and is included in Fair value adjustments and other. The deferred gain will be amortized through 2006

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

based upon the underlying debt, reducing interest expense. The amount of deferred gain included in Fair value adjustments and other was \$11.5 million at December 31, 2002.

The Company has a \$350.0 million long-term revolving credit agreement with a group of banks, which terminates on November 15, 2005. Under the terms of the agreement, the Company has multiple borrowing options, including borrowing at the greater of the prime rate as announced by JPMorgan Chase Bank or the Federal Funds effective rate plus 0.5 percent, or a rate tied to the LIBOR rate. The Company pays a facility fee of 15 basis points 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, 2002. There were no borrowings under the revolving credit agreement during 2002, and the agreement continues to serve as support for commercial paper borrowings when commercial paper is outstanding. The Company has the ability to issue up to \$100.0 million in letters of credit within the revolving credit facility, with \$66.1 million in letters of credit outstanding at December 31, 2002. The Company had borrowing capacity of \$283.9 million under the terms of this agreement at December 31, 2002, net of outstanding letters of credit.

11. DISCONTINUED OPERATIONS

During 2000, the Company announced its intention to divest the following businesses that comprised its former outdoor recreation segment: fishing, camping, bicycle, cooler, marine accessories and hunting sports accessories. The consolidated financial statements for all periods have been restated to present these businesses as discontinued operations in accordance with APB Opinion No. 30.

The Company substantially completed the disposal of its outdoor recreation segment in 2001. The net assets of discontinued operations offered for sale were zero at December 31, 2001, and \$107.4 at December 31, 2000. Net assets of discontinued operations offered for sale consisted of current assets and liabilities and net property, plant and equipment for these operations, net of a reserve for disposal. On December 31, 2002, the Company decided to retain its marine accessories businesses after efforts to sell were unsuccessful. The financial results of these businesses operating under the brand names MotorGuide, Pinpoint and Swivl-Eze, were not material to the Company's consolidated financial statements.

The Company completed the sale of its hunting sports accessories, North American fishing and cooler business in 2001 and received cash proceeds of approximately \$74 million and notes which were valued at their estimated market value of approximately \$10 million. The Company completed the sale of its bicycle and camping businesses in 2000 and received cash proceeds of approximately \$59 million and notes, which were valued at their estimated market value of approximately \$3 million.

Results from discontinued operations for the years ended December 31, 2002, 2001 and 2000 were as follows (in millions):

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Net sales.....	\$ --	\$313.3	\$ 695.3
PRE-TAX LOSS:			
Loss from discontinued operations.....	\$ --	\$ --	\$(104.6)
Loss from disposal of discontinued operations.....	--	--	(305.3)
	-----	-----	-----
Pre-tax loss.....	\$ --	\$ --	\$(409.9)
	=====	=====	=====

</Table>

Losses from discontinued operations included the results of operations from the businesses to be disposed as follows: hunting sports accessories, marine accessories and cooler businesses through September 30, 2000, and fishing, camping and bicycle businesses through June 30, 2000. Losses relating to these businesses subsequent to these dates were estimated and provided for in the loss on the disposition of these businesses.

The 2000 loss from discontinued operations, \$104.6 million pre-tax, included the write-off of goodwill and other long-term assets related to the camping business (\$76.0 million pre-tax, \$50.0 million after-tax) that was recorded in the second quarter of 2000. The write-off was necessary as the Company determined that additional actions would not improve operating performance to levels sufficient to recover its investment in these assets. Also included were asset write-downs and restructuring costs, primarily severance in the fishing and camping businesses, necessitated by a change in business conditions and the decision to outsource the manufacture of fishing reels that were previously manufactured in-house.

The loss from disposal recorded in 2000 totaled \$305.3 million pre-tax and \$229.6 million after-tax. The losses associated with the disposition of these businesses were based on an estimate of cash proceeds, net of costs to sell, along with an estimate of results of operations for these businesses from the date the decision was made to dispose of the businesses through the actual disposition date. The tax benefits associated with the disposal reflect the non-deductibility of losses on the sale of the cooler business. Cash generated

from these dispositions, including cash proceeds, net of costs to sell, cash required to fund operations through disposition and related tax benefits realized in connection with the divestitures, was approximately \$275 million after-tax through December 31, 2001.

12. STOCK PLANS AND MANAGEMENT COMPENSATION

Under the 1991 Stock Plan, the Company may grant stock options, stock appreciation rights, restricted stock and other types of awards to executives and other management employees. Issuances under the plan may be from either authorized but unissued shares or treasury shares. As of December 31, 2002, the plan allows for the issuance of a maximum of 16.2 million shares. Shares available for grant totaled 0.6 million at December 31, 2002.

Stock options issued 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 generally vest over three to five years, or immediately in the event of a change in control. The option price per share cannot be less than the fair market value at the date of grant. 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 ended December 31, was as follows:

<Table>
<Caption>

	2002		2001		2000	
	WEIGHTED STOCK OPTIONS OUTSTANDING	AVERAGE EXERCISE PRICE	WEIGHTED STOCK OPTIONS OUTSTANDING	AVERAGE EXERCISE PRICE	WEIGHTED STOCK OPTIONS OUTSTANDING	AVERAGE EXERCISE PRICE
	(OPTIONS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding on January 1.....	10,481	\$21.87	8,874	\$22.18	7,965	\$22.78
Granted.....	1,013	\$25.10	2,685	\$20.02	1,686	\$18.91
Exercised.....	(2,045)	\$20.06	(560)	\$17.57	(193)	\$16.23
Forfeited.....	(183)	\$28.21	(518)	\$22.14	(584)	\$22.91
Outstanding on December 31.....	9,266	\$22.51	10,481	\$21.87	8,874	\$22.18
Exercisable on December 31.....	5,793	\$23.24	6,067	\$22.92	5,307	\$23.23

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table summarizes information about stock options outstanding at December 31, 2002:

<Table>
<Caption>

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE		
	WEIGHTED AVERAGE NUMBER	WEIGHTED AVERAGE CONTRACTUAL OUTSTANDING	WEIGHTED AVERAGE EXERCISE LIFE	WEIGHTED AVERAGE NUMBER	WEIGHTED AVERAGE EXERCISE EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
	(OPTIONS IN THOUSANDS)			(OPTIONS IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
\$12.56 to 18.50.....	449	3.8 years	\$18.20	402	\$18.23	
\$18.51 to 19.99.....	4,043	7.2 years	\$19.55	1,999	\$19.49	
\$20.00 to 25.00.....	3,284	6.3 years	\$22.99	2,083	\$22.86	
\$25.01 to 35.44.....	1,490	5.0 years	\$30.79	1,309	\$31.10	

The weighted-average fair value of individual options granted during 2002, 2001 and 2000 is \$8.33, \$5.46 and \$5.85, 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 2002, 2001 and 2000, respectively:

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Risk-free interest rate.....	4.2%	4.2%	6.1%
Dividend yield.....	2.0%	2.8%	2.5%
Volatility factor.....	37.4%	33.1%	32.7%
Weighted-average expected life.....	5 YEARS	5 years	5 years

The Company maintains a leveraged employee stock ownership plan (ESOP) that covers all domestic employees of the Company who have been employed by the Company on or before the first day of the ESOP's year and on December 1 of the ESOP's year and have completed at least 1,000 hours of service during the year. 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:

<Table>
<Caption>

	2002	2001
	----	----
	(SHARES IN THOUSANDS)	
<S>	<C>	<C>
Committed-to-be-released.....	272	285
Allocated.....	2,219	2,131
Suspense.....	493	822

Under the grandfather provisions of Statement of Position (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. Dividends 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 (in millions):

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Compensation expense.....	\$ 7.7	\$ 6.9	\$ 6.2
Interest expense.....	1.7	2.6	3.1
Dividends.....	1.8	1.7	1.9
	-----	-----	-----
Total debt service payments.....	\$11.2	\$11.2	\$11.2
	=====	=====	=====

</Table>

BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The fair value of the unearned ESOP shares was approximately \$9.8 million and \$17.9 million at December 31, 2002 and 2001, respectively. The ESOP agreement terminates in 2004.

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 in which a change in control occurs.

13. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company has qualified and nonqualified pension plans, defined contribution 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 salaried pension plan was closed to new participants effective April 1, 1999. This plan was replaced with a defined contribution plan for certain employees not meeting age and service requirements and for new hires. The Company's foreign benefit plans are not significant individually or in the aggregate.

Pension and other postretirement benefit (income) costs included the following components for 2002, 2001 and 2000 (in millions):

<Table>
<Caption>

	PENSION BENEFITS			OTHER POSTRETIREMENT BENEFITS		
	2002	2001	2000	2002	2001	2000
Service cost.....	\$ 15.7	\$ 16.9	\$ 15.4	\$ 1.8	\$ 1.9	\$ 1.5
Interest cost.....	57.8	55.9	51.6	5.4	4.2	3.8
Expected return on plan assets.....		(62.1)	(69.6)	(74.6)	--	--
Amortization of prior service cost.....		5.7	5.9	3.1	(0.5)	(0.5)
Amortization of net (gain) loss.....		3.2	0.6	(2.7)	(0.1)	(0.9)
Settlement/curtailment (gain) loss.....		1.7	--	--	(1.5)	--
Net pension and other benefit costs (income).....	\$ 22.0	\$ 9.7	\$ (7.2)	\$ 5.1	\$ 4.7	\$ 3.3

</Table>

A reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, 2002, and a statement of the funded status at December 31 for these years for the Company's domestic pension plans follow (in millions):

<Table>
<Caption>

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2002	2001	2002	2001
Benefit obligation at previous December 31.....	\$ 820.6	\$ 764.2	\$ 84.3	\$ 64.6
Service cost.....	15.7	16.9	1.8	1.9
Interest cost.....	57.8	55.9	5.4	4.2
Curtailment gain.....	--	--	(1.5)	--
Participant contributions.....	--	--	2.3	2.6
Plan amendments.....	0.2	--	(12.9)	(0.2)
Actuarial (gain) loss.....	25.5	26.6	(0.5)	18.1
Benefit payments.....	(44.1)	(43.0)	(6.3)	(6.9)
Settlement payment.....	(5.9)	--	--	--
Benefit obligation at December 31.....	\$ 869.8	\$ 820.6	\$ 72.6	\$ 84.3

</Table>

<Table>
<Caption>

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
	2002	2001	2002	2001
Fair value of plan assets at January 1.....	\$ 710.7	\$ 753.5	\$ --	\$ --
Actual return on plan assets.....	(75.1)	(12.3)	--	--
Employer contributions.....	53.3	12.5	4.0	4.3

Participant contributions.....	--	--	2.3	2.6	
Benefit payments.....	(44.1)	(43.0)	(6.3)	(6.9)	
Settlement payment.....	(5.9)	--	--	--	
	-----	-----	-----	-----	
Fair value of plan assets at December 31.....	\$ 638.9	\$ 710.7	\$ --	\$ --	
	-----	-----	-----	-----	
FUNDED STATUS:					
Funded status at December 31.....	\$ (230.9)	\$ (109.9)	\$ (72.6)	\$ (84.3)	
Unrecognized prior service cost (credit).....	38.3	43.8	(16.7)	(4.2)	
Unrecognized actuarial (gain) loss.....	285.6	127.8	(3.5)	(3.2)	
	-----	-----	-----	-----	
Prepaid (accrued) benefit cost.....	\$ 93.0	\$ 61.7	\$ (92.8)	\$ (91.7)	
	=====	=====	=====	=====	

</Table>

Pension plan assets include 1.8 million shares of the Company's common stock with a market value of \$36.7 million at December 31, 2002. Dividends received on the Company's common stock totaled \$0.9 million in 2002. The \$5.9 million settlement payment in 2002 represents a lump sum distribution to a former executive for benefits earned in the Company's unfunded, nonqualified pension plan. Plan amendments totaling \$12.9 million included in Other Postretirement Benefits in 2002 principally relate to plan design changes including the reduction of medical and life insurance benefits for certain employees.

The amounts included in the Company's balance sheets as of December 31 were as follows (in millions):

<Table>

<Caption>

	OTHER POSTRETIREMENT			
	PENSION BENEFITS		BENEFITS	
	2002	2001	2002	2001
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
Prepaid benefit cost.....	\$ 119.4	\$ 92.9	\$ --	\$ --
Accrued benefit liability.....	(282.3)	(101.4)	(92.8)	(91.7)
Intangible asset.....	32.4	36.1	--	--
Accumulated other comprehensive income.....		223.5	34.1	--
	-----	-----	-----	-----
Net amount recognized.....	\$ 93.0	\$ 61.7	\$ (92.8)	\$ (91.7)
	=====	=====	=====	=====

</Table>

Three of the Company's five qualified pension plans had accumulated benefit obligations in excess of plan assets at December 31, 2002. The projected and accumulated benefit obligations for these plans were \$781.9 million and \$749.1 million, respectively, and the fair value of assets for these plans was \$589.5 million at December 31, 2002. The Company's unfunded, nonqualified pension plan had projected and accumulated benefit obligations of \$38.5 million and \$30.3 million, respectively, at December 31, 2002, and \$44.1 million and \$34.4 million, respectively, at December 31, 2001. One of the Company's qualified pension plans had an accumulated benefit obligation in excess of plan assets at December 31, 2001. The projected and accumulated benefit obligations for this plan were \$183.1 million and the fair value of assets was \$150.7 million at December 31, 2001. The Company's other postretirement benefit plans are not funded.

Adverse conditions in the equity markets, along with the low interest rate environment, have had an unfavorable impact on the funded status of the Company's qualified pension plans. As a result, the Company was required to record a minimum pension liability adjustment in accordance with SFAS No. 87, "Employers'

Accounting for Pensions," in Total Accumulated Other Comprehensive Income of \$189.4 million pre tax (\$115.7 million after-tax), \$24.4 million pre-tax (\$14.6 million after-tax) and \$9.4 million pre-tax (\$6.0 million after-tax) at December 31, 2002, 2001 and 2000, respectively.

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. Benefit obligations were determined using the following assumptions:

<Table>
<Caption>

	2002	2001
	----	----
	<C>	<C>
Discount rate.....	6.75%	7.25%
Long-term rate of return on plan assets.....	9.0%	9.5%
Rate of compensation increase.....	4.5%	5.5%

The Company utilizes the Moody's Aa long-term corporate bond yield as a basis for determining the discount rate with a yield adjustment made for the longer duration of the Company's obligations. As a result of the decline in Moody's Aa long-term corporate bond yield and the overall declining interest rate environment, the Company lowered its discount rate assumption used to determine pension obligations from 7.25 percent to 6.75 percent at December 31, 2001 and 2002, respectively. The Company evaluates its assumption regarding the estimated long-term rate of return on plan assets based on the historical experience and future expectations on investment returns. The Company chooses a rate of return on plan assets that it believes is an appropriate long-term average return. The expected return on plan assets takes into account estimated future investment returns for various asset classes held in the plan's portfolio. The Company lowered its investment return assumptions in determining pension cost to 9.0 percent in 2002 compared with 9.5 percent in 2001 and 2000.

The health care cost trend rate for 2003 for pre-65 benefits was assumed to be 9.0 percent, gradually declining to 5.0 percent in 2006 and remaining at that level thereafter. The trend rate for post-65 benefits was assumed to be 11.0 percent, gradually declining to 5.0 percent in 2008 and remaining at that 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 combined service and interest cost components of net postretirement health care benefit cost by \$0.6 million in 2002 and increase the health care component of the accumulated postretirement benefit obligation by \$6.2 million at December 31, 2002. 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 \$0.5 million in 2002 and decrease the health care component of the accumulated postretirement benefit obligation by \$5.5 million at December 31, 2002. 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.

The Company also has defined contribution retirement plans covering most of its employees. The Company's contributions to these plans are based on various percentages of compensation, and in some instances are based on the amount of the employees' contributions to the plans. The expense related to these plans was \$26.2 million, \$21.3 million and \$22.6 million in 2002, 2001 and 2000, respectively. Company contributions to multiemployer plans were \$1.4 million, \$1.9 million and \$1.7 million in 2002, 2001 and 2000, respectively.

14. INCOME TAXES

The sources of earnings before income taxes are as follows (in millions):

<Table>
<Caption>

	2002	2001	2000
	-----	-----	-----
	<C>	<C>	<C>
United States.....	\$150.7	\$120.8	\$316.1
Foreign.....	10.9	11.4	7.2

Earnings before income taxes.....	\$161.6	\$132.2	\$323.3
-----------------------------------	---------	---------	---------

</Table>

The income tax provision for continuing operations consisted of the following (in millions):

<Table>

<Caption>

	2002	2001	2000
CURRENT TAX EXPENSE:			
U.S. Federal.....	\$30.1	\$(14.1)	\$109.4
State and local.....	(5.0)	10.1	21.1
Foreign.....	(0.6)	3.2	8.6
Total current.....	24.5	(0.8)	139.1
DEFERRED TAX EXPENSE:			
U.S. Federal.....	16.0	48.4	(6.9)
State and local.....	12.7	(3.9)	(6.7)
Foreign.....	4.9	3.8	(4.4)
Total deferred.....	33.6	48.3	(18.0)
Total provision.....	\$58.1	\$47.5	\$121.1

</Table>

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BRUNSWICK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Temporary differences and carryforwards that give rise to deferred tax assets and liabilities at December 31 were as follows (in millions):

<Table>

<Caption>

	2002	2001
CURRENT DEFERRED TAX ASSETS:		
Bad debts.....	\$15.8	\$15.2
Standard and extended product warranties.....	71.5	63.0
Dealer allowances and discounts.....	38.2	35.7
Insurance reserves.....	23.4	22.6
Discontinued operations.....	18.0	32.4
Litigation and environmental reserves.....	29.5	28.9
Loss carryforwards.....	28.9	29.1
Other.....	80.1	80.9
Valuation allowance.....	(0.3)	(0.3)
Total current deferred tax assets.....	\$305.1	\$307.5
NON-CURRENT DEFERRED TAX LIABILITIES (ASSETS):		
Depreciation and amortization.....	\$73.7	\$84.6
Other assets and investments.....	92.0	87.2
Pension.....	35.4	22.5
Postretirement benefits.....	(46.1)	(45.0)
Minimum pension liability adjustment.....	(87.0)	(13.3)
Other.....	76.1	49.2
Total non-current deferred tax liabilities.....	\$144.1	\$185.2

</Table>

At December 31, 2002, the Company has state tax net operating loss (NOL) carryforwards totaling \$28.9 million available to reduce future taxable income. The NOL carryforward expires at various intervals between the years 2003 and 2021.

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

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<Table>
<Caption>

	2002	2001	2000
	----	----	----
	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Income tax provision at 35%.....	\$56.5	\$46.3	\$113.1
State and local income taxes, net of Federal income tax effect.....	5.0	4.0	9.4
Foreign sales corporation benefit.....	(2.5)	(4.0)	(4.9)
Taxes related to foreign income, net of credits.....	0.2	1.4	2.6
Goodwill and other amortization.....	(0.4)	2.0	1.6
Other.....	(0.7)	(2.2)	(0.7)
	-----	-----	-----
Actual income tax provision.....	\$58.1	\$47.5	\$121.1
	=====	=====	=====
Effective tax rate.....	36.0%	36.0%	37.5%

</Table>

In 1999, the United States Tax Court upheld an Internal Revenue Service (IRS) determination that resulted in the disallowance of capital losses and other expenses from two partnership investments for 1990 and 1991. In 2000, the Company appealed the Tax Court ruling to the United States Court of Appeals for the District of Columbia and posted a \$79.8 million surety bond to secure payment of tax deficiencies plus accrued interest related to the appeal. In late 2001, the Court of Appeals rendered a decision vacating the Tax Court's opinion and remanded the case to the Tax Court for reconsideration. If the Company does not ultimately prevail, it will owe approximately \$135 million, consisting of \$60 million in taxes due plus \$75 million of interest, net of tax. The Company has previously settled a number of other issues with the IRS on open tax years 1989 through 1994 and anticipates favorable adjustments that would reduce the liability associated with the two partnership investments to approximately \$53 million, consisting of \$27 million in taxes due and \$26 million in interest, net of tax. The Company has established an adequate reserve for this contingency and does not anticipate any material adverse effects on its consolidated financial position or results of operations in the event of an unfavorable resolution of this matter. No penalties have been asserted by the IRS to date, and the Company has not provided for any penalties or interest on such penalties.

15. LEASES

The Company has various lease agreements for offices, branches, factories, distribution and service facilities, certain Company-operated bowling centers, fitness retail locations, and certain personal property. The longest of these obligations extends through 2025. 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 (in millions):

<Table>
<Caption>

	2002	2001	2000
	----	----	----
<S>	<C>	<C>	<C>
Basic expense.....	\$42.5	\$40.3	\$37.5

Contingent expense.....	1.9	1.0	0.3
Sublease income.....	(1.1)	(1.4)	(2.1)
	-----	-----	-----
Rent expense, net.....	\$43.3	\$39.9	\$35.7
	=====	=====	=====

</Table>

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Future minimum rental payments at December 31, 2002, under agreements classified as operating leases with non-cancelable terms in excess of one year, were as follows (in millions):

<Table>

<S>	<C>
2003.....	\$ 28.7
2004.....	23.4
2005.....	19.8
2006.....	15.8
2007.....	11.8
Thereafter.....	35.4

Total (not reduced by minimum sublease rentals of \$1.7 million).....	\$134.9
	=====

</Table>

16. PREFERRED SHARE PURCHASE RIGHTS

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

The Rights become exercisable at the earlier of (1) a public announcement that a person or group acquired or obtained the right to acquire 15 percent or more of the Company's common stock or (2) 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.

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BRUNSWICK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

17. INVESTMENTS

The Company has certain unconsolidated foreign and domestic affiliates that are accounted for using the equity method. Summary financial information of the unconsolidated equity method affiliates for the year ended December 31 is presented below (in millions):

<Table>

<Caption>

	2002	2001	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Net sales.....	\$241.8	\$231.7	\$ 266.8
Gross margin.....	\$ 24.4	\$ 40.0	\$ 45.3
Net earnings (loss).....	\$ 6.1	\$ 0.2	\$ (5.9)
Company's share of net earnings (loss).....	\$ 3.0	\$ (4.0)	\$ (3.6)
Current assets.....	\$ 82.4	\$ 59.1	\$ 99.4
Noncurrent assets.....	71.1	88.7	121.0
	-----	-----	-----
Total assets.....	153.5	147.8	220.4
Current liabilities.....	(80.3)	(83.4)	(120.9)
Noncurrent liabilities.....	(27.5)	(22.0)	(45.8)
	-----	-----	-----
Net assets.....	\$ 45.7	\$ 42.4	\$ 53.7
	=====	=====	=====

</Table>

The Company's sales to and purchases from the above investments, along with the corresponding receivables and payables, were not material to the Company's overall results of operations for the years ended December 31, 2002, 2001 and 2000, respectively, and its financial position as of December 31, 2002 and 2001. In 2001, the Company recorded impairment charges and purchase accounting adjustments of \$4.2 million on certain investments, which were not recorded in the affiliates' net earnings.

The Company had Available-for-Sale equity investments with a fair market value of \$38.4 million and \$38.5 million at December 31, 2002 and 2001, respectively. The unrealized gain, recorded net of deferred taxes, has been included as a separate component of shareholders' equity and was \$2.7 million at December 31, 2002, compared to an unrealized loss, net of deferred taxes, of \$1.7 million at December 31, 2001.

In 2000, the Company made \$38.1 million of investments in Internet-related businesses and fitness equipment distribution alliances. Also in 2000, the Company recorded a charge of \$14.1 million to write-down investments in certain Internet-related businesses.

18. TREASURY AND PREFERRED STOCK

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

<Table>

<Caption>

	2002	2001	2000
	-----	-----	-----
	(SHARES IN THOUSANDS)		
<S>	<C>	<C>	<C>
Balance at January 1.....	14,739	15,194	10,727
Compensation plans and other.....	(2,362)	(455)	(257)
Stock repurchases.....	--	--	4,724
	-----	-----	-----
Balance at December 31.....	12,377	14,739	15,194
	=====	=====	=====

</Table>

At December 31, 2002, 2001 and 2000, the Company had no preferred stock outstanding (12.5 million shares authorized, \$0.75 par value at December 31, 2002, 2001 and 2000).

19. FINANCIAL SERVICES

The Company established a joint venture in 2002 with Transamerica Distribution Finance to provide financial products and services to customers of the Company's domestic marine businesses. The venture, Brunswick Acceptance Company, LLC (BAC), will provide secured wholesale floor-plan financing to the Company's boat dealers and may provide other financial services in support of

the Company's marine businesses. In addition, the parties contemplate that BAC will purchase and service a portion of Mercury Marine's accounts receivable for its boatbuilder customers. The Company owns a 15 percent interest in the joint venture initially, but will increase its ownership to 49 percent by July 15, 2003. BAC became operational in January 2003.

20. SUBSEQUENT EVENTS

In January 2003, the Company purchased a 36 percent equity interest in Bella-Veneet OY (Bella), a boat manufacturer located in Finland. The Company will account for this investment using the equity method and will have the option to acquire the remaining equity interest of Bella in 2007.

21. QUARTERLY DATA (UNAUDITED)

<Table>

<Caption>

	QUARTER					YEAR
	1ST	2ND	3RD	4TH	YEAR	
(RESTATED)* (IN MILLIONS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2002						
Net sales.....	\$866.7	\$1,017.2	\$900.0	\$928.0	\$3,711.9	
Gross margin.....	\$191.4	\$ 239.8	\$205.6	\$223.1	\$ 859.9	
Earnings from continuing operations.....	\$ 13.2	\$ 46.2	\$ 23.6	\$ 20.5	\$ 103.5	
Cumulative effect of change in accounting principle, net of tax.....	(25.1)	--	--	--	(25.1)	
Net earnings (loss).....	\$(11.9)	\$ 46.2	\$ 23.6	\$ 20.5	\$ 78.4	
BASIC EARNINGS (LOSS) PER COMMON SHARE:						
Earnings from continuing operations.....	\$ 0.15	\$ 0.51	\$ 0.26	\$ 0.23	\$ 1.15	
Cumulative effect of change in accounting principle, net of tax.....	(0.28)	--	--	--	(0.28)	
Net earnings (loss).....	\$(0.13)	\$ 0.51	\$ 0.26	\$ 0.23	\$ 0.87	
DILUTED EARNINGS (LOSS) PER COMMON SHARE:						
Earnings from continuing operations.....	\$ 0.15	\$ 0.51	\$ 0.26	\$ 0.22	\$ 1.14	
Cumulative effect of change in accounting principle, net of tax.....	(0.28)	--	--	--	(0.28)	
Net earnings (loss).....	\$(0.13)	\$ 0.51	\$ 0.26	\$ 0.22	\$ 0.86	
Dividends declared.....	\$ --	\$ --	\$ --	\$ 0.50	\$ 0.50	
COMMON STOCK PRICE (NYSE SYMBOL: BC):						
High.....	\$28.25	\$ 30.01	\$28.20	\$22.53	\$ 30.01	
Low.....	\$21.51	\$ 24.68	\$18.30	\$18.48	\$ 18.30	

</Table>

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BRUNSWICK CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<Table>

<Caption>

	QUARTER					YEAR
	1ST	2ND	3RD	4TH	YEAR	
(RESTATED)* (IN MILLIONS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2001						
Net sales.....	\$913.2	\$ 928.8	\$811.0	\$717.8	\$3,370.8	
Gross margin.....	\$225.8	\$ 228.0	\$178.7	\$150.9	\$ 783.4	

Earnings (loss) from continuing operations...	\$ 39.5	\$ 41.5	\$ 6.3	\$(2.6)	\$ 84.7
Cumulative effect of change in accounting principle, net of tax.....	(2.9)	--	--	--	(2.9)
Net earnings (loss).....	\$ 36.6	\$ 41.5	\$ 6.3	\$(2.6)	\$ 81.8
BASIC EARNINGS (LOSS) PER COMMON SHARE:					
Earnings from continuing operations.....	\$ 0.45	\$ 0.47	\$ 0.07	\$(0.03)	\$ 0.96
Cumulative effect of change in accounting principle, net of tax.....	(0.03)	--	--	--	(0.03)
Net earnings (loss).....	\$ 0.42	\$ 0.47	\$ 0.07	\$(0.03)	\$ 0.93
DILUTED EARNINGS (LOSS) PER COMMON SHARE:					
Earnings from continuing operations.....	\$ 0.45	\$ 0.47	\$ 0.07	\$(0.03)	\$ 0.96
Cumulative effect of change in accounting principle, net of tax.....	(0.03)	--	--	--	(0.03)
Net earnings (loss).....	\$ 0.42	\$ 0.47	\$ 0.07	\$(0.03)	\$ 0.93
Dividends declared.....	\$0.125	\$ 0.125	\$0.125	\$0.125	\$ 0.50
COMMON STOCK PRICE (NYSE SYMBOL: BC):					
High.....	\$23.00	\$ 25.01	\$24.60	\$22.25	\$ 25.01
Low.....	\$14.81	\$ 18.76	\$14.03	\$16.70	\$ 14.03

* Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," and accordingly no longer amortizes goodwill and other certain intangible assets, but tests these assets annually for impairment. In the second quarter of 2002, the Company completed its impairment testing and recorded as a cumulative effect of a change in accounting principle a one-time non-cash charge of \$29.8 million pre-tax (\$25.1 million after-tax, or \$0.28 per diluted share) to reduce the carrying amount of goodwill. The Company has restated the first quarter of 2002 to reflect the impairment charge effective January 1, 2002, as required under SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements."

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EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Forms S-3 No. 333-71344, No. 33-61512, and No. 333-9997 and Forms S-8 No. 33-55022, No. 33-56193, No. 33-61835, No. 33-65217, No. 333-04289, No. 333-27157, No. 333-77431, and No. 333-77457), as amended, and in the related Prospectus of Brunswick Corporation of our report dated January 28, 2003, with respect to the 2002 consolidated financial statements and schedule of Brunswick Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 2002.

/s/ Ernst & Young LLP

Chicago, Illinois
March 11, 2003

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

<S>	<C>	<C>	<C>	<C>	<C>	<C>
ALLOWANCES FOR POSSIBLE LOSSES ON RECEIVABLES	BALANCE AT BEGINNING OF PERIOD	CHARGES TO PROFIT AND LOSS	WRITE-OFFS	BALANCE AT RECOVERIES	OTHER	YEAR END OF
2002.....	\$26.1	\$10.8	\$(6.6)	\$0.8	\$(0.7)	\$31.8
2001.....	\$21.2	\$13.7	\$(13.1)	\$0.5	\$ 3.8	\$26.1

2000.....	\$18.4	\$11.4	\$ (8.9)	\$1.0	\$(0.7)	\$21.2
-----------	--------	--------	----------	-------	---------	--------

</Table>

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		BALANCE AT RECOVERIES OTHER		END OF YEAR
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
2002.....	\$0.3	\$ --	\$ --	\$ --	\$ --	\$0.3		
2001.....	\$0.3	\$ --	\$ --	\$ --	\$ --	\$0.3		
2000.....	\$0.3	\$ --	\$ --	\$ --	\$ --	\$0.3		

</Table>

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.
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, 2027, 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.
4.7	Credit Agreement dated as of May 22, 1997, setting forth the

terms of the Company's \$400,000,000 Revolving Credit and Competitive Advance Facility with Chase Manhattan Bank, administrative agent, and other lenders identified in the Credit Agreement, filed as Exhibit 4.7 to the Company's Annual Report on Form 10-K for 2001, and hereby incorporated by reference.

- 4.8 Credit Agreement dated as of November 15, 2002, setting forth the terms of the Company's \$350,000,000 Revolving Credit and Competitive Bid Loan Facility with JPMorgan Chase Bank, administrative agent, and other lenders identified in the Credit Agreement.
- 10.1* 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.
- 10.2* 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.
- 10.3* Form of Change of Control Agreement by and between the Company and each of K. J. Chieger, T.J. Chung, W. J. Gress, K. S. Grodzki, P. B. Hamilton, P. G. Leemputte, B. R. Lockridge, P. C. Mackey, D. E. McCoy, W. L. Metzger, V. J. Reich, C. M. Sladnick, M. I. Smith, D. B. Tompkins, C. Trudell and J. P. Zelisko, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, and hereby incorporated by reference.
- 10.4* Form of Change of Control Agreement by and between the Company and G. W. Buckley filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, and hereby incorporated by reference.

</Table>

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<Caption>

EXHIBIT NO.	DESCRIPTION
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|--------|---|
| 10.5* | 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. |
| 10.6* | 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. |
| 10.7* | 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. |
| 10.8* | 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 premiums paid prior to July 30, 2002, with some exceptions, from the policy proceeds. |
| 10.9* | Form of Indemnification Agreement by and between the Company and each of N. D. Archibald, D. J. Bern, J. L. Bleustein, M. J. Callahan, M. A. Fernandez, P. Harf, J. W. Lorsch, B. Martin Musham, G.H. Phillips, R. L. Ryan, R. C. Stayer, 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. |
| 10.10* | Form of Indemnification Agreement by and between the Company and each of G. W. Buckley, K. J. Chieger, T.J. Chung, W. J. Gress, K. S. Grodzki, P. B. Hamilton, P. G. Leemputte, B. R. Lockridge, P. C. Mackey, D. E. McCoy, W. L. Metzger, V. J. Reich, C. M. Sladnick, M. I. Smith, D. B. Tompkins, C. |

Trudell 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.

- 10.11* 1991 Stock Plan filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, and hereby incorporated by reference.
- 10.12* Change in Control Severance Plan filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.
- 10.13* Brunswick Performance Plan for 2001 filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for 2000, and hereby incorporated by reference.
- 10.14* Brunswick Performance Plan for 2002 filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for 2001, and hereby incorporated by reference.
- 10.15* Brunswick Performance Plan for 2003.
- 10.16* Brunswick Strategic Incentive Plan for 2000-2001 filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for 1999, and hereby incorporated by reference.
- 10.17* Brunswick Strategic Incentive Plan for 2001-2002 filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for 2000, and hereby incorporated by reference.
- 10.18* Brunswick Strategic Incentive Plan for 2002-2003.
- 10.19* 1997 Stock Plan for Non-Employee Directors filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.
- 10.20* Elective Deferred Compensation Plan filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.
- 10.21* Automatic Deferred Compensation Plan filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and hereby incorporated by reference.
- 10.22* Promissory Note dated March 2, 2001, by and between George W. Buckley and the Company filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for 2000, and hereby incorporated by reference.

</Table>

<Table>

<Caption>

EXHIBIT NO.	DESCRIPTION
-------------	-------------

- - - - -

- - - - -

<C>

<S>

- | | |
|------|---|
| 12.1 | Statement regarding computation of ratios. |
| 16.1 | Letter of Arthur Andersen LLP regarding change in certifying accountant filed as Exhibit 16.1 to the Company's Report on Form 8-K filed March 15, 2002, and hereby incorporated by reference. |
| 21.1 | Subsidiaries of the Company. |
| 23.1 | Consent of Independent Auditors is on page 80 of this Report. |
| 24.1 | Powers of Attorney. |
| 99.1 | Certification of Chief Executive Officer |
| 99.2 | Certification of Chief Financial Officer |

</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.

BRUNSWICK CORPORATION

BY-LAWS

AS AMENDED FEBRUARY 4, 2003

EFFECTIVE APRIL 30, 2003

ARTICLE I

OFFICES

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

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

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Meetings of stockholders may be held at such time and place, if any, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. The board of directors may, in its sole discretion, determine that the meeting shall not be held at any place, but shall be held solely by means of remote communication, subject to such guidelines and procedures as the board of directors may adopt, as permitted by applicable law.

Section 2. (a) An annual meeting of stockholders shall be held at such time and on such day in the month of April or in such other month as the board of directors may specify by resolution. At the annual meeting the stockholders shall elect by 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.

(b) For business to be properly brought before the meeting, it must be: (i) authorized by the board of directors and specified in the notice, or a supplemental notice, of the meeting, (ii) otherwise brought before the meeting by or at the direction of the board of directors or the chairman of the meeting, or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given written notice thereof to the Secretary of the corporation, delivered or mailed to and received at the principal executive offices of the corporation not less than ninety days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within thirty days from the anniversary date of the preceding year's annual meeting date, written notice by a stockholder in order to be timely must be received not later than the close of

business on the tenth day following the day on which the first public disclosure of the date of the annual meeting was made. Delivery shall be by hand or by certified or registered mail, return receipt requested. In no event shall the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of stockholder's notice as described above. A stockholder's notice to the Secretary shall set forth as to each item of business the stockholder proposes to bring before the meeting: (1) a description of such item and the reasons for conducting such business at the meeting, (2) the name and address, as they appear on the corporation's records, of the stockholder proposing such business, (3) a representation that the stockholder is a holder of record of shares of stock of the corporation entitled to vote with respect to such business and intends to appear in person or by proxy at the meeting to move the consideration of such business, (4) the class and number of shares of stock of the Corporation which are beneficially owned by the stockholder (for purposes of the regulations under Sections 13 and 14 of the

Securities Exchange Act of 1934, as amended), and (5) any material interest of the stockholder in such business. No business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b). The chairman of the meeting at which any business is proposed by a stockholder shall, if the facts warrant, determine and declare to the meeting that such business was not properly brought before the meeting in accordance with the provisions of this paragraph (b), and, in such event, the business not properly before the meeting shall not be transacted.

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

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

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

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

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

Section 8. The Secretary shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, the list shall also be

produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, the list shall be open to the examination of any stockholder during the whole time thereof on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

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

Section 10. The holders of a majority of the shares of the capital stock of the corporation, issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation or by these by-laws. If a quorum is present when a meeting is convened, the subsequent withdrawal of stockholders, even though less than a quorum remains, shall not affect the ability of the remaining stockholders lawfully to transact business. If, however, such quorum shall not be present or

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represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 11. 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 12. (a) At any meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in person. Each stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the corporation. Except where the transfer books of the corporation shall have been closed or a date shall have been fixed by the board of directors as a record date for the determination of its stockholders entitled to vote, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the corporation within twenty days next proceeding such election of directors.

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

(c) Stock of the corporation standing in the name of another corporation and entitled to vote may be voted by such officer, agent or proxy as the by-laws or other internal regulations of such other corporation may prescribe or, in the absence of such provision, as the board of directors or comparable body of such other corporation may determine.

(d) Stock of the corporation standing in the name of a deceased person, a minor, an incompetent or a debtor in a case under Title 11, United States Code, and entitled to vote may be voted by an administrator, executor, guardian, conservator, debtor-in-possession or trustee, as the case may be, either in person or by proxy, without transfer of such shares into the name of the official or other person so voting.

(e) A stockholder whose voting stock of the corporation is pledged shall be entitled to vote such stock unless on the transfer records of the corporation the pledgor has expressly empowered the pledgee to vote such shares, in which case only the pledgee, or such pledgee's proxy, may represent such shares and vote thereon.

(f) If voting stock is held of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or

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order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (i) if only one votes, such act binds all; (ii) if more than one vote, the act of the majority so voting binds all; and (iii) if more than one votes, but the vote is evenly split on any particular matter each faction may vote such stock proportionally, or any person voting the shares, or a beneficiary, if any, may apply to the Court of Chancery of the State of Delaware or such other court as may have jurisdiction to appoint an additional person to act with the persons so voting the stock, which shall then be voted as determined by a majority of such persons and the person appointed by the Court. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this subsection shall be a majority or even split in interest.

(g) Stock of the corporation belonging to the corporation, or to another corporation a majority of the shares entitled to vote in the election of directors of which are held by the corporation, shall not be voted at any meeting of stockholders and shall not be counted in the total number of outstanding shares for the purpose of determining whether a quorum is present. Nothing in this Section 12(g) shall limit the right of the corporation to vote shares of stock of the corporation held by it in a fiduciary capacity.

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

(b) A stockholder may authorize another person or persons to act for such stockholder as proxy (i) by executing a writing authorizing such person or persons to act as such, which execution may be accomplished by such stockholder or such stockholder's authorized officer, director, partner, employee or agent (or, if the stock is held in a trust or estate, by a trustee, executor or administrator thereof) signing such writing or causing his or her signature to be affixed to such writing by any reasonable means, including, but not limited to, facsimile signature, or (ii) by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission (a "Transmission") to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such Transmission; provided that any such Transmission must either set forth or be submitted with information from which it can be determined that such Transmission was authorized by such stockholder.

(c) Any inspector or inspectors appointed pursuant to Section 14 of Article II of these by-laws shall examine Transmissions to determine if they are valid.

If no inspector or inspectors are so appointed, the Secretary or such other person or persons as shall be appointed from time to time by the board of directors shall examine Transmissions to determine if they are valid. If it is determined that a Transmission is valid, the person or persons making that determination shall specify the information upon which such person or persons relied. Any copy, facsimile telecommunication or other reliable reproduction of such a writing or Transmission may be

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substituted or used in lieu of the original writing or Transmission for any and all purposes for which the original writing or Transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or Transmission.

Section 14. (a) If the corporation has a class of voting stock that is (i) listed on a national securities exchange, (ii) authorized for quotation on an interdealer quotation system of a registered national securities association or (iii) held of record by more than 2,000 stockholders, the board of directors shall, in advance of any meeting of stockholders, appoint one or more inspectors (individually an "Inspector," and collectively the "Inspectors") to act at such meeting and make a written report thereof. The board of directors may designate one or more persons as alternate Inspectors to replace any Inspector who shall fail to act. If no Inspector or alternate is able to act at such meeting, the chairman of the meeting shall appoint one or more other persons to act as Inspectors. Each Inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of Inspector with strict impartiality and according to the best of his or her ability.

(b) The Inspectors shall (i) ascertain the number of shares of stock of the corporation outstanding and the voting power of each, (ii) determine the number of shares of stock of the corporation present in person or by proxy at such meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the Inspectors and (v) certify their determination of the number of such shares present in person or by proxy at such meeting and their count of all votes and ballots. The Inspectors may appoint or retain other persons or entities to assist them in the performance of their duties.

(c) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at such meeting. No ballots, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the Inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by any stockholder shall determine otherwise.

(d) In determining the validity and counting of proxies and ballots, the Inspectors shall be limited to an examination of the proxies, any envelopes submitted with such proxies, any information referred to in paragraphs (b) and (c) of Section 13 of Article II of these by-laws, ballots and the regular books and records of the corporation, except that the Inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by a stockholder of record to cast or more votes than such stockholder holds of record. If the Inspectors consider other reliable information for the limited purpose permitted herein, the Inspectors, at the time they make their certification pursuant to paragraph (b) of this Section 14, shall specify the precise information considered by them, including the person or persons from whom such information was obtained, when and the means by which such information was obtained and the basis for the Inspectors' belief that such information is accurate and reliable.

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Section 15. (a) In order that the corporation may determine the stockholders entitled (i) to notice of or to vote at any meeting of stockholders or any adjournment thereof, (ii) to receive payment of any dividend or other distribution or allotment of any rights, (iii) to exercise any rights in respect of any change, conversion or exchange of stock or (iv) to take, receive or participate in any other action, the board of directors may fix a record date,

which shall not be earlier than the date upon which the resolution fixing the record date is adopted by the board of directors and which (1) in the case of a determination of stockholders entitled to notice of or to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, be not more than sixty nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall be not more than sixty days before such action.

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

(c) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, but the board of directors may fix a new record date for the adjourned meeting.

ARTICLE III

DIRECTORS

Section 1. The number of directors shall be twelve, 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, not less than ninety days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within thirty days from the anniversary date of the preceding year's annual meeting date, written notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which public disclosure of the date of the annual meeting was made, and (b) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which public disclosure of such meeting is first given to stockholders. Delivery shall be by hand, or by

certified or registered mail, return receipt requested. In no event shall the public announcement of an adjournment of any annual or special meeting commence a new time period for giving of a stockholder notice as described above. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination; (ii) the name, principal occupation, age, business address and residence address of the person or persons to be nominated; (iii) the class and number of shares of stock of the corporation which are beneficially owned by the stockholder and each nominee (for the purposes of the regulations under Sections 13 and 14 of the Securities Exchange Act of 1934, as amended); (iv) a representation that the stockholder is the holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (v) 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; (vi) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy

statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated by the board of directors; and (vii) 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, if any, 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.

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

(b) A director who is directly or indirectly a party to a contract or transaction with the corporation, or is a director or officer of or has a financial interest in any other corporation, partnership, association or other organization which is a party to a contract or transaction with the corporation, may be counted in determining whether a quorum is present at any meeting of the board of directors or a committee thereof at which such contract or transaction is considered or authorized, and such director may participate in such meeting and vote on such authorization to the extent permitted by applicable law, including Section 144 of the General Corporation Law of the State of Delaware.

COMMITTEES

Section 9. The board of directors may, by resolution passed by a majority of the whole board of directors, designate one or more committees, each

committee to consist of one or more directors of the corporation. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members present at any meeting and not disqualified from voting, whether or not a quorum, may unanimously appoint another member of the board of directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in these by-laws or in the resolution of the board of directors designating such committee, or an amendment to such resolution, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

Section 10. Unless the board of directors otherwise provides, each committee designated by the board of directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the board of directors conducts its business pursuant to this Article III of these by-laws.

ALTERNATE COMMITTEE MEMBERS

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Section 11. 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.

COMPENSATION OF DIRECTORS

Section 12. Directors shall receive such fees and reimbursement of reasonable expenses as may be fixed from time to time by resolution of the board. Members of special or standing committees shall also be allowed such fees and reimbursements for reasonable expenses in connection with service on such committees as may from time to time be fixed by resolution of the board. Such fees may be fixed on the basis of meetings attended or on an annual basis or both and may be payable currently or deferred.

ACTION BY WRITTEN CONSENT

Section 13. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing (which may be in counterparts) or by electronic transmission, and the written consent or consents or electronic transmission or transmissions are filed with the minutes of proceedings of the board of directors or such committee. Such filing shall be made in paper form if the minutes of the corporation are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ACTION BY TELEPHONE OR OTHER COMMUNICATIONS EQUIPMENT

Section 14. Directors may participate in a meeting of the board or any committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

PRESUMPTION OF ASSENT

Section 15. Unless otherwise provided by the laws of the State of Delaware, a director who is present at a meeting of the board of directors or a committee thereof at which action is taken on any matter shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of such meeting or unless he or she shall file his or her written dissent to such action with the person acting as Secretary of such meeting before the adjournment thereof or shall forward such dissent by registered mail

to the Secretary immediately after the adjournment of such meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV

NOTICES

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

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

Section 2. (a) Whenever notice is required to be given by law, the certificate of incorporation or these by-laws to any stockholder to whom (i) notice of two consecutive annual meetings of stockholders and all notices of meetings of stockholders during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities of the corporation during a 12-month period, have been mailed addressed to such stockholder at the address of such stockholder as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such stockholder shall not be required. Any action or meeting which shall be taken or held without notice to such stockholder shall have the same force and effect as if such notice had been duly given. If any such stockholder shall deliver to the corporation a written notice setting forth the then current address of such stockholder, the requirement that notice be given to such stockholder shall be reinstated.

(a) Whenever notice is required to be given by law, the certificate of incorporation or these by-laws to any person with whom communication is unlawful, the giving of such notice to such person shall not be required, and there shall be no duty to apply to any governmental authority or

agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given.

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

ARTICLE V

OFFICERS

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

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

Section 3. The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed by the board of directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the board of directors. The board of directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

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

Section 5. In addition to such other duties, if any, as may be assigned to the Secretary by the board of directors, the Chairman of the Board, or the Chief Executive Officer, the Secretary shall (i) keep the minutes of proceedings of the stockholders, the board of directors and any committee of the board of directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (iii) be the custodian of the records and seal of the corporation; (iv) affix or cause to be affixed the seal of the corporation or a facsimile thereof, and attest the seal by his or her signature, to all certificates for shares of stock of the corporation and to all other documents the execution of which under seal is

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authorized by the board of directors; and (v) unless such duties have been delegated by the board of directors to a transfer agent of the corporation, keep or cause to be kept a register of the name and address of each stockholder, as the same shall be furnished to the Secretary by such stockholder, and have general charge of the stock transfer records of the corporation.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. The corporation 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.

Section 4. The corporation may pay or reimburse the reasonable expenses incurred in defending any proceeding in advance of its final disposition if the corporation has received in advance an undertaking by the person receiving such payment or reimbursement to repay all amounts advanced if it should be ultimately determined that he or she is not entitled to be indemnified under this Article VI or otherwise. The corporation may require security for any such undertaking.

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

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

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corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

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

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

ARTICLE VII

CERTIFICATES OF STOCK

Section 1. 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.

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TRANSFERS OF STOCK

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

REGISTERED STOCKHOLDERS

Section 5. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the party 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

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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.

DEFINITIONS

Section 7. (a) For purposes of these by-laws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(b) For purposes of these by-laws, "public disclosure" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

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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.

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CREDIT AGREEMENT

dated as of

November 15, 2002

between

BRUNSWICK CORPORATION,

The SUBSIDIARY ACCOUNT PARTIES Party Hereto,

The LENDERS Party Hereto

and

JPMORGAN CHASE BANK,

as Administrative Agent

\$350,000,000

J.P. MORGAN SECURITIES INC.,
as Lead Arranger and Joint Bookrunner

BANC ONE CAPITAL MARKETS, INC.,
as Lead Arranger and Joint Bookrunner

BANK ONE, NA,
as Syndication Agent

BANK OF AMERICA, N.A.,
THE BANK OF NEW YORK
and
WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Documentation Agents

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CREDIT AGREEMENT dated as of November 15, 2002, between BRUNSWICK CORPORATION, certain SUBSIDIARIES of Brunswick Corporation that shall become SUBSIDIARY ACCOUNT PARTIES from time to time pursuant to Section 2.05(m), the LENDERS party hereto and JPMORGAN CHASE BANK, as Administrative Agent.

The Borrower (as hereinafter defined) has requested that the Lenders (as so defined) make loans and extend credit to it and certain of its Subsidiaries in an aggregate principal or face amount not exceeding \$350,000,000 at any one time outstanding. The Lenders are prepared to extend such credit upon the terms and conditions hereof, and, accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are denominated in Dollars and bearing interest at a rate determined by reference to the Alternate Base Rate.

"Account Party" means any of the Borrower and the Subsidiary Account Parties, as the context may require, and "Account Parties" means all of the foregoing.

"Adjusted LIBO Rate" means, for the Interest Period for any Syndicated Eurocurrency Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate for such Interest Period.

"Administrative Agent" means JPMCB, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Agent's Account" means, for each Currency, an account in respect of such Currency designated by the Administrative Agent in a notice to the Borrower, the Subsidiary Account Parties and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided that, notwithstanding the foregoing, the TCFC Joint Venture shall be deemed an

"Agreed Foreign Currency" means, at any time, any of Pounds Sterling, euro and, with the agreement of each Lender (with respect to the denomination of Loans hereunder) or the Administrative Agent and the relevant Issuing Lender (with respect to the denomination of any Letter of Credit to be issued by such Issuing Lender hereunder), any other Foreign Currency, so long as, in respect of any such specified Currency or other Foreign Currency, at such time (a) such Currency is dealt with in the London interbank deposit market, (b) such Currency is freely transferable and convertible into Dollars in the London foreign exchange market and (c) no central bank or other governmental authorization in the country of issue of such Currency (including, in the case of the euro, any authorization by the European Central Bank) is required to permit use of such Currency (i) by any Lender for making any Loan hereunder and/or to permit the Borrower to borrow and repay the principal thereof and to pay the interest thereon or (ii) by any Issuing Lender for issuing or making any disbursement with respect to any Letter of Credit hereunder and/or to permit the applicable Account Party to reimburse any Issuing Lender for any such disbursement or pay the interest thereon or to permit any Lender to acquire a participation interest in any Letter of Credit or make any payment to the Issuing Lender in consideration therefor, unless in each case such authorization has been obtained and is in full force and effect.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate for such day plus 0.50%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, as the case may be.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, with respect to any Syndicated Eurocurrency Loan, or with respect to the facility fees or participation fees in respect of Letters of Credit payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Spread", "Facility Fee Rate" or "Letter of Credit Rate", respectively, based upon the ratings by Moody's and S&P, respectively, applicable on such date to the Index Debt:

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	Index Debt Ratings (S&P/Moody's)	Eurocurrency Spread	Facility Fee Rate	Letter of Credit Rate
<S>	<C>	<C>	<C>	<C>
Category 1	greater than or equal to A- / A3	0.40%	0.10%	0.525%
Category 2	greater than or equal to BBB+ / Baa1	0.50%	0.125%	0.625%
Category 3	greater than or equal to BBB / Baa2	0.60%	0.15%	0.725%
Category 4	greater than or equal to BBB- / Baa3	0.80%	0.20%	0.925%
Category 5	less than BBB- / Baa3	1.00%	0.25%	1.125%

</TABLE>

For purposes of the foregoing, (i) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Categories that are one Category apart, the Applicable Rate shall be determined by reference to the Category of the higher of the two ratings; (ii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Categories that are more than one Category apart, the Applicable Rate shall be determined by reference to the

Category next below that of the higher of the two ratings; (iii) if only one of Moody's and S&P shall have in effect a rating for the Index Debt, the Applicable Rate shall be determined by reference to the Category of such rating; (iv) if neither Moody's nor S&P shall have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then the applicable rating shall be determined by reference to Category 5; and (v) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Administrative Agent and the Lenders pursuant to Section 5.01 or otherwise. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

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"Approving Issuing Lender" means (a) with respect to any Subsidiary Account Party that is a Foreign Subsidiary and is listed under the caption "Subsidiary Account Parties" on the signature pages hereof, each of JPMCB and Bank One, NA, in its capacity as an Issuing Lender, and any other Issuing Lender which shall have approved the designation of such Foreign Subsidiary as a Subsidiary Account Party, (b) with respect to any Subsidiary Account Party that is a Foreign Subsidiary and has been designated as a "Subsidiary Account Party" pursuant to Section 2.05(m), each Issuing Lender that shall have approved such designation and (c) with respect to any Subsidiary Account Party that is not a Foreign Subsidiary, each Issuing Lender.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Assuming Lender" has the meaning set forth in Section 2.08(e).

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Commitment Termination Date and the date of termination of the Commitments.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Brunswick Corporation, a Delaware corporation.

"Borrowing" means (a) all ABR Loans made, converted or continued on the same date or (b) all Syndicated Eurocurrency Loans or Competitive Loans of the same Class, Type and Currency that have the same Interest Period (or any single Competitive Loan that does not have the same Interest Period as any other Competitive Loan of the same Type).

"Borrowing Request" means a request by the Borrower for a Syndicated Borrowing in accordance with Section 2.03.

"Business Day" means any day (a) that is not a Saturday, Sunday or (other than with respect to determining any Interest Period) other day on which commercial banks in New York City are authorized or required by law to remain closed, (b) if such day relates to a Competitive Bid Request or Competitive Bid for a Competitive Eurocurrency Loan, or to a borrowing of, a payment or prepayment of principal of or interest on, a continuation or conversion of or into, or the Interest Period for, a Eurocurrency Borrowing, or to a notice by the Borrower with respect to any such borrowing, payment, prepayment, continuation, conversion, or Interest Period, that is also a day on which dealings in deposits denominated in the Currency of such Borrowing are carried out in the London interbank market and (c) (i) if such day relates to a borrowing or continuation of, a payment or prepayment of principal of or

interest on, or the Interest Period for, any Eurocurrency Borrowing denominated in any Foreign Currency (other than euro), or to a notice by the Borrower with respect to any such borrowing, continuation, payment, prepayment or Interest Period, or to a notice with respect to any Letter of Credit denominated in any Foreign Currency, that is also a day on which commercial banks and the London foreign exchange market settle payments in the Principal Financial Center for such

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Foreign Currency or (ii) if such day relates to a borrowing or continuation of, a payment or prepayment of principal of or interest on, or the Interest Period for, any Eurocurrency Borrowing denominated in euro, or to a notice by the Borrower with respect to any such borrowing, continuation, payment, prepayment or Interest Period, that is also a TARGET Day.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof), of Equity Interests representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower; (b) with respect to a tender offer (for which a filing has been made with the SEC which purports to comply with the requirements of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) made for Equity Interests of the Borrower, which tender offer has not been negotiated and approved by the board of directors of the Borrower, the earlier of (i) any Business Day during such tender offer when the Person or group making such tender offer owns, directly or indirectly, beneficially or of record, and/or has accepted for payment Equity Interests representing 25% or more of the aggregate voting power represented by the issued and outstanding Equity Interests of the Borrower and (ii) three Business Days before such tender offer is to terminate unless the tender offer is withdrawn first if the Person or group making such tender offer could own, by the terms of the tender offer plus any Equity Interests owned by such Person or group, Equity Interests representing 50% or more of the aggregate voting power represented by the issued and outstanding Equity Interests of the Borrower when such tender offer terminates; (c) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; or (d) the acquisition of direct or indirect Control of the Borrower by any Person or group.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Lender (or, for purposes of Section 2.14(b), by any lending office of such Lender or such Issuing Lender or by such Lender's or such Issuing Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are Syndicated Loans or Competitive Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

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"Commitment" means, with respect to each Lender, the commitment of such Lender to make Syndicated Loans and to acquire participations in Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08(b), (b) increased from time to time pursuant to Section 2.08(e), and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Commitment is set forth on Schedule I, in an

agreement entered into by such Lender pursuant to Section 2.08(e) or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$350,000,000.

"Commitment Increase" has the meaning set forth in Section 2.08(e).

"Commitment Increase Date" has the meaning set forth in Section 2.08(e).

"Commitment Termination Date" means November 15, 2005.

"Commitment Utilization Day" means any day on which the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans equals or exceeds 33-1/3% of the total Commitments (or at any time following the termination of the Commitments, the total Commitments in effect immediately prior to such termination).

"Competitive", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are made pursuant to Section 2.04.

"Competitive Bid" means an offer by a Lender to make a Competitive Loan in accordance with Section 2.04.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"Competitive Bid Request" means a request by the Borrower for Competitive Bids in accordance with Section 2.04.

"Consolidated EBITDA" means, for any period, the sum, for the Borrower and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), of the following: (a) Consolidated Net Income for such period plus (b) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period and (iv) all non-cash charges to the extent deducted in determining Consolidated Net Income, and minus (c) without duplication and to the extent included in determining such Consolidated Net Income, any non-cash gains for such period. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period") pursuant to any determination of the Leverage Ratio, if during such Reference Period the Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of

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such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (I) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the Equity Interests of a Person and (II) involves the payment of consideration by the Borrower and its Subsidiaries in excess of \$100,000,000.

"Consolidated Interest Expense" means, for any period, for the Borrower and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), all interest in respect of Indebtedness (including the interest component of any payments in respect of Capital Lease Obligations) accrued or capitalized during such period (whether or not actually paid during such period).

"Consolidated Net Income" means, for any period, the net income or loss of the Borrower and its Subsidiaries (determined on a consolidated basis in accordance with GAAP) for such period; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or any organizational or governing documents, any law, treaty, rule or

regulation or any determination of an arbitrator or a court or other Governmental Authority, in each case applicable to such Subsidiary.

"Consolidated Tangible Assets" means, as of any date, the aggregate of all assets of the Borrower and its Subsidiaries (determined on a consolidated basis in accordance with GAAP) after deducting related depreciation, amortization and other valuation reserves and excluding (a) any capital write-ups resulting from reappraisals of assets or of other investments after June 30, 2002 (other than a write-up of any assets constituting part of the assets and business of another Person made in connection with the acquisition, direct or indirect, of the assets and business of such other Person) except as permitted in accordance with GAAP, (b) treasury stock and (c) patent and trademark rights, goodwill, unamortized discounts and expenses and any other intangible items, all in accordance with GAAP, in each case as shown in the consolidated financial statements of the Borrower and its Subsidiaries for the most recent fiscal quarter ended at least 30 days prior to such date.

"Consolidated Total Indebtedness" means, as of any date, without duplication, the sum of (a) Indebtedness for Borrowed Money (determined on a consolidated basis without duplication in accordance with GAAP) as of such date plus (b) Contingent Obligations as of such date to the extent that such Contingent Obligations exceed in the aggregate \$50,000,000.

"Contingent Obligations" means (a) any agreement, undertaking or arrangement by which the Borrower or any Restricted Subsidiary assumes, guarantees, endorses (excluding endorsement of negotiable instruments for collection in the ordinary course of business),

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contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, any Indebtedness of any Person (other than the Borrower or any Restricted Subsidiary), or agrees to maintain the net worth or working capital or other financial condition of any such Person or otherwise assures any creditor of any such Person against loss and (b) any take-or-pay contract to which the Borrower or any Restricted Subsidiary is a party. Notwithstanding the foregoing, the following shall not be deemed to be Contingent Obligations: (x) inventory repurchase and recourse obligations of the Borrower and its Restricted Subsidiaries incurred in the ordinary course of business and as described in the Borrower's annual audited consolidated financial statements; (y) all contingent obligations of the Borrower and its Restricted Subsidiaries as an account party or applicant in respect of standby letters of credit; and (z) the TCFC Joint Venture Obligations. The amount of any Contingent Obligation shall, as of any date, be equal to the amount of the obligation so guaranteed or otherwise supported on such date; provided that, if the liability of the Borrower or any Restricted Subsidiary extending such guaranty or support is limited with respect thereto to an amount less than the obligations guaranteed or supported, or is limited to recourse against a particular asset or assets of the Borrower or such Restricted Subsidiary, the amount of the corresponding Contingent Obligation shall be limited (i) in the case of a guaranty or other support limited by amount, to such lesser amount, or (ii) in the case of a guaranty or other support limited by recourse to a particular asset or assets, to the higher of (A) the fair market value of such asset or assets as of such date and (B) the value at which such asset or assets would, in conformity with GAAP, be reflected on, or valued for the purposes of preparing, a consolidated balance sheet of the Borrower or such Restricted Subsidiary as of such date.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the Dollar Amount of such Lender's Syndicated Loans and its LC Exposure at such time.

"Currency" means Dollars or any Foreign Currency.

"Currency Valuation Notice" has the meaning set forth in Section 2.10(b).

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disposition" means any sale, lease, license, transfer, assignment or other disposition of all or any portion of the business, assets, rights, revenues or property, real, personal or mixed, tangible or intangible, of the Borrower or any of its Subsidiaries.

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"Dollar Amount" means (a) with respect to any Loan or Borrowing, (i) if such Loan or Borrowing is denominated in Dollars, the outstanding principal amount thereof and (ii) if such Loan or Borrowing is denominated in a Foreign Currency, the Dollar Equivalent thereof, (b) with respect to any Letter of Credit, (i) if such Letter of Credit is denominated in Dollars, the undrawn amount thereof and (ii) if such Letter of Credit is denominated in a Foreign Currency, the Dollar Equivalent thereof and (c) with respect to any LC Disbursement, (i) if such LC Disbursement is denominated in Dollars, the amount thereof and (ii) if such LC Disbursement is denominated in a Foreign Currency, the Dollar Equivalent thereof.

"Dollar Equivalent" means:

(a) with respect to any Borrowing or Loan denominated in any Foreign Currency, the amount of Dollars that would be required to purchase an amount of such Foreign Currency equal to the outstanding principal amount of such Borrowing or Loan if such purchase were made (i) in the case of any determination made on any Quarterly Date under Section 2.10(b), on such Quarterly Date, (ii) in the case of any determination made upon receipt by the Administrative Agent of any Currency Valuation Notice under Section 2.10(b), (A) if such Currency Valuation Notice is received by the Administrative Agent prior to 11:00 a.m., New York City time, on a Business Day, on such Business Day or (B) if such Currency Valuation Notice is otherwise received, on the first Business Day after such Currency Valuation Notice is received, (iii) in the case of any redenomination under the last sentence of Section 2.17(a), on the date of such redenomination or (iv) in any other case, on the date two Business Days prior to the date of such Borrowing or Loan, determined in accordance with the last sentence of the definition of the term "Interest Period";

(b) with respect to any Letter of Credit denominated in any Foreign Currency, the amount of Dollars that would be required to purchase an amount of such Foreign Currency equal to the undrawn amount of such Letter of Credit if such purchase were made (i) in the case of any determination made on any Quarterly Date under Section 2.10(b), on such Quarterly Date, (ii) in the case of any determination made upon receipt by the Administrative Agent of any Currency Valuation Notice under Section 2.10(b), (A) if such Currency Valuation Notice is received by the Administrative Agent prior to 11:00 a.m., New York City time, on a Business Day, on such Business Day or (B) if such Currency Valuation Notice is otherwise received, on the first Business Day after such Currency Valuation Notice is received or (iii) in any other case, on the date two Business Days prior to the date of issuance of (or, if later, on the date of any Issuing Lender's LC Disbursement with respect to) such Letter of Credit;

(c) with respect to any LC Disbursement denominated in any Foreign Currency, the amount of Dollars that would be required to purchase an amount of such Foreign Currency equal to the amount of such LC Disbursement if such purchase were made (i) in the case of any determination of the amount which any Lender is obligated to pay to the applicable Issuing Lender pursuant to Section 2.05(e) in respect of any such LC Disbursement, on the date of the request by such Issuing Lender for such payment or, if earlier, on the date of any redenomination under the last sentence of Section 2.17(a) or (ii) in any other case, on the date of such LC Disbursement; and

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(d) with respect to any reimbursement obligation of any Account Party denominated in any Foreign Currency that is redenominated pursuant to the last sentence of Section 2.17(a), the amount of Dollars that would be required to purchase an amount of such Foreign Currency equal to the amount of such reimbursement obligation (before giving effect to such redenomination) if such purchase were made on the date of such redenomination, in each case based upon the spot selling rate at which the Person serving as the Administrative Agent offers to sell such Foreign Currency for Dollars in the London foreign exchange market at approximately 11:00 a.m., London time, for delivery two Business Days later.

"Dollars" or "\$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, or to the management, release or threatened release of any Hazardous Material.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or

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Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan other than PBGC premiums due but not delinquent under Section 4007 of ERISA; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurocurrency", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are bearing interest at a rate determined by reference to (a) in the case of a Syndicated Loan or a Syndicated Borrowing, the Adjusted LIBO Rate, or (b) in the case of a Competitive Loan or a Competitive Borrowing, the LIBO Rate.

"euro" means the single currency of Participating Member States of the European Union, which shall be an Agreed Foreign Currency and a Foreign Currency under this Agreement.

"Event of Default" has the meaning set forth in Article VII.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Excluded Taxes" means, with respect to the Administrative Agent or any Lender, or with respect to any payment to be made to any recipient thereof by or

on account of any obligation of the Borrower or any Subsidiary Account Party hereunder or under any other Loan Document, (a) income or franchise taxes imposed on (or measured by) such Person's net income by the United States of America, or by the jurisdiction under the laws of which such Person is organized or in which such Person's principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower or any Subsidiary Account Party is located and (c) in the case of a Lender (other than an assignee pursuant to a request by the Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Lender at the earlier of the time such Lender becomes a party to this Agreement or the time such Lender becomes a party to any other Loan Document or is attributable to such Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 2.16(e), except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower or any Subsidiary Account Party with respect to such withholding tax pursuant to Section 2.16(a).

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"Existing Credit Agreement" means the Credit Agreement dated as of May 22, 1997 among the Borrower, the Lenders party thereto and JPMCB (formerly known as The Chase Manhattan Bank), as Administrative Agent, as amended and in effect on the date hereof.

"Existing Letters of Credit" has the meaning set forth in Section 2.05(l).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Competitive Eurocurrency Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid. When used in reference to any Loan or Borrowing, "Fixed Rate" refers to whether such Loan, or the Loans constituting such Borrowing, are Competitive Loans bearing interest at a Fixed Rate.

"Foreign Currency" means at any time any Currency other than Dollars.

"Foreign Currency Equivalent" means, with respect to any amount in Dollars, the amount of any Foreign Currency that could be purchased with such amount of Dollars using the reciprocal of the foreign exchange rate(s) specified in the definition of the term "Dollar Equivalent", as determined by the Administrative Agent.

"Foreign Lender" means any Lender that is not a "United States Person" as defined in Section 7701(a)(30) of the Code.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, or of any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranteed Obligations" has the meaning set forth in Section 9.01.

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"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Increasing Lender" has the meaning set forth in Section 2.08(e).

"Indebtedness" means, without duplication, (a) with respect to any Person (including the Borrower and its Restricted Subsidiaries), all indebtedness, liabilities and other monetary obligations of such Person for (i) obligations for borrowed money or evidenced by bonds, debentures, notes or similar instruments, (ii) obligations representing the deferred purchase price of property or services other than accounts payable arising in connection with the purchase of inventory on terms customary in the trade, (iii) Capital Lease Obligations and (iv) obligations (other than Contingent Obligations) in respect of bankers' acceptances and (b) with respect to the Borrower and its Restricted Subsidiaries only, all indebtedness, liabilities and other monetary obligations of such Person for (i) amounts deemed to be Indebtedness under Section 6.03(d) and (ii) the TCFC Joint Venture Obligations (but only to the extent such obligations constitute "Indebtedness" within the meaning of this definition (other than clause (b) hereof) and to the extent the Borrower or any Restricted Subsidiary shall be liable in respect thereof).

"Indebtedness for Borrowed Money" means, without duplication, the sum for the Borrower and each of its Restricted Subsidiaries of Indebtedness of such Person described in clauses (a)(i), (a)(iii) and (b)(i) of the definition of "Indebtedness", but shall exclude (a) notes, bills and checks presented in the ordinary course of business by such Person to banks for collection or deposit and (b) with respect to the Borrower and its Restricted Subsidiaries, all obligations of the Borrower and its Restricted Subsidiaries of the character referred to in this definition to the extent owing to the Borrower or any of its Restricted Subsidiaries.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"Interest Election Request" means a request by the Borrower to convert or continue a Syndicated Borrowing in accordance with Section 2.07.

"Interest Payment Date" means (a) with respect to any ABR Loan, each Quarterly Date, (b) with respect to any Eurocurrency Loan, the last day of each Interest Period therefor and, in the case of any Interest Period for a Eurocurrency Loan of more than three months' duration, each day prior to the last day of such Interest Period that occurs at three-month intervals after the first day of such Interest Period and (c) with respect to any Fixed Rate Loan, the last day of the Interest Period therefor and, in the case of any Interest Period for a Fixed Rate Loan of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at 90-day intervals

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after the first day of such Interest Period, and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Loan.

"Interest Period" means:

(a) for any Syndicated Eurocurrency Loan or Borrowing, the period commencing on the date of such Loan or Borrowing and ending (i) fourteen days thereafter or (ii) on the numerically corresponding day in the calendar month that is one, two, three, six or (with the consent of each Lender) nine months thereafter, or, with respect to such portion of any Syndicated Eurocurrency Loan or Borrowing denominated in a Foreign Currency that is scheduled to be repaid on the Commitment Termination Date, a period of less than one month's duration commencing on the date of such Loan or Borrowing and ending on the Commitment Termination Date, as specified in the applicable Borrowing Request or Interest Election Request;

(b) for any Competitive Eurocurrency Loan or Borrowing, the period commencing on the date of such Loan or Borrowing and ending fourteen days

thereafter, on the numerically corresponding day in the calendar month that is one, two, three, six or nine months thereafter or, with respect to such portion of any Competitive Eurocurrency Loan or Borrowing denominated in a Foreign Currency that is scheduled to be repaid on the Commitment Termination Date a period of less than one month's duration commencing on the date of such Loan or Borrowing and ending on the Commitment Termination Date, as specified in the applicable Competitive Bid Request; and

(c) for any Fixed Rate Loan or Borrowing, the period (which shall not be less than seven days or more than 360 days) commencing on the date of such Loan or Borrowing and ending on the date specified in the applicable Competitive Bid Request;

provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period pertaining to a Eurocurrency Borrowing (other than an Interest Period pertaining to a Eurocurrency Borrowing denominated in a Foreign Currency that ends on the Commitment Termination Date that is permitted to be of less than one month's duration as provided in this definition) that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and, in the case of a Syndicated Loan, thereafter shall be the effective date of the most recent conversion or continuation of such Loan, and the date of a Syndicated Borrowing comprising Loans that have been converted or continued shall be the effective date of the most recent conversion or continuation of such Loans.

"Issuing Lender" means JPMCB, Bank One, NA and each other Lender designated by the Borrower as an "Issuing Lender" hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent), each in its capacity as an issuer of one or more Letters of Credit hereunder, and its successors in such capacity as provided in

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Section 2.05(j), in each case so long as such Person shall remain an Issuing Lender hereunder. Any Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Lender, in which case the term "Issuing Lender" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"JPMCB" means JPMorgan Chase Bank.

"LC Disbursement" means a payment made by any Issuing Lender pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate Dollar Amount of all outstanding Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Account Parties at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 1.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or as an Assuming Lender pursuant to Section 2.08(e), other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Without limiting the foregoing, for purposes of the definitions of "Excluded Taxes" and "Foreign Lender" and for purposes of Sections 2.05(k), 2.16 and 2.18, the term "Lenders" shall include the Lenders in their respective capacities as Issuing Lenders (if any), unless the context otherwise requires.

"Letter of Credit" means any standby letter of credit issued or continued pursuant to this Agreement.

"Letter of Credit Documents" means, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations, each as the same may be modified and supplemented and in effect from time to time.

"Leverage Ratio" means, as of any date, the ratio of (a) Consolidated Total Indebtedness as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters ending on or most recently ended prior to such date.

"LIBO Rate" means, for the Interest Period for any Eurocurrency Borrowing denominated in any Currency, the rate appearing on the Screen at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as LIBOR for deposits denominated in such Currency with a maturity comparable to such Interest Period. In the event that such rate is not available on the Screen at such time for any reason, then the LIBO Rate for such Interest Period shall be the rate at which deposits in such Currency in the amount of \$5,000,000 (or the Foreign Currency Equivalent) and for a maturity comparable to such Interest Period are offered by the principal London office of the Person serving as the Administrative Agent in immediately available funds in the London interbank market at

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approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"LIBOR" means, for any Currency, the rate at which deposits denominated in such Currency are offered to leading banks in the London interbank market.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loan Documents" means, collectively, (a) this Agreement, (b) with respect to any Subsidiary Account Party, the Subsidiary Joinder Agreement to which it is a party and (c) the Letter of Credit Documents.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Local Time" means (a) with respect to any Loan or Letter of Credit denominated in or any payment to be made in Dollars, New York City time, (b) with respect to any Loan or Letter of Credit denominated in or any payment to be made in any Foreign Currency (other than euro), the local time in the Principal Financial Center for the currency in which such Loan or Letter of Credit is denominated or such payment is to be made and (c) with respect to any Loan or Letter of Credit denominated in or any payment to be made in euro, the local time in London, England.

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Margin Stock" means "margin stock" within the meaning of Regulations T, U and X of the Board.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial condition, prospects or results of operations of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower or any Subsidiary Account Party to perform any of its obligations under this Agreement or any of the other Loan Documents or (c) the rights of or benefits available to the Lenders under this Agreement or any of the other Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) or Contingent Obligations, or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Restricted Subsidiaries in an aggregate principal amount exceeding \$50,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Person in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Person would be required to pay if such Swap Agreement were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA which is contributed to by either the Borrower or an ERISA Affiliate.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document but excluding Excluded Taxes.

"Participant" has the meaning set forth in Section 10.04.

"Participating Member State" means any member state of the European Community that adopts or has adopted the euro as its lawful currency in accordance with the legislation of the European Union relating to the European Monetary Union.

"PBG" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Periodic Reports" has the meaning set forth in Section 3.06(a).

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes, assessments or governmental charges or levies on property that are not yet due or thereafter can be paid without penalty or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, servicemen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits (including letters of credit, surety bonds and other escrowed or trust holdings) made in the ordinary course of business in compliance with workers' compensation laws, unemployment, general liability and other insurance, old age pensions and other social security or retirement benefits, or similar laws or regulations;

(d) Liens incurred over cash deposits and other investments to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (j) of Article VII;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances or charges on real property imposed by law or arising in the ordinary course of business that do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and

(g) bankers' liens and rights of setoff arising by operation of law and contractual rights of setoff.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMCB as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Principal Financial Center" means, in the case of any Currency, the principal financial center where such Currency is cleared and settled, as determined by the Administrative Agent.

"Quarterly Dates" means the last Business Day of March, June, September and December in each year, the first of which shall be the first such day after the date hereof.

"Register" has the meaning set forth in Section 10.04(b).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and unused Commitments at such time (provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, and for all purposes after the Loans become due and payable pursuant to Article VII or the Commitments expire or terminate, the outstanding Competitive Loans of the Lenders shall be included in their respective Credit Exposures in determining the Required Lenders).

"Restricted Subsidiary" means any Subsidiary other than each Subsidiary which is a general partner in a partnership formed to own, lease or operate bowling centers.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

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"Screen" means, for any Currency, the relevant display page for LIBOR for such Currency (as determined by the Administrative Agent) on the Telerate Service; provided that, if the Administrative Agent determines that there is no such relevant display page for LIBOR for such Currency, "Screen" means the relevant display page for LIBOR for such Currency (as determined by the Administrative Agent) on the Reuters Monitor Money Rates Service.

"SEC" means the United States Securities and Exchange Commission, together with any successor agency responsible for the administration and enforcement of the Securities Act of 1933, as amended from time to time, and the Exchange Act.

"Statutory Reserve Rate" means, for the Interest Period for any Syndicated Eurocurrency Borrowing, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the arithmetic mean, taken over each day in such Interest Period, of the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the person serving as Administrative Agent is subject for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held. Unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"Subsidiary Account Party" means each Subsidiary of the Borrower that is listed under the caption "Subsidiary Account Parties" on the signature pages hereof and each other Subsidiary of the Borrower that shall become a Subsidiary

Account Party pursuant to Section 2.05(m), so long as such Subsidiary shall remain a Subsidiary Account Party hereunder.

"Subsidiary Joinder Agreement" means a Subsidiary Joinder Agreement entered into by the Borrower and a Subsidiary of the Borrower pursuant to Section 2.05(m), substantially in the form of Exhibit B or any other form approved by the Administrative Agent.

"Substantial Portion" means, with respect to the property of the Borrower and its Subsidiaries, such property which (a) represents more than 20% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries for the most recent fiscal quarter ended at least 30 days prior to the

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date when such determination is made, or (b) is responsible for more than 20% of the consolidated net sales of the Borrower and its Subsidiaries as reflected in the financial statements of the Borrower and its Subsidiaries for the twelve-month period ending on the last day of the fiscal quarter referred to in clause (a) above.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Syndicated", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are made pursuant to Section 2.01.

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system (or any successor settlement system as determined by the Administrative Agent) is open for the settlement of payments in euro.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"TCFC Joint Venture" means a joint venture company (a majority of the Equity Interest of which shall be owned by Transamerica Commercial Finance Corporation or one of its Subsidiaries and remainder thereof by the Borrower and/or any Subsidiary of the Borrower) in connection with an asset securitization, financing or other similar transaction, program or arrangement to be undertaken by such joint venture company.

"TCFC Joint Venture Obligations" means any and all agreements, undertakings, arrangements and other contractual obligations of the Borrower and its Subsidiaries to make loans or advances, or guarantee the obligations of, or purchase or otherwise acquire any capital stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, the TCFC Joint Venture.

"Transactions" means the execution, delivery and performance by the Borrower and each Subsidiary Account Party of this Agreement and the other Loan Documents, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans constituting such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

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"Withdrawal Liability" means liability to a Multiemployer Plan as a

result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Competitive Loan"), by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Competitive Eurocurrency Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Competitive Borrowing"), by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., a "Competitive Eurocurrency Borrowing"). Loans and Borrowings may also be identified by Currency.

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP; Fiscal Year. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or any change in the application of GAAP on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. To enable the ready and consistent determination of compliance with the covenants set forth in Article VI, the Borrower will not change its fiscal year from a fiscal year consisting of four fiscal quarters ending on December 31, each fiscal quarter of which is comprised of three fiscal months consisting of a first fiscal month of four calendar weeks, a second fiscal month of four calendar weeks and a third fiscal month of five calendar weeks.

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SECTION 1.05. Currencies; Currency Equivalents. (a) At any time, any reference in the definition of the term "Agreed Foreign Currency" or in any other provision of this Agreement to the Currency of any particular country means the lawful currency of such country at such time whether or not the name of such Currency is the same as it was on the date hereof.

(b) Wherever in this Agreement in connection with a Borrowing or Loan an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing or Loan is denominated in a Foreign Currency, such amount shall be the relevant Foreign Currency Equivalent of such Dollar amount (rounded to the nearest 1,000 units of such Foreign Currency).

(c) Each obligation hereunder of any party hereto that is denominated in a Currency of a country that is not a Participating Member State on the date hereof shall, effective from the date on which such country becomes a Participating Member State, be redenominated in euro in accordance with the legislation of the European Union applicable to the European Monetary Union; provided that, if and to the extent that any such legislation provides that any such obligation of any such party payable within such Participating Member State by crediting an account of the creditor can be paid by the debtor either in euro or such Currency, such party shall be entitled to pay or repay such amount

either in euro or in such Currency. If the basis of accrual of interest or fees expressed in this Agreement with respect to an Agreed Foreign Currency of any country that becomes a Participating Member State after the date on which such currency becomes an Agreed Foreign Currency shall be inconsistent with any convention or practice in the interbank market for the basis of accrual of interest or fees in respect of the euro, such convention or practice shall replace such expressed basis effective as of and from the date on which such country becomes a Participating Member State; provided that, with respect to any Borrowing denominated in such currency that is outstanding immediately prior to such date, such replacement shall take effect at the end of the Interest Period therefor. Without prejudice to the respective liabilities of the Borrower and the Subsidiary Account Parties to the Lenders and of the Lenders to the Borrower and the Subsidiary Account Parties under or pursuant to this Agreement, each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time reasonably specify to be necessary or appropriate to reflect the introduction or changeover to the euro in any country that becomes a Participating Member State after the date hereof.

ARTICLE II

THE CREDITS

SECTION 2.01. The Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Syndicated Loans in Dollars or in any Agreed Foreign Currency to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment, (b) the aggregate Dollar Amount of all Syndicated Loans denominated in Agreed Foreign Currencies exceeding \$100,000,000 or (c) the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans exceeding the total

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Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Syndicated Loans.

SECTION 2.02. Loans and Borrowings.

(a) Obligations of Lenders. Each Syndicated Loan shall be made as part of a Borrowing consisting of Loans of the same Currency and Type made by the Lenders ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.04. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Type of Loans. Subject to Section 2.13, each Syndicated Borrowing shall be constituted entirely of ABR Loans or of Eurocurrency Loans denominated in a single Currency as the Borrower may request in accordance herewith. Each ABR Loan and each Competitive Loan shall be denominated in Dollars. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) Minimum Amounts; Limitation on Number of Borrowings. Each Syndicated Eurocurrency Borrowing shall be in an aggregate amount of \$5,000,000 or a larger multiple of \$1,000,000. Each ABR Borrowing shall be in an aggregate amount equal to \$5,000,000 or a larger multiple of \$1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(f). Each Competitive Borrowing shall be in an aggregate amount equal to \$5,000,000 or a larger multiple of \$1,000,000. Borrowings of more than one Class, Currency and Type may be outstanding at the same time; provided that there shall not at any time be more than a total of eight Syndicated Eurocurrency Borrowings outstanding.

(d) Limitations on Interest Periods. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request (or to elect to convert to or continue as a Syndicated Eurocurrency Borrowing) any Borrowing if the Interest Period requested therefor would end after the Commitment Termination Date.

SECTION 2.03. Requests for Syndicated Borrowings.

(a) Notice by the Borrower. To request a Syndicated Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Syndicated Eurocurrency Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing, (ii) in the case of a Syndicated Eurocurrency Borrowing denominated in a Foreign Currency, not later than 11:00 a.m., London time, four Business Days before the date of the proposed Borrowing or (iii) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be

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confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower.

(b) Content of Borrowing Requests. Each telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the Currency and the aggregate amount (denominated in such Currency) of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) in the case of a Syndicated Borrowing denominated in Dollars, whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(iv) in the case of a Syndicated Eurocurrency Borrowing, the Interest Period therefor, which shall be a period contemplated by the definition of the term "Interest Period" and permitted under Section 2.02(d); and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

(c) Notice by the Administrative Agent to the Lenders. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(d) Failure to Elect. If no election as to the Currency of a Syndicated Borrowing is specified, then the requested Syndicated Borrowing shall be denominated in Dollars. If no election as to the Type of a Syndicated Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing unless an Agreed Foreign Currency has been specified, in which case the requested Syndicated Borrowing shall be a Eurocurrency Borrowing denominated in such Agreed Foreign Currency. If no Interest Period is specified with respect to any requested Syndicated Eurocurrency Borrowing, (i) if the Currency specified for such Borrowing is Dollars (or if no Currency has been so specified), the requested Borrowing shall be made instead as an ABR Borrowing, and (ii) if the Currency specified for such Borrowing is an Agreed Foreign Currency, the Borrower shall be deemed to have selected an Interest Period of one month's duration.

SECTION 2.04. Competitive Bid Procedure.

(a) Requests for Bids by the Borrower. Subject to the terms and conditions set forth herein, from time to time during the Availability Period the Borrower may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans denominated in Dollars; provided that the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans at any time shall not exceed the total Commitments. To request Competitive Bids, the Borrower shall notify the Administrative Agent of such request by telephone, in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, four Business Days before the date of the

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proposed Borrowing and, in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; provided that the Borrower may submit up to (but not more than) five Competitive Bid Requests on the same day, but a Competitive Bid Request shall not be made within five Business Days after the date of any previous Competitive Bid Request, unless any and all such previous Competitive Bid Requests shall have been withdrawn or all Competitive Bids received in response thereto rejected. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a written Competitive Bid Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing;
- (iv) the Interest Period for such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period" and permitted under Section 2.02(d); and
- (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Administrative Agent shall notify the Lenders of the details thereof by teletype, inviting the Lenders to submit Competitive Bids.

(b) Making of Bids by Lenders. Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Borrower in response to a Competitive Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Administrative Agent and must be received by the Administrative Agent by teletype, in the case of a Competitive Eurocurrency Borrowing, not later than 9:30 a.m., New York City time, three Business Days before the proposed date of such Borrowing, and in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the proposed date of such Borrowing. Competitive Bids that do not conform substantially to the form approved by the Administrative Agent may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Lender of such rejection as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which shall be \$5,000,000 or a larger multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Lender is willing to make, (ii) the Competitive Bid Rate or Competitive Bid Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period for each such Loan and the last day thereof.

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(c) Notification of Bids by Administrative Agent. The Administrative Agent shall promptly notify the Borrower by teletype of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Acceptance of Bids by the Borrower. Subject only to the provisions of this paragraph, the Borrower may accept or reject any Competitive Bid. The Borrower shall notify the Administrative Agent by telephone, confirmed by teletype in a form approved by the Administrative Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, in the case of a Competitive Eurocurrency Borrowing, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Competitive Borrowing, and in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the proposed date of the Competitive Borrowing; provided that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii) of this proviso, the Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple

Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) of this proviso, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a principal amount of \$5,000,000 or a larger multiple of \$1,000,000; provided further that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) of the first proviso of this paragraph, such Competitive Loan may be in an amount of \$1,000,000 or any multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to such clause (iv) the amounts shall be rounded to multiples of \$1,000,000 in a manner determined by the Borrower. A notice given by the Borrower pursuant to this paragraph shall be irrevocable.

(e) Notification of Acceptances by the Administrative Agent. The Administrative Agent shall promptly notify each bidding Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) Bids by the Administrative Agent. If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the Borrower at least one quarter of an hour earlier than the time by which the other Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) of this Section.

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SECTION 2.05. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, in addition to the Loans provided for in Section 2.01 which the Borrower may request, the Borrower may request any Issuing Lender to issue, and any Subsidiary Account Party may request any Approving Issuing Lender with respect to such Subsidiary Account Party to issue, at any time and from time to time during the Availability Period, Letters of Credit denominated in Dollars or in any Agreed Foreign Currency for its own account in such form as is acceptable to such Issuing Lender in its reasonable determination. Letters of Credit issued hereunder shall constitute utilization of the Commitments. Notwithstanding anything herein to the contrary, no Issuing Lender shall be required to issue Letters of Credit for account of a Subsidiary Account Party unless such Issuing Lender is an Approving Issuing Lender with respect to such Subsidiary Account Party.

(b) Notice of Issuance, Amendment, Renewal or Extension. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), an Account Party shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Lender of such Letter of Credit) to such Issuing Lender and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (d) of this Section), the amount and Currency of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by such Issuing Lender, such Account Party also shall submit a letter of credit application on such Issuing Lender's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by an Account Party to, or entered into by an Account Party with, any Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(c) Limitations on Amounts. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the applicable Account Party shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the aggregate LC Exposure of the Issuing Lenders (determined for these purposes without giving effect to the participations therein of the Lenders pursuant to paragraph (e) of this Section) shall not exceed \$100,000,000 and (ii) the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans shall not exceed the

total Commitments.

(d) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date twelve months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, twelve months after the then-current expiration date of such Letter of Credit, so long as such renewal or extension occurs

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within three months of such then-current expiration date) and (ii) the date that is five Business Days prior to the Commitment Termination Date.

(e) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) by the Issuing Lender, and without any further action on the part of the Issuing Lender of such Letter of Credit or the Lenders, such Issuing Lender hereby grants to each Lender, and each Lender hereby acquires from such Issuing Lender, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments.

In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided in paragraph (f) below, to pay to the Administrative Agent, for account of the Issuing Lender of each Letter of Credit, an amount in Dollars equal to such Lender's Applicable Percentage of the Dollar Amount of each LC Disbursement made by such Issuing Lender promptly upon the request of such Issuing Lender at any time from the time of such LC Disbursement until such LC Disbursement is reimbursed by the applicable Account Party or at any time after any reimbursement payment is required to be refunded to such Account Party for any reason. Such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each such payment shall be made in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to such Issuing Lender the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the applicable Account Party pursuant to the next following paragraph, the Administrative Agent shall distribute such payment to such Issuing Lender or, to the extent that the Lenders have made payments pursuant to this paragraph to reimburse such Issuing Lender, then to such Lenders and such Issuing Lender as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Lender for any LC Disbursement shall not constitute a Loan and shall not relieve the applicable Account Party of its obligation to reimburse such LC Disbursement.

(f) Reimbursement. If an Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit issued by it for account of the Borrower or any Subsidiary Account Party (other than a Foreign Subsidiary), the Borrower or such Subsidiary Account Party, as the case may be, shall reimburse such Issuing Lender in respect of such LC Disbursement by paying to the Administrative Agent in the Currency in which such Letter of Credit is denominated an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on (i) the Business Day that the Borrower or such Subsidiary Account Party, as the case may be, receives notice that such LC Disbursement has been made, if such notice is received prior to 10:00 a.m., New York City time, or (ii) the Business Day immediately following the day that the Borrower or such Subsidiary Account Party, as the case may be, receives such notice, if such notice is not received prior to such time; provided that, if such LC Disbursement is made in

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respect of a Letter of Credit for which the Borrower is the Account Party, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with all or any portion of a Syndicated ABR Borrowing in an amount permitted under Section 2.02(c) and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Syndicated ABR

Borrowing (or the applicable portion thereof).

If an Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit issued by it for account of a Subsidiary Account Party that is a Foreign Subsidiary, such Subsidiary Account Party shall reimburse such Issuing Lender in respect of such LC Disbursement by paying to such Issuing Lender in the Currency in which such Letter of Credit is denominated an amount equal to such LC Disbursement not later than 12:00 noon, local time of such Issuing Lender, on (i) the Business Day that such Subsidiary Account Party receives notice of such LC Disbursement, if such notice is received prior to 10:00 a.m., local time (as provided above), or (ii) the Business Day immediately following the day that such Subsidiary Account Party receives such notice, if such notice is not received prior to such time. Such Issuing Lender shall promptly notify the Administrative Agent of the amount and date of each such reimbursement.

If the Borrower or such Subsidiary Account Party fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from such Account Party in respect thereof and such Lender's Applicable Percentage thereof.

Without limiting the other obligations of the Borrower hereunder, the Borrower hereby agrees to indemnify each Issuing Lender of a Letter of Credit denominated in a Foreign Currency for any and all costs, expenses and losses incurred by it as a result of receiving payment or reimbursement for any LC Disbursement thereunder from any Person in a Currency other than the Currency in which such Letter of Credit was originally denominated. Any such amount payable to any Issuing Lender shall be payable within 10 days after demand by such Issuing Lender.

(g) Obligations Absolute. The Account Parties' obligations to reimburse LC Disbursements as provided in paragraph (f) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by any Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, (iv) at any time or from time to time, without notice to any Account Party, the time for any performance of or compliance with any of such reimbursement obligations of any other Account Party shall be waived, extended or renewed, (v) any of such reimbursement obligations of any other Account Party shall be amended or otherwise modified in any respect, or the Guarantee of any of such reimbursement obligations or any security therefor shall be released, substituted or exchanged in whole or in part or otherwise dealt with, (vi) any lien or security interest granted to, or in favor of, the

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Administrative Agent or any of the Lenders as security for any of such reimbursement obligations shall fail to be perfected, (vii) the occurrence of any Default, (viii) the existence of any proceedings of the type described in Section 7.01(g) or (h) with respect to any other Account Party or (if it is not an Account Party) the Borrower, (ix) any lack of validity or enforceability of any of such reimbursement obligations against any other Account Party or (if it is not an Account Party) the Borrower, or (x) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the obligations of any Account Party hereunder.

Neither the Administrative Agent, the Lenders nor the Issuing Lenders, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by the Issuing Lender thereof or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Lender of such Letter of Credit; provided that the foregoing shall not be construed to excuse such Issuing Lender from liability to any Account Party or to any Lender which has funded its participation hereunder in such Letter of Credit to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Account Parties and the Lenders to the extent

permitted by applicable law) suffered by any Account Party or any such Lender, as the case may be, that are caused by such Issuing Lender's failure to exercise the standard of care agreed hereunder to be applicable when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that such standard of care shall be as follows, and that such Issuing Lender shall be deemed to have exercised such standard of care in the absence of gross negligence or willful misconduct on its part (as determined by a court of competent jurisdiction by final and nonappealable judgment):

(i) an Issuing Lender of a Letter of Credit may accept documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit; and

(ii) an Issuing Lender of a Letter of Credit shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit.

(h) Disbursement Procedures. Upon presentation of documents with respect to a demand for payment under a Letter of Credit, each Issuing Lender in respect of such Letter of Credit shall (i) promptly notify the Administrative Agent, the Borrower and (if different) the applicable Account Party by telephone (confirmed by teletype) of such demand for payment, (ii) promptly following its receipt of such documents, examine all documents purporting to represent a demand for payment under a Letter of Credit and (iii) promptly after such examination notify the Administrative Agent, the Borrower and (if different) the applicable Account Party by

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telephone (confirmed by teletype) whether the Issuing Lender has made or will make an LC Disbursement under such Letter of Credit; provided that any failure to give or delay in giving any such notice shall not relieve such Account Party of its obligation to reimburse such Issuing Lender and the Lenders with respect to any such LC Disbursement or (if such Account Party is a Subsidiary Account Party) the Borrower of its guarantee of such obligation.

(i) Interim Interest. If any Issuing Lender shall make any LC Disbursement, then, unless the applicable Account Party shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that such Account Party reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans (if such amount is denominated in Dollars) or at the overnight London interbank offered rate for the relevant Agreed Foreign Currency determined by the Administrative Agent in good faith (if such amount is denominated in such Currency); provided that, if such Account Party fails to reimburse such LC Disbursement when due pursuant to paragraph (f) of this Section, then Section 2.12(d) shall apply. Interest accrued pursuant to this paragraph shall be for account of such Issuing Lender, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Lender shall be for account of such Lender to the extent of such payment.

(j) Additional Issuing Lenders; Termination of Issuing Lenders. An Issuing Lender may be added, or an existing Issuing Lender may be terminated, under this Agreement at any time by written agreement between the Borrower, the Administrative Agent and the relevant Issuing Lender. The Administrative Agent shall notify the Lenders of any such addition or termination. At the time any such termination shall become effective, the Account Parties shall pay all unpaid fees accrued for account of the Issuing Lender being terminated pursuant to Section 2.11(b)(ii). From and after the effective date of any such addition, the new Issuing Lender shall have all the rights and obligations of an Issuing Lender under this Agreement with respect to Letters of Credit to be issued thereafter. After the termination of an Issuing Lender hereunder, the terminated Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement with respect to any outstanding Letters of Credit issued by it prior to such termination, but shall not be required to issue any new Letters of Credit or to renew or extend any such outstanding Letters of Credit.

(k) Cash Collateralization. If either (i) an Event of Default shall occur

and be continuing and the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing more than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, or (ii) the Borrower shall be required to provide cover for LC Exposure pursuant to Section 2.10, the Borrower shall immediately deposit into an account established and maintained on the books and records of the Administrative Agent, which account may be a "securities account" (within the meaning of Section 8-501 of the Uniform Commercial Code as in effect in the State of New York), in the name of the Administrative Agent and for the benefit of the Lenders, an amount in immediately available funds in Dollars equal to, in the case of an Event of Default, the LC Exposure as of such date plus any accrued and unpaid interest thereon plus 5% of the LC Exposure as of such date with respect to Letters of Credit denominated in any Foreign Currency and, in the case of cover pursuant to Section 2.10, the

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amount required under Section 2.10; provided that the obligation to deposit such amount shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default described in clause (h) or (i) of Article VII. Such deposit shall be held by the Administrative Agent as collateral for the LC Exposure under this Agreement, and for this purpose the Borrower hereby grants a security interest to the Administrative Agent for the benefit of the Lenders in such collateral account and in any financial assets (as defined in the Uniform Commercial Code) or other property held therein. The Administrative Agent shall cause all such cash collateral to be returned to the Borrower within three Business Days after the applicable Event of Default has been cured or waived (so long as no other Event of Default has occurred and is continuing at such time) or cover for LC Exposure pursuant to Section 2.10(b) is no longer required.

(l) Existing Letters of Credit. Each of the standby letters of credit listed on Schedule 2.05(l) and issued prior to the date hereof by any bank or other entity that is an Issuing Lender as of the date hereof shall automatically, and without any action on the part of any Person, be deemed a Letter of Credit issued and continued as of the Effective Date.

(m) Addition and Termination of Subsidiary Account Parties. The Borrower may request from time to time that any wholly-owned Subsidiary become a party to this Agreement as a Subsidiary Account Party; provided that (i) such request shall be made in writing to the Administrative Agent and specify the proposed date (which shall be at least three Business Days after the date of such request) on which the designation of such Subsidiary as a Subsidiary Account Party would be effective and shall be accompanied by all necessary documentation with respect to such Subsidiary Account Party under this paragraph (m) (including any documents as the Administrative Agent shall reasonably request) and (ii) such designation shall be subject to the prior approval of the Administrative Agent and (with respect to any Foreign Subsidiary) one or more Issuing Lenders (each of which shall become an Approving Issuing Lender with respect to such Foreign Subsidiary upon the effectiveness of such designation), which approval in each case shall not be unreasonably withheld or delayed. Upon such approval, such Subsidiary shall deliver a Subsidiary Joinder Agreement executed by such Subsidiary and the Borrower, which shall be accepted by the Administrative Agent and (with respect to any Foreign Subsidiary) each Issuing Lender which shall have given prior approval of the designation of such Foreign Subsidiary as a Subsidiary Account Party, and upon such acceptance (x) the Administrative Agent shall promptly notify the Lenders thereof and (y) such Subsidiary shall become a party to this Agreement as an Account Party; provided that on and as of the date of such acceptance (A) the representations and warranties set forth in this Agreement and in the other Loan Documents shall be true and correct on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), (B) no Default shall have occurred and be continuing and (C) the Administrative Agent shall have received, in respect of such proposed Subsidiary Account Party, a process agent acceptance letter substantially in the form of Exhibit E hereto and such other documents as the Administrative Agent shall reasonably request, which may include other documents that are consistent with conditions set forth in Section 4.01, each in form and substance reasonably satisfactory to the Administrative Agent.

The Borrower may, at any time at which a Subsidiary Account Party shall not be an Account Party with respect to an outstanding Letter of Credit and which shall have no unpaid

LC Disbursements or unpaid interest on any LC Disbursements, terminate such Subsidiary Account Party as an Account Party hereunder by delivering an executed notice thereof, substantially in the form of Exhibit F hereto, to the Administrative Agent (which shall promptly notify the Lenders) and the Approving Issuing Lenders with respect to such Subsidiary Account Party. Immediately upon the receipt by the Administrative Agent and such Approving Issuing Lenders of such notice, all commitments of such Approving Issuing Lenders to issue Letters of Credit for account of such Subsidiary Account Party and all rights of such Subsidiary Account Party hereunder shall terminate and such Subsidiary Account Party shall immediately cease to be an Account Party hereunder; provided that all obligations of such Subsidiary Account Party as an Account Party hereunder arising in respect of any period in which such Subsidiary Account Party was, or on account of any action or inaction by such Subsidiary Account Party as, an Account Party hereunder shall survive such termination.

SECTION 2.06. Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in the applicable Borrowing Request or Competitive Bid Request; provided that Syndicated ABR Borrowings made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(f) shall be remitted by the Administrative Agent to the relevant Issuing Lender.

(b) Presumption by the Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate (if such Loan is denominated in Dollars) or at the overnight London interbank offered rate for the relevant Agreed Foreign Currency determined by the Administrative Agent in good faith (if such Loan is denominated in such Currency) or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. With respect to any share of a Borrowing not made available by a Lender as contemplated above, if such Lender subsequently pays its share of such Borrowing to the Administrative Agent, then the Administrative Agent shall promptly repay any corresponding amount paid by the Borrower to the Administrative Agent as provided in this paragraph (including interest thereon to the extent received by the Administrative Agent); provided that such repayment to the Borrower shall not

operate as a waiver or any abandonment of any rights or remedies of the Borrower with respect to such Lender.

SECTION 2.07. Interest Elections.

(a) Elections by the Borrower for Syndicated Borrowings. The Loans constituting each Syndicated Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Syndicated Eurocurrency Borrowing, shall have the Interest Period specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing as a Borrowing of the same Type and, in the case of a Syndicated Eurocurrency Borrowing, may elect the Interest Period therefor, all as provided in this Section; provided,

however, that (i) a Syndicated Borrowing denominated in one Currency may not be continued as, or converted to, a Syndicated Borrowing in a different Currency, (ii) no Syndicated Eurocurrency Borrowing denominated in a Foreign Currency may be continued if, after giving effect thereto, the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans would exceed the total Commitments, and (iii) a Syndicated Eurocurrency Borrowing denominated in a Foreign Currency may not be converted to a Borrowing of a different Type. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans constituting such Borrowing, and the Loans constituting each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings, which may not be converted or continued.

(b) Notice of Elections. To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Syndicated Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Content of Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) of this paragraph shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether, in the case of a Borrowing denominated in Dollars, the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

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(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period therefor after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period" and permitted under Section 2.02(d).

(d) Notice by the Administrative Agent to the Lenders. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) Failure to Elect; Events of Default. If the Borrower fails to deliver a timely and complete Interest Election Request with respect to a Syndicated Eurocurrency Borrowing prior to the end of the Interest Period therefor, then, unless such Borrowing is repaid as provided herein, (i) if such Borrowing is denominated in Dollars, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing, and (ii) if such Borrowing is denominated in a Foreign Currency, the Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (A) no outstanding Syndicated Borrowing denominated in Dollars may be converted to or continued as a Syndicated Eurocurrency Borrowing, (B) unless repaid, each Syndicated Eurocurrency Borrowing denominated in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period therefor and (C) no outstanding Syndicated Eurocurrency Borrowing denominated in a Foreign Currency may have an Interest Period of more than one month's duration.

SECTION 2.08. Termination, Reduction and Increase of the Commitments.

(a) Scheduled Termination. Unless previously terminated, the Commitments shall terminate on the Commitment Termination Date.

(b) Voluntary Termination or Reduction. The Borrower may at any time

terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is \$25,000,000 or a larger multiple of \$5,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Syndicated Loans in accordance with Section 2.10, the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans would exceed the total Commitments.

(c) Notice of Voluntary Termination or Reduction. The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

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(d) Effect of Termination or Reduction. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

(e) Increase of the Commitments.

(i) Requests for Increase by Borrower. The Borrower may, at any time, propose that the total Commitments hereunder be increased (each such proposed increase being a "Commitment Increase") by notice to the Administrative Agent, specifying each existing Lender (each an "Increasing Lender") and/or each additional lender (each an "Assuming Lender") that shall have agreed to an additional Commitment and the date on which such increase is to be effective (the "Commitment Increase Date"), which shall be a Business Day at least three Business Days after delivery of such notice and 30 days prior to the Commitment Termination Date; provided that:

(A) that the minimum amount of the Commitment of any Assuming Lender, and the minimum amount of the increase of the Commitment of any Increasing Lender, as part of such Commitment Increase shall be \$5,000,000 or a larger multiple of \$1,000,000;

(B) immediately after giving effect to such Commitment Increase, the total Commitments hereunder shall not exceed \$400,000,000;

(C) no Default shall have occurred and be continuing on such Commitment Increase Date or shall result from the proposed Commitment Increase;

(D) the representations and warranties contained in this Agreement shall be true and correct on and as of the Commitment Increase Date as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date); and

(E) immediately after giving effect to such Commitment Increase, no Lender shall hold more than 20% of the total Commitments.

(ii) Effectiveness of Commitment Increase by Borrower. The Assuming Lender, if any, shall become a Lender hereunder as of such Commitment Increase Date and the Commitment of any Increasing Lender and such Assuming Lender shall be increased as of such Commitment Increase Date; provided that:

(x) the Administrative Agent shall have received on or prior to 9:00 a.m., New York City time, on such Commitment Increase Date a certificate of a duly authorized officer of the Borrower stating that each of the applicable conditions to such Commitment Increase set forth in this paragraph (e) has been satisfied;

(y) with respect to each Assuming Lender, the Administrative Agent shall have received, on or prior to 9:00 a.m., New York City time,

on such Commitment Increase Date, an agreement, in form and substance satisfactory to the Borrower and the Administrative Agent, pursuant to which such Assuming Lender shall, effective as of such Commitment Increase Date, undertake a Commitment, duly executed by such Assuming Lender and the Borrower and acknowledged by the Administrative Agent; and

(z) each Increasing Lender shall have delivered to the Administrative Agent, on or prior to 9:00 a.m., New York City time, on such Commitment Increase Date, confirmation in writing satisfactory to the Administrative Agent as to its increased Commitment, with a copy of such confirmation to the Borrower.

(iii) Recordation into Register. Upon its receipt of confirmation from a Lender that it is increasing its Commitment hereunder, together with the certificate referred to in clause (ii)(x) above, the Administrative Agent shall (A) record the information contained therein in the Register and (B) give prompt notice thereof to the Borrower. Upon its receipt of an agreement referred to in clause (ii)(y) above executed by an Assuming Lender, together with the certificate referred to in clause (ii)(x) above, the Administrative Agent shall, if such agreement has been completed, (x) accept such agreement, (y) record the information contained therein in the Register and (z) give prompt notice thereof to the Borrower.

(iv) Adjustments of Borrowings upon Effectiveness of Increase. In the event that the Administrative Agent shall have received notice from the Borrower as to any agreement with respect to a Commitment Increase on or prior to the relevant Commitment Increase Date and the actions provided for in clauses (ii)(x) through (ii)(z) above shall have occurred by 9:00 a.m., New York City time, on such Commitment Increase Date, the Administrative Agent shall notify the Lenders (including any Assuming Lenders) of the occurrence of such Commitment Increase Date promptly on such date by facsimile transmission or electronic messaging system. On the date of such Commitment Increase, the Borrower shall (A) prepay the outstanding Syndicated Loans (if any) in full, (B) simultaneously borrow new Syndicated Loans hereunder in an amount equal to such prepayment, so that, after giving effect thereto, the Syndicated Loans are held ratably by the Lenders in accordance with the respective Commitments of such Lenders (after giving effect to such Commitment Increase) and (C) pay to the Lenders the amounts, if any, payable under Section 2.15.

SECTION 2.09. Repayment of Loans; Evidence of Debt.

(a) Repayment. The Borrower hereby unconditionally promises to pay the Loans as follows:

(i) to the Administrative Agent for account of the Lenders the outstanding principal amount of the Syndicated Loans on the Commitment Termination Date, and

(ii) to the Administrative Agent for account of the respective Lender the then unpaid principal amount of each Competitive Loan of such Lender on the last day of the Interest Period therefor.

(b) Maintenance of Records by Lenders. Each Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts and Currency of principal and interest payable and paid to such Lender from time to time hereunder.

(c) Maintenance of Records by the Administrative Agent. The Administrative Agent shall maintain records in which it shall record (i) the amount and Currency of each Loan made hereunder, the Class and Type thereof and each Interest Period therefor, (ii) the amount and Currency of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount and Currency of any sum received by the Administrative Agent hereunder for account of the Lenders and each Lender's share thereof.

(d) Effect of Entries. The entries made in the records maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that

the failure of any Lender or the Administrative Agent to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Promissory Notes. Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to such payee and its registered assigns.

SECTION 2.10. Prepayment of Loans.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section; provided that the Borrower shall not have the right to prepay any Competitive Loan without the prior consent of the Lender thereof.

(b) Mandatory Prepayments.

(i) Determination of Amount Outstanding. On each Quarterly Date and promptly upon the receipt by the Administrative Agent of a Currency Valuation Notice, the Administrative Agent shall determine (A) the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans and (B) the aggregate Dollar Amount of all Syndicated Loans denominated in any Agreed Foreign Currency. Upon making such determination, the Administrative Agent shall promptly notify the Lenders and the Borrower thereof.

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(ii) Prepayment. If, on the date of such determination (A) the sum specified in clause (A) of the immediately preceding paragraph exceeds 105% of the total Commitments as then in effect or (B) the amount specified in clause (B) of the immediately preceding paragraph exceeds \$100,000,000, the Borrower shall, on the date of such determination, prepay the Syndicated Loans and Competitive Loans (and/or provide cover for LC Exposure as specified in Section 2.05(k)) in such amounts as shall be necessary so that after giving effect thereto such condition no longer exists.

For purposes hereof, "Currency Valuation Notice" means a notice given by the Required Lenders or by any Issuing Lender to the Administrative Agent stating that such notice is a "Currency Valuation Notice" and requesting that the Administrative Agent determine (A) the sum of the total Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans and (B) the aggregate Dollar Amount of all Syndicated Loans denominated in an Agreed Foreign Currency. Unless an Event of Default shall have occurred and be continuing, the Administrative Agent shall not be required to make more than one valuation determination pursuant to Currency Valuation Notices within any rolling three month period. Any prepayment pursuant to this paragraph shall be applied, first, to Syndicated Loans outstanding, second, as cover for LC Exposure and third, to Competitive Loans outstanding.

(c) Notices, Etc. The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Syndicated Eurocurrency Borrowing or of a Competitive Borrowing, not later than 11:00 a.m., New York City time (or, in the case of a Syndicated Borrowing denominated in a Foreign Currency, 11:00 a.m., London time), three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 9:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice relating to a Syndicated Borrowing or Competitive Borrowing, the Administrative Agent shall advise the relevant Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12 and shall be made in the manner specified in Section 2.17(a).

SECTION 2.11. Fees.

(a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the earlier of the date such Commitment terminates and the Commitment Termination Date; provided that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue

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on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued facility fees shall be payable on each Quarterly Date and on the earlier of the date the Commitments terminate and the Commitment Termination Date, commencing on the first such date to occur after the date hereof; provided that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Letter of Credit Fees. (i) The Borrower agrees to pay to the Administrative Agent for account of each Lender a participation fee in Dollars with respect to its participations in Letters of Credit, which shall accrue at the Applicable Rate on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure.

(ii) The Account Party of any Letter of Credit agrees to pay to the Issuing Lender of such Letter of Credit (A) a fronting fee, which shall accrue at the rate or rates per annum and in the Currency separately agreed upon between such Account Party and such Issuing Lender on the average daily amount of the LC Exposure with respect to such Letter of Credit (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the date of issuance of such Letter of Credit to but excluding the date on which there ceases to be any such LC Exposure under such Letter of Credit and (B) such Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of such Letter of Credit or processing of drawings thereunder, which shall be payable in the Currency separately agreed upon between such Account Party and such Issuing Lender.

(iii) Participation fees and fronting fees accrued through and including each Quarterly Date shall be payable on the third Business Day following such Quarterly Date, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to any Issuing Lender pursuant to clause (B) of paragraph (b)(ii) above shall be payable at the times separately agreed upon between the applicable Account Party and such Issuing Lender or otherwise within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Administrative Agent Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) Payment of Fees. All fees payable hereunder shall be paid on the dates due, in Dollars (except as otherwise expressly provided in this Section) and immediately available funds, to the Administrative Agent (or to the relevant Issuing Lender, in the case of fees payable

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to it) for distribution, in the case of facility fees and participation fees, to

the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.12. Interest.

(a) ABR Loans. The Loans constituting each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus, for any Commitment Utilization Day, 0.125%.

(b) Eurocurrency Loans. The Loans constituting each Eurocurrency Borrowing shall bear interest at a rate per annum equal to (i) in the case of a Syndicated Eurocurrency Borrowing, the Adjusted LIBO Rate for the Interest Period for such Borrowing plus the Applicable Rate plus, for any Commitment Utilization Day, 0.125%, or (ii) in the case of a Competitive Eurocurrency Borrowing, the LIBO Rate for the Interest Period for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Fixed Rate Loans. Each Fixed Rate Loan shall bear interest at a rate per annum equal to the Fixed Rate applicable to such Loan.

(d) Default Interest. Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower or any Subsidiary Account Party hereunder is not paid when due, whether at stated maturity, upon acceleration, by mandatory prepayment or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Payment of Interest. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Syndicated Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the Commitment Termination Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Syndicated Eurocurrency Borrowing denominated in Dollars prior to the end of the Interest Period therefor, accrued interest on such Borrowing shall be payable on the effective date of such conversion.

(f) Computation. All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate and interest on all Loans denominated in Pounds Sterling shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

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SECTION 2.13. Alternate Rate of Interest. If prior to the commencement of the Interest Period for any Eurocurrency Borrowing (the Currency of such Borrowing herein called the "Affected Currency"):

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate (in the case of a Syndicated Eurocurrency Borrowing) or the LIBO Rate (in the case of a Competitive Eurocurrency Borrowing) for the Affected Currency for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders (or, in the case of a Competitive Eurocurrency Borrowing, any Lender that is required to make a Loan included in such Borrowing) that the Adjusted LIBO Rate (in the case of a Syndicated Eurocurrency Borrowing) or the LIBO Rate (in the case of a Competitive Eurocurrency Borrowing) for the Affected Currency for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their respective Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and,

until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Syndicated Borrowing to, or the continuation of any Syndicated Borrowing as, a Syndicated Eurocurrency Borrowing denominated in the Affected Currency shall be ineffective and, if the Affected Currency is Dollars, such Syndicated Borrowing (unless prepaid) shall be continued as, or converted to, an ABR Borrowing, (ii) if the Affected Currency is Dollars and any Borrowing Request requests a Syndicated Eurocurrency Borrowing denominated in Dollars, such Borrowing shall be made as an ABR Borrowing, (iii) if the Affected Currency is a Foreign Currency, any Borrowing Request that requests a Syndicated Eurocurrency Borrowing denominated in the Affected Currency shall be ineffective and (iv) any request by the Borrower for a Competitive Eurocurrency Borrowing denominated in the Affected Currency shall be ineffective; provided that if the circumstances giving rise to such notice do not affect all the Lenders, then requests by the Borrower for Competitive Eurocurrency Borrowings denominated in the Affected Currency may be made to Lenders that are not affected thereby.

SECTION 2.14. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Lender; or

(ii) impose on any Lender or any Issuing Lender or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans or Fixed Rate Loans made by such Lender or any Letter of Credit or participation therein;

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and the result of any of the foregoing shall be to increase the cost to such Lenders of making or maintaining any Eurocurrency Loan or Fixed Rate Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Issuing Lender of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such Issuing Lender, as the case may be, in Dollars, such additional amount or amounts as will compensate such Lender or such Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any Issuing Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Lender's capital or on the capital of such Lender's or such Issuing Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Lender's policies and the policies of such Lender's or such Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or such Issuing Lender, as the case may be, in Dollars, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company for any such reduction suffered.

(c) Certificates from Lenders. A certificate of a Lender or an Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or such Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or any Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that such Lender or such Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions

and of such Lender's or such Issuing Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Competitive Loans. Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made.

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SECTION 2.15. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan or Fixed Rate Loan other than on the last day of an Interest Period therefor (including as a result of an Event of Default), (b) the conversion of any Syndicated Eurocurrency Loan other than on the last day of an Interest Period therefor, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan or Fixed Rate Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.10(c) and is revoked in accordance herewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment as a result of a request by the Borrower pursuant to Section 2.18(b) of any Syndicated Eurocurrency Loan other than on the last day of an Interest Period therefor or of any Competitive Loan, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan denominated in the Currency of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate for such Currency (in the case of a Syndicated Eurocurrency Loan) or the LIBO Rate for such Currency (in the case of a Competitive Eurocurrency Loan) for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for deposits denominated in such Currency from other banks in the eurocurrency market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower or any Subsidiary Account Party hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower or any Subsidiary Account Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or a Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or such Subsidiary Account Party, as applicable, shall make such deductions and (iii) the Borrower or such Subsidiary Account Party, as the case may be, shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

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(b) Payment of Other Taxes. In addition, the Borrower and each Subsidiary Account Party shall pay any Other Taxes imposed on or incurred by the Administrative Agent or a Lender to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification. The Borrower and each Subsidiary Account Party shall indemnify the Administrative Agent and each Lender, within 10 days after written

demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this paragraph) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority, in each case on payments by or on account of any obligations of the Borrower or any Subsidiary Account Party hereunder or under any other Loan Document. A certificate as to the amount of such payment or liability delivered to the Borrower or a Subsidiary Account Party by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower or a Subsidiary Account Party to a Governmental Authority, the Borrower or such Subsidiary Account Party shall deliver to the Administrative Agent for its own account or the account of the relevant Lender, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Exemptions; Required Certificates. If the Administrative Agent or any Lender is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower or any Subsidiary Account Party is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement or under any other Loan Document, such Person shall deliver to the Borrower or such Subsidiary Account Party (with a copy to the Administrative Agent, in the case of any such Lender), at the time or times prescribed by applicable law or reasonably requested by the Borrower or such Subsidiary Account Party, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

Without limiting the foregoing, each Foreign Lender shall deliver to the Borrower, the Administrative Agent, each Issuing Lender and each Subsidiary Account Party (other than any Subsidiary Account Party that is not a "United States Person" as defined in Section 7701(a)(30) of the Code) for account of which such Foreign Lender has issued a Letter of Credit in its capacity as an Issuing Lender (if any) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Foreign Lender claiming exemption from the withholding of U.S. federal income tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," a certificate representing that such Foreign Lender is not (i) a "bank" for purposes of Section 881(c) of the Code, (ii) a ten-percent shareholder of the Borrower or (if applicable) such Subsidiary Account Party (within the meaning of Section 871(h)(3)(B) of the Code) or (iii) a controlled foreign corporation related to the Borrower or (if applicable) such Subsidiary Account Party (within the meaning of Section

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864(d)(4) of the Code), and a Form W-8BEN, or any subsequent versions thereof or successors thereto, in all cases properly completed and duly executed by such Foreign Lender claiming complete exemption from, or a reduced rate of, withholding of U.S. federal income tax on all payments by or on account of any obligation of the Borrower or (if applicable) such Subsidiary Account Party under this Agreement or under any other Loan Document. Such forms shall be delivered by each Foreign Lender on or before the date it becomes a party to this Agreement. In addition, each Foreign Lender shall deliver such forms immediately prior to the obsolescence or invalidity of any form previously delivered by such Foreign Lender. Each Foreign Lender shall promptly notify the Borrower and (if applicable) such Subsidiary Account Party at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Person(s) to whom such certificate was previously delivered (or any other form of certification adopted by the U.S. taxing authorities for such purpose).

(f) Refunds. If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or any Subsidiary Account Party or with respect to which the Borrower or any Subsidiary Account Party has paid additional amounts pursuant to this Section, it shall pay over such refund to the Borrower or such Subsidiary Account Party (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or such Subsidiary Account Party under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any

interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower and such Subsidiary Account Party, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or such Subsidiary Account Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower, any Subsidiary Account Party or any other Person.

SECTION 2.17. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Payments by the Borrower and the Subsidiary Account Parties. (i) The Borrower and each Subsidiary Account Party shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or under Section 2.14, 2.15 or 2.16, or otherwise) or under any other Loan Document (except to the extent otherwise provided therein) prior to 12:00 noon, Local Time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Administrative Agent's Account, except as otherwise expressly provided in the relevant Loan Document and except payments to be made directly to an Issuing Lender as expressly provided herein and payments pursuant to Sections 2.14, 2.15, 2.16 and 10.03, which shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for account of any other Person to the appropriate recipient promptly following receipt thereof. If

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any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(ii) Prior to any repayment of any Borrowings hereunder (other than the repayment in full of all outstanding Borrowings on the scheduled date of such repayment), the Borrower shall select the Borrowing or Borrowings to be paid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., New York City time, three Business Days before the scheduled date of such repayment; provided that each repayment of Borrowings shall be applied to repay any outstanding ABR Borrowings before any other Borrowings. If the Borrower fails to make a timely selection of the Borrowing or Borrowings to be repaid (in accordance with the immediately preceding sentence) or prepaid (in accordance with Section 2.10(c)), such payment shall be applied, first, to pay any outstanding ABR Borrowings and, second, to other Borrowings in the order of the remaining duration of their respective Interest Periods (the Borrowing with the shortest remaining Interest Period to be repaid first), and for these purposes, Competitive Loans shall be deemed to be in the same Class as Syndicated Loans. Each repayment or prepayment of a Syndicated Borrowing shall be applied ratably to the Loans included in such Borrowing

(iii) All amounts owing under this Agreement (including facility fees, payments required under Section 2.14, and payments required under Section 2.15 relating to any Loan denominated in Dollars, but not including principal of, and interest on, any Loan denominated in any Foreign Currency, payments relating to any such Loan required under Section 2.15, reimbursement obligations in respect of LC Disbursements made pursuant to Letters of Credit denominated in any Foreign Currency, interest on such LC Disbursements and fees required to be paid pursuant to Section 2.11(b) which the applicable Account Party and applicable Issuing Lender have agreed shall be paid in any Foreign Currency, to the extent payable in such Foreign Currency) or under any other Loan Document (except to the extent otherwise provided therein) are payable in Dollars. Notwithstanding the foregoing, if the Borrower or any Account Party shall fail to pay any principal of any Loan when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise) or shall fail to pay any reimbursement obligation in respect of any LC Disbursement when due, the unpaid portion of such Loan or reimbursement obligation shall, if such Loan or reimbursement obligation is not denominated in Dollars, automatically be redenominated in Dollars on the due date thereof (or, in the case of any such Loan, if such due date is a day other than the last day of the Interest Period therefor, on the

last day of such Interest Period) in an amount equal to the Dollar Equivalent thereof and such principal or reimbursement obligation shall be payable on demand; and if the Borrower or any Account Party shall fail to pay any interest on any Loan that is not denominated in Dollars or on any LC Disbursement made pursuant to a Letter of Credit that is not denominated in Dollars, such interest shall automatically be redenominated in Dollars on the due date therefor (or, in the case of any such Loan, if such due date is a day other than the last day of the Interest Period therefor, on the last day of such Interest Period) in an amount equal to the Dollar Equivalent thereof on the date of such redenomination and such interest shall be payable on demand.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be

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applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) Pro Rata Treatment. Except to the extent otherwise provided herein:

(i) each Syndicated Borrowing shall be made from the Lenders, each payment of facility fees under Section 2.11 shall be made for account of the Lenders, and each termination or reduction of the amount of the Commitments under Section 2.08 shall be applied to the respective Commitments of the Lenders, pro rata according to the amounts of their respective Commitments; (ii) each Syndicated Borrowing shall be allocated pro rata among the Lenders according to the amounts of their respective Commitments (in the case of the making of Syndicated Loans) or their respective Loans that are to be included in such Borrowing (in the case of conversions and continuations of Loans); (iii) each payment or prepayment of principal of Syndicated Loans by the Borrower shall be made for account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Syndicated Loans held by them; and (iv) each payment of interest on Syndicated Loans by the Borrower shall be made for account of the Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

(d) Sharing of Payments by Lenders. If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Syndicated Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Syndicated Loans and participations in LC Disbursements and accrued interest thereon then due than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Syndicated Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Syndicated Loans and participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower or any Subsidiary Account Party pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower and each Subsidiary Account Party consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower or such Subsidiary Account Party rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or such Subsidiary Account Party in the amount of such participation.

(e) Presumptions of Payment. Unless the Administrative Agent shall have received notice from the Borrower or the applicable Subsidiary Account Party prior to the date

on which any payment is due to the Administrative Agent for account of the Lenders or an Issuing Lender hereunder that the Borrower or such Subsidiary Account Party, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Subsidiary Account Party, as the case may be, has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or such Issuing Lender, as the case may be, the amount due. In such event, if the Borrower or such Subsidiary Account Party has not in fact made such payment, then each of the Lenders or the relevant Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate (if such amount is denominated in Dollars) or at the overnight London interbank offered rate for the relevant Agreed Foreign Currency determined by the Administrative Agent in good faith (if such amount is denominated in such Currency).

(f) Certain Deductions by the Administrative Agent. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(e), 2.06(b) or 2.17(e), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(g) Payments in Foreign Currencies by the Administrative Agent Generally. With respect to the payment of any amount denominated in any Foreign Currency, the Administrative Agent shall not be liable to the Borrower, any Subsidiary Account Party, any Lender or any Issuing Lender in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Administrative Agent if the Administrative Agent shall have taken all relevant steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in such Foreign Currency) to the account of any Lender or any Issuing Lender in the Principal Financial Center with respect to such Foreign Currency which the Borrower, the applicable Subsidiary Account Party, such Lender or such Issuing Lender, as the case may be, shall have specified for such purpose. For the purposes of this paragraph, "all relevant steps" means all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or settlement system as the Administrative Agent may from time to time determine for the purpose of clearing or settling payments in such Foreign Currency.

SECTION 2.18. Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.14, or if the Borrower or any Subsidiary Account Party is required to pay any additional amount to any Lender or any Governmental Authority for account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans, LC Disbursements or participations in LC Disbursements hereunder (as applicable) or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation

or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.14, or if the Borrower or any Subsidiary Account Party is required to pay any additional amount to any Lender or any Governmental Authority for account of any Lender pursuant to Section 2.16, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement (other than any

outstanding Competitive Loans held by it) to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans), LC Disbursements and participations in LC Disbursements (as applicable), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower or applicable Subsidiary Account Party (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers. Each of the Borrower and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority to carry on its business as now conducted. Each of the Borrower and its Subsidiaries is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure to be so qualified or in good standing could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

SECTION 3.02. Authorization; Enforceability. The Transactions are within the Borrower's and each Subsidiary Account Party's corporate, limited liability company or other like powers and have been duly authorized by all necessary corporate, limited liability company or other like action and, if required, by all necessary shareholder, member, partner or other like

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action. This Agreement has been duly executed and delivered by the Borrower and each Subsidiary Account Party hereto and constitutes a legal, valid and binding obligation of the Borrower and each such Subsidiary Account Party, enforceable in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Each of the other Loan Documents to which the Borrower or any Subsidiary Account Party is a party, when executed and delivered by the Borrower or such Subsidiary Account Party, as the case may be, will constitute, a legal, valid and binding obligation of the Borrower or such Subsidiary Account Party, as the case may be, enforceable in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not (i) violate in any material respect any applicable law or regulation or any order of any Governmental Authority binding upon the Borrower or any of its Subsidiaries or (ii) violate the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 3.04. Financial Condition; No Material Adverse Change.

(a) Financial Condition. The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, shareholders'

equity and cash flows (i) as of and for the fiscal year ended December 31, 2001, reported on by its independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended on or nearest to June 30, 2002, certified by the chief financial officer of the Borrower. Such financial statements present fairly, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) of the first sentence of this paragraph.

(b) No Material Adverse Change. Since December 31, 2001, there has been no material adverse change in the business, financial condition, prospects or results of operations of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties.

(a) Property Generally. Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all real and personal property material to the business of the

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Borrower and its Subsidiaries, taken as a whole, subject only to Liens not prohibited by Section 6.01 and except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Intellectual Property. Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to the business of the Borrower and its Subsidiaries, taken as a whole, and the use thereof by the Borrower and its Subsidiaries does not infringe in any material respect upon the rights of any other Person.

SECTION 3.06. Litigation and Environmental Matters.

(a) Actions, Suits and Proceedings. Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, in its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002 (together, the "Periodic Reports") and in Schedule 3.06(a), there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries that (i) could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) involve this Agreement, any other Loan Document or the Transactions.

(b) Environmental Matters. Except as disclosed in the Periodic Reports and in Schedule 3.06(b) and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07. Investment and Holding Company Status. Neither the Borrower nor any of its Subsidiaries is (a) an "investment company" as defined in the Investment Company Act of 1940, as amended, that is subject to registration under that Act or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.08. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Person has set aside on its books adequate reserves or (b) where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Lenders in connection with the negotiation of this Agreement and the other Loan Documents or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that (a) with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and (b) it is understood and agreed that uncertainty is inherent in any forecasts or projections and no assurances can be given by the Borrower of the future achievement of such performance.

SECTION 3.11. Use of Credit. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any extension of credit hereunder will be used to buy or carry any Margin Stock.

ARTICLE IV

CONDITIONS

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Lenders to issue Letters of Credit hereunder shall not become effective until the date on which the Administrative Agent shall have received each of the following documents, each of which shall be satisfactory to the Administrative Agent (and to the extent specified below, to each Lender) in form and substance (or such condition shall have been waived in accordance with Section 10.02):

- (a) Executed Counterparts. From each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement.
- (b) Opinion of Counsel to the Borrower. A favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Sidley Austin Brown & Wood LLP, counsel to the Borrower, substantially in the form of Exhibit C, and covering such other matters relating to the Borrower, this Agreement or the Transactions as the Required Lenders shall reasonably request (and the Borrower hereby instructs such counsel to deliver such opinion to the Lenders and the Administrative Agent).
- (c) Opinion of Special New York Counsel to JPMCB. An opinion, dated the Effective Date, of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel

to JPMCB, substantially in the form of Exhibit D (and JPMCB hereby instructs such counsel to deliver such opinion to the Lenders).

- (d) Corporate Documents. Such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower and the Subsidiary Account Parties, the authorization of the Transactions and any other legal matters relating to the Borrower, the Subsidiary Account Parties, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.
- (e) Officer's Certificate. A certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in clause (a) (but excluding the first parenthetical thereof) and clause (b) of the first sentence of Section 4.02.

(f) Existing Credit Agreement. Evidence that (i) the Borrower shall have paid in full all principal of and interest accrued on the outstanding loans under the Existing Credit Agreement and all fees, expenses and other amounts owing by the Borrower thereunder and (ii) the Commitments (as defined in the Existing Credit Agreement) have terminated.

(g) Other Documents. Such other documents as the Administrative Agent or any Lender or special New York counsel to JPMCB may reasonably request.

The obligation of each Lender to make its initial extension of credit hereunder is also subject to the payment by the Borrower of such fees as the Borrower shall have agreed to pay to any Lender or the Administrative Agent in connection herewith, including the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to JPMCB, in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents and the extensions of credit hereunder (to the extent that statements for such fees and expenses have been delivered to the Borrower prior to the Effective Date).

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Lenders to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) on or prior to 3:00 p.m., New York City time, on November 15, 2002 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. Each Credit Event. The obligation of each Lender to make any Loan, and of the Issuing Lenders to issue, amend, renew or extend any Letter of Credit, is additionally subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower set forth in this Agreement (other than in Section 3.04(b) or, insofar as clause (a) of the definition of "Material Adverse Effect" is concerned, Section 3.06(a)) and in the other Loan Documents shall be

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true and correct on and as of the date of such Loan or the date of issuance, amendment, renewal or extension of such Letter of Credit (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), as applicable; and

(b) at the time of and immediately after giving effect to such Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

The making of each Loan and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in the preceding sentence.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements; Ratings Change and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Borrower (or such lesser number of days within which the Borrower shall be required to file its Annual Report on Form 10-K for such fiscal year with the SEC), the audited consolidated balance sheet and related statements of income, shareholders' equity and cash flows of the Borrower and its Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all reported on by independent public

accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (or such lesser number of days within which the Borrower shall be required to file its Quarterly Report on Form 10-Q for such fiscal quarter with the SEC), the consolidated balance sheet and related statements of income, shareholders' equity and cash flows of the Borrower and its Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, all certified by a Financial

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Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) of this Section, (I) a certificate of a Financial Officer (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.05 and (II) if there shall have been any material change in GAAP or in the application thereof that applies to the Borrower or any Subsidiary since the date of the audited financial statements referred to in Section 3.04(a) (unless such change shall theretofore have been notified under this subclause (II)), a notification from a Financial Officer as to such change, specifying the effect of such change on the financial statements accompanying such notification;

(d) concurrently with any delivery of financial statements under clause (a) of this Section, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly (i) after the filing thereof, copies of all periodic and other reports, periodic and other certifications of the chief executive officer and chief financial officer of the Borrower, registration statements and other publicly available materials filed by the Borrower or any of its Subsidiaries with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange (other than any exhibits to any of the foregoing which are too voluminous to furnish and which are made available by the Borrower or any of its Subsidiaries on such Person's website and any registration statement on Form S-8 or its equivalent) and (ii) after the distribution thereof, copies of all financial statements, reports, proxy statements and other materials distributed by the Borrower to its shareholders generally;

(f) promptly after Moody's or S&P shall have announced a change in the rating established or deemed to have been established for the Index Debt, written notice of such rating change; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any of its Subsidiaries, or compliance with the terms of this Agreement and the other Loan Documents, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default; and

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(b) any event or development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth in reasonable detail the nature of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.02.

SECTION 5.04. Taxes and Other Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including all Taxes, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as is consistent with sound business practice.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers, all at such reasonable times and intervals and as often as reasonably requested; provided that all costs and expenses of any such visitation by the Administrative Agent (other than the initial visitation during any calendar year) shall be for the account of the Administrative Agent unless an Event of Default shall have occurred and be continuing, and all costs and expenses of any such visitation by any Lender shall be for the account of such Lender unless an Event of Default shall have occurred and be continuing.

SECTION 5.07. Compliance with Laws and Obligations. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including all Environmental Laws) and all Contractual Obligations, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

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SECTION 5.08. Use of Proceeds and Letters of Credit. The proceeds of the Loans will be used, and Letters of Credit will be issued, only for general corporate purposes of the Borrower and its Subsidiaries. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X as in effect from time to time.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Liens. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign

or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any of its Restricted Subsidiaries existing on the date hereof and listed in Schedule 6.01; provided that (i) no such Lien shall extend to any other property or asset of the Borrower or any of its Restricted Subsidiaries and (ii) any such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary or is merged or consolidated with the Borrower or any Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary or is so merged or consolidated; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Restricted Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition, merger or consolidation or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Restricted Subsidiary; provided that (i) such security interests and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness

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secured thereby does not exceed 90% of the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such security interests shall not apply to any other property or assets of the Borrower or any Restricted Subsidiary;

(e) Liens arising in connection with an asset securitization or other similar transaction, program or arrangement contemplated under Section 6.03(d); and

(f) Liens securing Indebtedness of the Borrower or any of its Restricted Subsidiaries in an aggregate principal amount not exceeding 10% of Consolidated Tangible Assets at any time.

SECTION 6.02. Mergers, Consolidations, Etc. The Borrower will not liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), nor will the Borrower enter into any transaction of merger or consolidation or amalgamation, except that the Borrower may merge with any other Person, provided that (a) the Borrower shall be the continuing or surviving corporation and (b) immediately after any such merger or consolidation, no Default shall have occurred and be continuing.

SECTION 6.03. Dispositions. The Borrower will not, and will not permit any of its Subsidiaries to, make any Disposition of its property, whether now owned or hereafter acquired (including receivables and leasehold interests), except for:

(a) sales of inventory in the ordinary course of business;

(b) Dispositions by any Subsidiary of property to the Borrower or any other Subsidiary;

(c) Dispositions by the Borrower or any Subsidiary of property that, together with all other property of the Borrower and the Subsidiaries previously leased, sold or disposed of (other than inventory in the ordinary course of business) as permitted by this clause (c) during the twelve-month period ending with the month in which any such Disposition occurs, do not constitute a Substantial Portion of the property of the Borrower and the Subsidiaries;

(d) Dispositions by the Borrower or any Subsidiary (other than Dispositions permitted under clause (c) above or clause (e) below) of

property in connection with an asset securitization or other similar transaction, program or arrangement so long as (i) the amount of proceeds received by the Borrower or any Subsidiary in connection with any such Disposition shall be reasonably equivalent to the fair value of the property disposed of by the Borrower or such Subsidiary, (ii) the aggregate amount of proceeds received by the Borrower or any Subsidiary in connection with all asset securitizations and other similar transactions effected pursuant to this clause (d), together with the aggregate value of property disposed of pursuant to clause (e) below, shall not exceed \$300,000,000 and (iii) such aggregate amount of proceeds under this clause (d) is deemed to be Indebtedness incurred by the Borrower; and

(e) Dispositions by the Borrower or any Subsidiary of property to the TCFC Joint Venture so long as the aggregate value of property disposed of pursuant to this clause (e),

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together with the aggregate amount of proceeds received by the Borrower and its Subsidiaries pursuant to clause (d) above, shall not exceed \$300,000,000.

SECTION 6.04. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions solely between or among the Borrower and its Subsidiaries and (c) transactions with the TCFC Joint Venture consisting of (i) the Dispositions permitted under Section 6.03(e) and (ii) cash equity contributions by the Borrower and/or any Subsidiary not exceeding \$100,000,000 in the aggregate.

SECTION 6.05. Leverage Ratio. The Borrower will not permit the Leverage Ratio to exceed 3.0 to 1.0 at any time.

ARTICLE VII

EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) the Borrower or any Subsidiary Account Party shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower or any Subsidiary Account Party shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five or more days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, shall prove to have been incorrect in any material respect when made or deemed made or furnished;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02 or 5.03 (with respect to the Borrower's existence) or in Article VI;

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(e) the Borrower or any Subsidiary Account Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b), (c) or (d) of this Article) or any other Loan Document and such failure shall continue unremedied for a period of 30 or more days after notice thereof from the Administrative Agent

(given at the request of any Lender) to the Borrower;

(f) the Borrower or any of its Subsidiaries shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable, or any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its Restricted Subsidiaries or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Restricted Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any of its Restricted Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Restricted Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) the Borrower or any of its Restricted Subsidiaries shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 shall be rendered against the Borrower or any of its Subsidiaries or any combination thereof and the same shall remain undischarged for a period of 30

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consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any of its Subsidiaries to enforce any such judgment;

(k) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding \$25,000,000;

(l) except for any claims or liabilities disclosed in either of the Periodic Reports or in Schedule 3.06(a) or 3.06(b), there shall have been asserted in writing against the Borrower or any of its Subsidiaries any claims or liabilities, whether accrued, absolute or contingent, based on or arising from the generation, storage, transport, handling or disposal of Hazardous Materials by the Borrower or any of its Subsidiaries or predecessors that could reasonably be likely to be determined adversely to the Borrower or any of its Subsidiaries, and the amount thereof (either individually or in the aggregate) could reasonably be likely to have a Material Adverse Effect (insofar as such amount is payable by the Borrower or any of its Subsidiaries but after deducting any portion thereof that could reasonably be expected to be paid by other creditworthy Persons jointly and severally liable therefor and by insurers under the Borrower's or any Subsidiary's insurance policies); or

(m) the Guarantee of the Borrower under Article IX shall for whatever reason be terminated or cease to be in full force and effect, or the enforceability thereof shall be contested by the Borrower; or

(n) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower and the Subsidiary Account Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the Subsidiary Account Parties; and in case of any event with respect to the Borrower described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower and the Subsidiary Account Parties accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the Subsidiary Account Parties.

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ARTICLE VIII

THE ADMINISTRATIVE AGENT

Each of the Lenders and the Issuing Lenders hereby irrevocably appoints the Administrative Agent as its agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders, and (c) except as expressly set forth herein and in the other Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, to the extent required by this Agreement, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein or therein, other than to confirm receipt of items expressly

required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the

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proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

The Administrative Agent may resign at any time by notifying the Lenders, the Issuing Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor with (unless an Event of Default shall have occurred and be continuing) the prior written consent of the Borrower (which consent shall not be unreasonably withheld). If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent's resignation shall nonetheless become effective and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and (2) the Required Lenders shall perform the duties of the Administrative Agent (and all payments and communications provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly) until such time as the Required Lenders appoint a successor agent as provided for above in this paragraph. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

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Except as otherwise provided in Section 10.02(b) with respect to this Agreement, the Administrative Agent may, with the prior consent of the Required Lenders (but not otherwise), consent to any modification, supplement or waiver under any of the Loan Documents.

Notwithstanding anything herein to the contrary, the Sole Advisor, Lead Arrangers, Joint Bookrunners, Syndication Agent and Documentation Agents named on the cover page of this Agreement shall not have any duties or liabilities under this Agreement, except in their capacity, if any, as Lenders.

ARTICLE IX

GUARANTEE

SECTION 9.01. The Guarantee. The Borrower hereby guarantees to each Issuing Lender, each Lender and the Administrative Agent and their respective successors and assigns the prompt payment in full when due (whether by acceleration or otherwise) of all reimbursement obligations in respect of LC Disbursements and all interest thereon payable by each Subsidiary Account Party pursuant to this Agreement (including in respect of any Letter of Credit issued and continued under Section 2.05(1)), and all other amounts from time to time owing to the Issuing Lenders, the Lenders or the Administrative Agent by each Subsidiary Account Party under this Agreement or under any of the other Loan Documents, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Borrower hereby further agrees that if any Subsidiary Account Party shall fail to pay in full when due (whether by acceleration or otherwise) any of the Guaranteed Obligations, the Borrower will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 9.02. Obligations Unconditional. The obligations of the Borrower under Section 9.01 are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Subsidiary Account Parties under this Agreement or any other agreement or instrument referred to herein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section that the obligations of the Borrower hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Borrower hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Borrower, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

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(ii) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement or any other agreement or instrument referred to herein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or

(iv) any lien or security interest granted to, or in favor of, the Administrative Agent, any Issuing Lender or Issuing Lenders or any Lender or Lenders as security for any of the Guaranteed Obligations shall fail to be perfected.

The Borrower hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent, any Issuing Lender or any Lender exhaust any right, power or remedy or proceed against any Subsidiary Account Party under this Agreement or any other agreement or instrument referred to herein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

SECTION 9.03. Reinstatement. The obligations of the Borrower under this Article shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Subsidiary Account Party in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Borrower agrees that it will indemnify the Administrative Agent, each Issuing Lender and each Lender on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Administrative Agent, such Issuing Lender or such Lender in connection with such rescission or restoration, including any such

costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

SECTION 9.04. Subrogation. The Borrower hereby agrees that until the payment and satisfaction in full of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall not exercise any right or remedy arising by reason of any performance by it of its guarantee in Section 9.01, whether by subrogation or otherwise, against any Subsidiary Account Party or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

SECTION 9.05. Remedies. The Borrower agrees that, as between the Borrower on the one hand and the Administrative Agent, the Issuing Lenders and the Lenders on the other, the obligations of each Subsidiary Account Party under this Agreement may be declared to be forthwith due and payable as provided in Article VII (and shall be deemed to have become automatically due and payable in the circumstances provided in Article VII) for purposes of Section 9.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against such

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Subsidiary Account Party and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by such Subsidiary Account Party) shall forthwith become due and payable by the Borrower for purposes of Section 9.01.

SECTION 9.06. Instrument for the Payment of Money. The Borrower hereby acknowledges that the guarantee in this Article constitutes an instrument for the payment of money, and consents and agrees that any Issuing Lender, any Lender or the Administrative Agent, at its sole option, in the event of a dispute by the Borrower in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

SECTION 9.07. Continuing Guarantee. The guarantee in this Article is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at 1 N. Field Court, Lake Forest, Illinois 60045, Attention of William Metzger, Vice President and Treasurer (Telecopy No. (847) 735-4359; Telephone No. (847) 735-4364);

(ii) if to a Subsidiary Account Party, to it at its address (or telecopy number) set forth in the Subsidiary Joinder Agreement to which it is a party;

(iii) if to the Administrative Agent, to JPMorgan Chase Bank, 1111 Fannin, 10th Floor, Houston, Texas 77002-8069, Attention of Loan and Agency Services Group (Telecopy No. (713) 750-2782; Telephone No. (713) 750-2102) and, if such notice or other communication relates to borrowings of, or payments or prepayments of, or the duration of Interest Periods for, Loans denominated in a Foreign Currency, also to JPMorgan Chase Bank, London branch, 125 London Wall, London, England EC2Y 5AJ, Attention: Stephen Clarke (Telecopy No. 44-207-777-2360; Telephone No. 44-207-777-2353), in each case with a copy to JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, Attention of Buddy Wuthrich (Telecopy No. (212) 270-0998; Telephone No. (212) 270-4100);

(iv) if to an Issuing Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire; and

(v) if to a Lender, to it at its address (or telecopy number) set forth

in its Administrative Questionnaire.

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(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Article II unless otherwise agreed by the Administrative Agent and such Lender. The Administrative Agent, the Borrower or any Subsidiary Account Party may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Without limiting the foregoing, the Administrative Agent agrees that, unless it shall otherwise advise the Borrower, notices to be delivered by the Borrower or any Subsidiary Account Party to the Administrative Agent pursuant to Article II (including any such notices permitted to be given by telephone or telecopy) may be delivered by e-mail transmissions to the Administrative Agent at such e-mail address (or addresses) as the Administrative Agent shall from time to time notify the Borrower.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any such change by a Lender, by notice to the Borrower and the Administrative Agent). All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.02. Waivers; Amendments.

(a) No Deemed Waivers; Remedies Cumulative. No failure or delay by the Administrative Agent, any Issuing Lender or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Lenders and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower or any Subsidiary Account Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Lender may have had notice or knowledge of such Default at the time.

(b) Amendments. Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall

(i) increase the Commitment of any Lender without the written consent of such Lender,

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(ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby,

(iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby,

(iv) change Section 2.17(d) without the consent of each Lender affected thereby,

(v) change the obligations of the Borrower pursuant to Article IX or

(vi) change any of the provisions of this Section or the percentage in the definition of the term "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or

modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any Issuing Lender hereunder without the prior written consent of the Administrative Agent or such Issuing Lender, as the case may be.

SECTION 10.03. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all out-of-pocket expenses incurred by the Issuing Lenders in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Issuing Lender or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Lender or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent, each Issuing Lender and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee"), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the

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execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) Reimbursement by Lenders. To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or any Issuing Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or such Issuing Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or such Issuing Lender in its capacity as such.

(d) Waiver of Consequential Damages, Etc. To the extent permitted by applicable law, the Borrower and the Subsidiary Account Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) Payments. All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.04. Successors and Assigns.

(a) Assignments Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Lender that issues any Letter of Credit), except that (i) neither the Borrower nor any Subsidiary Account Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower or such Subsidiary Account Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any

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Affiliate of any Issuing Lender that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower, provided that no consent of the Borrower shall be required (i) for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or (ii) if an Event of Default has occurred and is continuing; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to an assignee that is a Lender immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent; provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not apply to rights in respect of outstanding Competitive Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(iii) Subject to acceptance and recording thereof pursuant to paragraphs (b)(iv) and (v) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights

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and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, each Subsidiary Account Party and each Issuing Lender, shall maintain at one of its offices in New York City a copy of each Assignment and Assumption delivered to it and a register for the recordation of (w) the names and addresses of the Lenders, (x) the designation of any Lender as an Issuing Lender, (y) the Commitment of, and outstanding principal amount of each Loan made by, each Lender and (z) the outstanding amount of each Letter of Credit issued by, and of each unreimbursed LC Disbursement made by, each Issuing Lender (together with a notation of each Lender's participation therein pursuant to Section 2.05(e)), in all cases pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Subsidiary Account Parties, the Administrative Agent, the Issuing Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as an Issuing Lender or a Lender, as the case may be, hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Participations. (i) Any Lender may, without the consent of the Borrower, the Subsidiary Account Parties, the Administrative Agent or any Issuing Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Subsidiary Account Parties, the Administrative Agent, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects

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such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower and the Subsidiary Account Parties agree that each Participant shall be entitled to the benefits and subject to the limitations of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section, and for purposes of such Sections references to a "Lender" shall be deemed references to such Participant.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.14 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 2.16 unless the Borrower is notified in writing of the participation sold to such Participant and such Participant agrees in writing, for the benefit of the Borrower and each Subsidiary Account Party, to comply with all

obligations under or relating to Section 2.16 and Section 2.18, in all cases as though it were a Lender.

(d) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(e) No Assignments to the Borrower or Affiliates. Anything in this Section to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan or LC Exposure held by it hereunder to the Borrower or any of its Affiliates or Subsidiaries without the prior consent of each Lender.

SECTION 10.05. Survival. All covenants, agreements, representations and warranties made by the Borrower and the Subsidiary Account Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 10.03, 10.11 and 10.13 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single

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contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract between and among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower or the applicable Subsidiary Account Party, as the case may be, against any of and all the obligations of the Borrower or such Subsidiary Account Party, as the case may be, now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff)

which such Lender may have.

SECTION 10.09. Governing Law; Jurisdiction; Judicial Proceedings; Etc.

(a) Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Submission to Jurisdiction. Each of the Borrower and the Subsidiary Account Parties hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, any Issuing Lender or any Lender may otherwise have to

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bring any action or proceeding relating to this Agreement against the Borrower, any Subsidiary Account Party or their respective properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each of the Borrower and the Subsidiary Account Parties hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Appointment of Agent for Service of Process. Each Subsidiary Account Party irrevocably designates and appoints CT Corporation System, at its office in New York City, New York, U.S.A., as its authorized agent, to accept and acknowledge on its behalf, service of any and all process which may be served in any suit, action or proceeding of the nature referred to in Section 10.09(b) in any federal or New York State court sitting in New York City. Each Subsidiary Account Party represents and warrants that such agent has agreed in writing to accept such appointment and that a true copy of such designation and acceptance has been delivered to the Administrative Agent. Said designation and appointment shall be irrevocable by each such Subsidiary Account Party until all reimbursement obligations, interest thereon and all other amounts payable hereunder and under the other Loan Documents shall have been paid in full in accordance with the provisions hereof and thereof or, if earlier, when such Subsidiary Account Party is terminated as an Account Party hereunder pursuant to Section 2.05(m). If such agent shall cease so to act, each such Subsidiary Account Party covenants and agrees to designate irrevocably and appoint without delay another such agent satisfactory to the Administrative Agent and to deliver promptly to the Administrative Agent evidence in writing of such other agent's acceptance of such appointment.

(e) Service of Process. Each party to this Agreement (other than the Subsidiary Account Parties) irrevocably consents to service of process in the manner provided for notices in Section 10.01. Each Subsidiary Account Party hereby consents to process being served in any suit, action or proceeding of the nature referred to in Section 10.09(b) in any federal or New York State court sitting in New York City by service of process upon its agent appointed as provided in Section 10.09(d); provided that, to the extent lawful and possible, notice of said service upon such agent shall be mailed by registered or certified air mail, postage prepaid, return receipt requested, to such Subsidiary Account Party at its address set forth in the Subsidiary Joinder Agreement to which it is a party or to any other address of which such Subsidiary Account Party shall have given written notice to the applicable Lender. Each Subsidiary Account Party irrevocably waives, to the fullest extent permitted by law, all claim of error by reason of any such service in such manner and agrees that such service shall be deemed in every respect effective service of process upon such Subsidiary Account Party in any such suit, action or proceeding and shall, to the fullest extent permitted by law, be taken and held to be valid and personal service upon and personal delivery to such

Subsidiary Account Party. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

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SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Judgment Currency. This is an international loan transaction in which the specification of Dollars or any Foreign Currency, as the case may be (the "Specified Currency"), and payment in New York City or the country of the Specified Currency, as the case may be (the "Specified Place"), is of the essence, and the Specified Currency shall be the currency of account in all events relating to Loans denominated in the Specified Currency. The payment obligations of the Borrower and the Subsidiary Account Parties under this Agreement shall not be discharged or satisfied by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified Currency into another currency (the "Second Currency"), the rate of exchange that shall be applied shall be the rate at which in accordance with normal banking procedures the Administrative Agent could purchase the Specified Currency with the Second Currency on the Business Day next preceding the day on which such judgment is rendered. The obligations of each of the Borrower and the Subsidiary Account Parties in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under any other Loan Document (in this Section called an "Entitled Person") shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by such Entitled Person of any sum adjudged to be due hereunder in the Second Currency such Entitled Person may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and each of the Borrower and the Subsidiary Account Parties hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person against, and to pay such Entitled Person on demand, in the Specified Currency, the amount (if any) by which the sum originally due to such Entitled Person in the Specified Currency hereunder exceeds the amount of the Specified Currency so purchased and transferred.

SECTION 10.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.13. Confidentiality. Each of the Administrative Agent, the Issuing Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined

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below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this paragraph, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty

(or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (vii) with the consent of the Borrower or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this paragraph or (B) becomes available to the Administrative Agent, any Issuing Lender or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this paragraph, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Lender or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.14. Termination of Commitments under Existing Credit Agreement. Each of the signatories hereto that is also a party to the Existing Credit Agreement hereby agrees that, as of the Effective Date, all of the commitments to extend credit under the Existing Credit Agreement will be terminated automatically. This Agreement constitutes notice thereof and pursuant hereto the requirement contained in Section 2.09(c) of the Existing Credit Agreement that three Business Days' (as defined therein) notice of the termination of such commitments be given to the administrative agent thereunder is waived.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER

BRUNSWICK CORPORATION

By _____
Name:
Title:

SUBSIDIARY ACCOUNT PARTIES

BRUNSWICK FAMILY BOAT CO. INC.

By _____
Name:
Title:

BRUNSWICK EUROPE HOLDINGS LIMITED

By _____
Name:
Title:

BOSTON WHALER COMMERCIAL &
GOVERNMENT PRODUCTS, INC.

By _____
Name:
Title:

CENTENNIAL ASSURANCE COMPANY, LTD.

By _____
Name:
Title:

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LENDERS

JPMORGAN CHASE BANK,
individually and as Administrative Agent

By _____
Name:
Title:

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BANK ONE, NA

By _____
Name:
Title:

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BANK OF AMERICA, N.A.

By _____
Name:
Title:

-82-

THE BANK OF NEW YORK

By _____
Name:
Title:

-83-

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By _____
Name:
Title:

-84-

SUNTRUST BANK

By _____
Name:
Title:

-85-

HARRIS TRUST AND SAVINGS BANK

By _____
Name:
Title:

-86-

LASALLE BANK NATIONAL ASSOCIATION

By _____
Name:
Title:

-87-

LLOYDS TSB BANK PLC

By _____
Name:
Title:

-88-

NATIONAL AUSTRALIA BANK LIMITED

By _____
Name:
Title:

-89-

PNC BANK, NATIONAL ASSOCIATION

By _____
Name:
Title:

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THE ROYAL BANK OF SCOTLAND PLC

By _____
Name:
Title:

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U.S. BANK NATIONAL ASSOCIATION

By _____
Name:
Title:

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FIFTH THIRD BANK (CHICAGO),
A MICHIGAN BANKING CORPORATION

By _____
Name:
Title:

SCHEDULE 1.01

Commitments

<TABLE>
<CAPTION>

Name of Lender -----	Commitment (\$) -----
<S>	<C>
JPMORGAN CHASE BANK	34,000,000
BANK ONE, NA	34,000,000
BANK OF AMERICA, N.A.	34,000,000
THE BANK OF NEW YORK	34,000,000
WELLS FARGO BANK, NATIONAL ASSOCIATION	34,000,000
SUNTRUST BANK	25,000,000
HARRIS TRUST AND SAVINGS BANK	20,000,000
LASALLE BANK NATIONAL ASSOCIATION	20,000,000
LLOYDS TSB BANK PLC	20,000,000
NATIONAL AUSTRALIA BANK LIMITED	20,000,000
PNC BANK, NATIONAL ASSOCIATION	20,000,000
THE ROYAL BANK OF SCOTLAND PLC	20,000,000
U.S. BANK NATIONAL ASSOCIATION	20,000,000
FIFTH THIRD BANK (CHICAGO), A MICHIGAN BANKING CORPORATION	15,000,000
TOTAL	\$350,000,000

</TABLE>

SCHEDULE 2.05(1)

Existing Letters of Credit

<TABLE>
<CAPTION>

BANK	APPLICANT ON LETTER OF CREDIT	BENEFICIARY	AMOUNT	EXPIRATION
<S>	<C>	<C>	<C>	<C>
CHASE MANHATTAN	BRUNSWICK EUROPE	CHASE MANHATTAN BANK - LONDON	GBP 9,000,000	30-Sep-03

HOLDINGS LIMITED

BANK OF NEW YORK	BOSTON WHALER COMMERCIAL AND GOVERNMENT PRODUCTS INC.	YAPI VE KREDIT BANKASI A.S.	\$33,000.00	30-Jan-03
BANK OF NEW YORK	BOSTON WHALER COMMERCIAL AND GOVERNMENT PRODUCTS INC.	YAPI VE KREDIT BANKASI A.S.	\$54,000.00	15-Aug-03
BANK ONE	BOSTON WHALER COMMERCIAL AND GOVERNMENT PRODUCTS INC.	MINISTERIO DE LA DEFENSA COMANDANCIA GENERAL DE LA ARMADA	\$1,663,747.40	20-May-03
BANK ONE	BOSTON WHALER COMMERCIAL AND GOVERNMENT PRODUCTS INC.	MINISTERIO DE LA DEFENSA COMANDANCIA GENERAL DE LA ARMADA	\$1,247,810.55	20-May-03
BANK OF NEW YORK	CENTENNIAL ASSURANCE CO., LTD.	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.	\$7,075,000.00	01-Nov-03
BANK OF NEW YORK	CENTENNIAL ASSURANCE CO., LTD.	AMERICAN BANKERS LIFE ASSURANCE CO. OF AMERICA	\$2,873,000.00	01-Nov-03
BANK OF NEW YORK	CENTENNIAL ASSURANCE CO., LTD.	QBE INSURANCE & REINSURANCE (EUROPE) LIMITED	\$1,197,719.00	01-Nov-03
BANK OF NEW YORK	CENTENNIAL ASSURANCE CO., LTD.	NORTH AMERICAN SPECIALITY INS. CO.	\$17,000.00	31-Dec-02
BANK OF NEW YORK	BRUNSWICK CORPORATION	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.	\$13,422,729.00	19-Feb-03
BANK ONE	BRUNSWICK CORPORATION	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA. ET. AL.	\$5,500,000.00	27-Mar-03
WELLS FARGO BANK CORPORATION	BAYLINER MARINE	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.	\$950,000.00	20-Apr-03
WELLS FARGO BANK	BRUNSWICK CORPORATION	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA. ET. AL.	\$12,992,000.00	17-Jul-03
CHASE MANHATTAN CO., LTD.	CENTENNIAL ASSURANCE CO., LTD.	NORTHWESTERN NATIONAL INSURANCE CO.	\$290,878.00	31-Dec-02

</TABLE>

SCHEDULE 3.06(a)

Litigation

On April 18, 2002, the Company, in cooperation with the United States Consumer Products Safety Commission, announced a recall of approximately 103,000 bicycles that were sold by the Company's former bicycle division. The bicycles had been equipped with suspension forks that were purchased from a Taiwanese company. Some of the forks were found to have been defectively manufactured and were involved in approximately 55 reported incidents. The recall is an expansion of a prior recall involving the suspension forks and allows consumers who purchased bicycles with an affected fork to return the fork in exchange for \$65 or a replacement bicycle. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

On April 22, 2002, a federal court in Seattle lifted a stay in a lawsuit filed against Life Fitness by Precor Incorporated (Precor). The suit, which alleges that certain of Life Fitness' cross-trainer exercise machines infringed Precor's Miller '829 patent, was stayed by the court pending reexamination of the patent by the U.S. Patent and Trademark Office (PTO). The PTO issued a modified Miller '829 patent to Precor on March 5, 2002, which led to the lifting of the stay. The Company does not believe that its machines infringe the patent, as modified, but is unable to predict the outcome of this matter.

On June 14, 2002, in a separate lawsuit between the Company and Precor, a federal court in Seattle awarded Precor approximately \$230,000 in attorneys' fees. Precor had been awarded \$5.3 million in attorneys' fees at trial, but the award was remanded for reconsideration in light of an appellate court ruling in the case. The Company believes that this matter, which was originally filed in

1994, has been finally concluded.

On May 3, 2002, the United States Court of Appeals for the Federal Circuit reversed a summary judgment that had been granted in the Company's favor against CCS Fitness, Inc. (CCS). CCS had sued the Company alleging that a front-drive cross trainer manufactured by Life Fitness infringed a patent held by CCS. As a result of the appellate court's ruling, the case will be remanded to the trial court. The Company has reached an agreement in principle with the current plaintiff in the matter to settle all outstanding disputes and established an accrual to satisfy the settlement. The parties are awaiting district court approval of the settlement and dismissal of the case.

On May 30, 2002, Leiserv, Inc. (Leiserv), a Company subsidiary operated by the Company's Bowling and Billiards Division, was sued in the Circuit Court of St. Louis County, Missouri, for alleged violations of the federal Telephone Consumer Protection Act. The lawsuit was brought as a putative class action on behalf of all people and entities within two area codes in the St. Louis area who allegedly received unsolicited faxes from Leiserv. Leiserv has removed the case to the United States District Court for the Eastern District of Missouri. Because this case remains in the early stages of litigation and raises legal issues that have not yet been fully resolved by the courts, the Company is unable to predict the outcome of this matter.

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On January 22, 2002, the United States Supreme Court granted discretionary review of the case *Sprietsma vs. Mercury Marine*, a "propeller guard" case on appeal from the Illinois Supreme Court. At issue in *Sprietsma* is whether federal law preempts tort claims alleging that marine engines should be equipped with devices designed to protect against propeller injuries. Nine federal courts and many state courts, including the Illinois Supreme Court in *Sprietsma*, have previously found such claims to be preempted by the United States Coast Guard's 1990 decision, pursuant to the Federal Boat Safety Act, not to require propeller guards. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

On September 6, 2001, the Federal Trade Commission (FTC) informed the Company that it had closed an investigation concerning the Company's bidding for certain assets of Outboard Marine Corporation (OMC) as a part of OMC's bankruptcy. On October 5, 2001, the FTC also informed the Company that it had closed a separate investigation commenced in 1997 concerning certain of the Company's marketing practices related to the sale of sterndrive marine engines to boatbuilders and dealers.

On October 26, 2000, the Company became one of 109 defendants in a suit filed in federal court in Arizona by the Lemelson Foundation for allegedly violating several of the Foundation's patents. The patents at issue involve machine-vision and bar-coding technology, and the Foundation has asserted a number of similar actions against other companies alleged to have used these technologies in their distribution or manufacturing activities. This lawsuit has been stayed by the Arizona court pending the outcome of a lawsuit filed against the Foundation in Nevada. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

On October 27, 1999, the United States Tax Court upheld an Internal Revenue Service (IRS) determination that resulted in the disallowance of capital losses and other expenses from two partnership investments for 1990 and 1991. The Company appealed the Tax Court ruling to the United States Court of Appeals for the District of Columbia and posted a \$79.8 million surety bond to secure payment of tax deficiencies plus accrued interest related to the appeal. On December 21, 2001, the Court of Appeals rendered a decision vacating the Tax Court's opinion and remanded the case to the Tax Court for reconsideration in light of an earlier Court of Appeals decision. If, on remand to the Tax Court, the Company does not prevail, the net amount of taxes due, plus interest, net of tax, would be approximately \$135 million. The Company has settled all other issues with the IRS on open tax years 1989 through 1994 and anticipates favorable adjustments that would decrease the total net amount to approximately \$53 million, which would likely be payable in 2003. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company has been named in a number of asbestos-related lawsuits, the majority of which involve Vapor Corporation, a former subsidiary that the Company divested in 1990. Virtually all of the asbestos suits against the Company involve numerous other defendants. The claims against the Company generally allege that the Company sold products that contained components, such

as gaskets, that included asbestos. Neither the Company nor

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Vapor is alleged to have manufactured asbestos. The Company's insurers have settled a number of asbestos claims for nominal amounts, while a number of other claims have been dismissed. No suit has yet gone to trial. The Company does not believe that the resolution of these lawsuits will have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company accrues for litigation exposures based upon its assessment, made in consultation with outside counsel, of the likely range of exposure stemming from the claim. In light of existing reserves, the Company's litigation claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position. If current estimates for the cost of resolving these claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required.

SCHEDULE 3.06(b)

Environmental Matters

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 or other contamination, in many instances seek compensation or remedial action from the Company as a waste generator under Superfund legislation, which authorizes action regardless of fault, legality of original disposition or ownership of a disposal site. The Company is also involved in a number of environmental remediation actions addressing contamination resulting from historic activities on its present and former plant properties.

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, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position. If current estimates for the cost of resolving these claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required. Refer to Note 7 to the consolidated financial statements in the 2001 Form 10-K for disclosure of the potential cash requirements of environmental proceedings as of December 31, 2001.

SCHEDULE 6.01

Liens

<TABLE>
<CAPTION>

DEBTOR	SEARCH	JURISDICTION DATE	FILING NO.	FILING DESCRIPTION	SECURED PARTY	COLLATERAL
BAYLINER MARINE CORPORATION	UCC	SOS-DE	20753370	3-5-02	Carlson Systems	Specific equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-007-0250	1-7-00 Inc. notification purposes only	Copelco Capital,	Leased equipment;
BAYLINER MARINE	UCC	SOS-WA	2000-069-0382	3-9-00	Safeco Credit Co.	Leased equipment;

CORPORATION			Inc.	precautionary			
			purposes only				
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-104-0179	4-13-00	Dell Financial Services, L.P.	Leased equipment	
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-117-0255	4-26-00	Dell Financial Services, L.P.	Leased equipment	
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-124-0177	5-3-00	Dell Financial Services, L.P.	Leased equipment	
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-124-0182	5-3-00	Dell Financial Services, L.P.	Leased equipment	
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-160-0137	6-8-00	Dell Financial Services, L.P.	Additional Debtor: US Marine	Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-178-0378	6-26-00	Dell Financial Services, L.P.	Additional Debtor: US Marine	Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-207-0162	7-25-00	Dell Financial Services, L.P.	Additional Debtor: US Marine	Leased equipment

</TABLE>

-2-

<TABLE>

<CAPTION>

DEBTOR	SEARCH	JURISDICTION	FILING NO.	FILING	SECURED PARTY	COLLATERAL
		DATE		DESCRIPTION		
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-227-0328	8-14-00	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-294-0247	10-20-00	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-306-0230	11-1-00	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-308-0161	11-3-00	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2000-325-0131	11-20-00	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2001-025-0215	1-25-01	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2001-025-0216	1-25-01	Dell Financial Services, L.P.	Additional Debtor: US Marine
						Leased equipment
BAYLINER MARINE CORPORATION	UCC	SOS-WA	2001-086-0186	3-27-01	Dell Financial Services, L.P.	Additional Debtor: US Marine

Leased equipment

BAYLINER MARINE CORPORATION UCC SOS-WA 2001-114-0318 4-24-01 Dell Financial Services, L.P. US Marine Additional Debtor:

Leased equipment

BOSTON WHALER, INC. UCC SOS-FL 970000008766 1-13-97 Personal Touch Leasing Specific equipment

</TABLE>

-3-

<TABLE>

<CAPTION>

DEBTOR	SEARCH	JURISDICTION DATE	FILING NO.	FILING DESCRIPTION	SECURED PARTY	COLLATERAL
--------	--------	-------------------	------------	--------------------	---------------	------------

<S> BOSTON WHALER, INC.	<C> UCC	<C> SOS-FL	<C> 200100111528	<C> 5-21-01	<C> BCL Capital	Leased equipment
----------------------------	------------	---------------	---------------------	----------------	--------------------	------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	10790944 (Lessor)	7-24-01 Corporation only	IBM Credit precautionary filing	Specific equipment;
-----------------------	-----	--------	----------------------	-----------------------------	------------------------------------	---------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	11517254 (Lessor)	10-26-01 Corporation only	IBM Credit precautionary filing	Specific equipment;
-----------------------	-----	--------	----------------------	------------------------------	------------------------------------	---------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	11619886	11-7-01 Inc. Terminated on 3-15-02 (20878185)	Arthur Machinery,	Specific equipment
-----------------------	-----	--------	----------	--	-------------------	--------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	21368483	6-4-02	Stuers, Inc.	Specific equipment
-----------------------	-----	--------	----------	--------	--------------	--------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	21851652	7-1-02 Corporation only	IBM Credit precautionary filing	Specific equipment;
-----------------------	-----	--------	----------	----------------------------	------------------------------------	---------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	21884406	7-3-02 Corporation only	IBM Credit precautionary filing	Specific equipment;
-----------------------	-----	--------	----------	----------------------------	------------------------------------	---------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	21959836	7-19-02 Corporation only	IBM Credit precautionary filing	Specific equipment;
-----------------------	-----	--------	----------	-----------------------------	------------------------------------	---------------------

BRUNSWICK CORPORATION	UCC	SOS-DE	22060832	8-8-02 Corporation filing only	IBM Credit precautionary	Specific equipment;
-----------------------	-----	--------	----------	-----------------------------------	-----------------------------	---------------------

BRUNSWICK CORPORATION	UCC	SOS-IL	3199916	12-15-93 Corporation Continued on 5-13-98 (3849089)	AT&T Credit	Leased equipment
-----------------------	-----	--------	---------	--	-------------	------------------

Name changed from
Life Fitness to
Brunswick
Corporation on
10-19-98 (3925082)

</TABLE>

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<TABLE>

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DEBTOR	SEARCH	JURISDICTION DATE	FILING NO.	FILING DESCRIPTION	SECURED PARTY	COLLATERAL
--------	--------	-------------------	------------	--------------------	---------------	------------

<S> BRUNSWICK CORPORATION	<C> UCC	<C> SOS-IL	<C> 3336610	<C> 12-6-94 Capital Corp.	<C> General Electric precautionary	Leased equipment; purposes
------------------------------	------------	---------------	----------------	---------------------------------	--	-------------------------------

Name amended from
Roadmaster
Corporation to
Brunswick
Corporation on
10-9-96 (3596870)

Continued on 7-9-99
(4063354)

BRUNSWICK CORPORATION	UCC	SOS-IL	3439166 Corporation	8-24-95 Capital purposes	General Electric precautionary	Leased equipment;
-----------------------	-----	--------	---------------------	--------------------------	--------------------------------	-------------------

Name amended from
Roadmaster
Corporation to
Brunswick
Corporation on
10-9-96 (3396869)

Continued on 4-14-00
(4197298)

BRUNSWICK CORPORATION	UCC	SOS-IL	3440659 Corporation	8-29-95 Capital purposes	General Electric precautionary	Leased equipment;
-----------------------	-----	--------	---------------------	--------------------------	--------------------------------	-------------------

Name amended from
Roadmaster
Corporation to
Brunswick
Corporation on
10-9-96 (3596868)

Continued on 4-20-00
(4197297)

BRUNSWICK CORPORATION	UCC	SOS-IL	3622035 Corporation	12-9-96 Corporation purposes only	Textron Financial precautionary	Leased equipment;
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BRUNSWICK CORPORATION	UCC	SOS-IL	3633333 Company	1-2-97 Hyster Credit Company		Specific equipment
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<TABLE>
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DEBTOR	SEARCH	JURISDICTION	FILING NO.	FILING DATE	SECURED PARTY	COLLATERAL DESCRIPTION
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BRUNSWICK CORPORATION	UCC	SOS-IL	3633334	1-2-97	Hyster Credit Company	Specific equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3633335	1-2-97	Hyster Credit Company	Specific equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3694971	5-30-97	Meridian Leasing Corporation	Leased equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3723994	8-4-97	Minolta Business Systems, Inc.	Leased equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3741765	9-19-97	GE Capital Corporation	Leased equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3748557	10-7-97	Yale Financial Services, Inc.	Leased equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3848614	5-12-98	AT&T Credit Corporation	Leased equipment
BRUNSWICK CORPORATION	UCC	SOS-IL	3903980	9-3-98	IBM Credit Corporation	Leased equipment

(Lessor)

BRUNSWICK CORPORATION	UCC	SOS-IL	3953892	12-7-98	IBM Credit Corporation	Leased equipment
						(Lessor)
BRUNSWICK CORPORATION	UCC	SOS-IL	4019147	4-13-99	Bankers/Softech	Leased equipment
						Debtor named amended to Brunswick Corporation, Mercury Marine Division on 10-5-99 (4103583)
BRUNSWICK CORPORATION	UCC	SOS-IL	4030031	5-3-99	Newcourt Communications Finance Corporation as Lessor	Leased equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4034917	5-12-99	The CIT Group/Equipment Financing, Inc.	Specific equipment

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<TABLE>
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DEBTOR	SEARCH	JURISDICTION	FILING NO.	FILING DATE	SECURED PARTY	COLLATERAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4088754	9-1-99	Connor Capital, a diviiosn of Linc Capital, Inc.	Specific equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4098310	9-23-99	The CIT Group/Equipment Financing, Inc.	Specific equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4102714	10-1-99	The CIT Group/Equipment Financing, Inc.	Leased equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4197421	4-14-00	The CIT Group/Equipment Financing, Inc.	Specific equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4208423	5-8-00	Pullman Bank & Trust Co.	Leased equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4234197	6-29-00	Microshare Technology Finance	Leased equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4250951	8-14-00	IBM Credit Corporation (Lessor)	Leased equipment
LIFE FITNESS, A DIVISION OF BRUNSWICK CORPORATION	UCC	SOS-IL	4454143	10-26-01	IBM Credit Corporation (Lessor)	Leased equipment
LEISERV, INC.	UCC	SOS-IL	3777537	12-19-97	Orix Credit Alliance, Inc.	Leased equipment

LEISERV, INC.	UCC	SOS-IL	3882062	7-21-98	Orix Credit Alliance, Inc.	Leased equipment
LEISERV, INC.	UCC	SOS-IL	3915571	9-25-98	Orix Credit Alliance, Inc.	Leased equipment

</TABLE>

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<TABLE>

<CAPTION>

DEBTOR	SEARCH	JURISDICTION DATE	FILING NO.	FILING DESCRIPTION	SECURED PARTY	COLLATERAL
<S>	<C>	<C>	<C>	<C>	<C>	
LEISERV, INC.	UCC	SOS-IL	3927023	10-21-98 Alliance, Inc. Brunswick Indoor Recreation	ORIX Credit	Additional Debtor: Leased equipment
LEISERV, INC.	UCC	SOS-IL	4046441	6-4-99 Alliance, Inc.	Orix Credit	Leased equipment
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-DE	98291640	6-29-98 division of Brunswick Corporation	Life Fitness, a	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-DE	98330950	7-23-98 division of Brunswick Corporation	Life Fitness, a	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-DE	9963582	11-29-99 Corporation, Life Fitness Division	Brunswick	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0001861297	6-29-98 division of Brunswick Corporation	Life Fitness, a	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0001861298	6-29-98 division of Brunswick Corporation	Life Fitness, a	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0001861299	6-29-98 division of Brunswick Corporation	Life Fitness, a	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0001861300	6-29-98 division of Brunswick Corporation	Life Fitness, a	All assets
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0001861301	6-29-98 division of Brunswick Corporation	Life Fitness, a	All assets

</TABLE>

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<TABLE>

<CAPTION>

DEBTOR	SEARCH	JURISDICTION DATE	FILING NO.	FILING DESCRIPTION	SECURED PARTY	COLLATERAL
<S>	<C>	<C>	<C>	<C>	<C>	
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0001963977	11-29-99 Corporation, Life Fitness Division	Brunswick	All assets
OMNI FITNESS	UCC	SOS-CT	0001997893	5-19-00	Copelco Capital,	Leased equipment

EQUIPMENT, INC.				Inc.		
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0002001909	6-7-00	Life Fitness, a division of Brunswick Corporation	Pledge and security interest in all common stock in Omni Fitness West, Inc., and anything arising out of this
OMNI FITNESS EQUIPMENT, INC.	UCC	SOS-CT	0002095930	9-24-01	Qwest Technology Finance	Leased equipment
SEA RAY BOATS, INC.	UCC	SOS-FL	960000229358	10-31-96	Gulf Coast Lift Truck Company, Inc.	Specific equipment
SEA RAY BOATS, INC.	UCC	SOS-FL	970000067478	3-31-97	Foam Supplies, Inc.	Specific equipment
SEA RAY BOATS, INC.	UCC	SOS-FL	980000285986	12-28-97	Advanta Bank Corp.	Leased equipment; informational purposes only
SEA RAY BOATS, INC.	UCC	SOS-FL	990000170106	7-27-99	Resun Leasing Incorporated	Leased equipment; informational purposes only
SEA RAY BOATS, INC.	UCC	SOS-FL	990000177271	8-4-99	Williams Scotsman Inc.	Leased equipment
SEA RAY BOATS, INC.	UCC	SOS-TN	200027654	7-19-00	Associates Leasing, Inc.	Specific equipment

</TABLE>

EXHIBIT A

[Form of Assignment and Assumption]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified below (the "Assignor") and the Assignee identified below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____
[and is an [Affiliate] [Approved Fund] of
[identify Lender]]

3. Borrower: _____

4. Administrative Agent: _____, as the administrative
agent under the Credit Agreement

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5. Credit Agreement: The \$350,000,000 Credit Agreement dated as of
November 15, 2002 between Brunswick Corporation,
the Subsidiary Account Parties party thereto, the
Lenders party thereto and JPMorgan Chases Bank,
as Administrative Agent

6. Assigned Interest:

<TABLE>
<CAPTION>

FACILITY ASSIGNED(1)	AGGREGATE AMOUNT OF COMMITMENT/LOANS FOR ALL LENDERS	AMOUNT OF COMMITMENT/LOANS ASSIGNED	PERCENTAGE ASSIGNED OF COMMITMENT/LOANS(2)
<S>	<C>	<C>	<C>
	\$	\$	%
	\$	\$	%
	\$	\$	%

</TABLE>

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT
AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER
THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Name:

Title:

(1) Fill in the appropriate terminology for the types of facilities under the
Credit Agreement that are being assigned under this Assignment (e.g.
"Revolving Commitment," "Tranche A Commitment," "Tranche B Commitment,"
etc.)

(2) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans
of all Lenders thereunder.

3

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and](3) Accepted:

JPMORGAN CHASE BANK, as
Administrative Agent

By: _____
Name:
Title:

[Consented to:](4)

BRUNSWICK CORPORATION

By: _____
Name:
Title:

-
- (3) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
 - (4) To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(a) or 5.01(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter

into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the

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Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

[Form of Subsidiary Joinder Agreement]

SUBSIDIARY JOINDER AGREEMENT

_____, 200__

To JPMorgan Chase Bank,
as Administrative Agent
270 Park Avenue
New York, New York 10017

Each of the Lenders party to the
Credit Agreement referred to below

Re: Subsidiary Joinder Agreement

Ladies and Gentlemen:

Reference is made to the Credit Agreement (the "Credit Agreement") dated as of November 15, 2002 between Brunswick Corporation (the "Borrower"), the Subsidiary Account Parties party thereto, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent (the "Administrative Agent"). Capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Credit Agreement.

The Borrower and the "Subject Subsidiary" (as identified on the signature pages below) have executed and hereby deliver this Subsidiary Joinder Agreement pursuant to Section 2.05(m) of the Credit Agreement, in order to designate the Subject Subsidiary as a Subsidiary Account Party under the Credit Agreement.

Accordingly, the Borrower and the Subject Subsidiary hereby represent and warrant and agree that as of the "Effective Date" (as defined below):

1. The Subject Subsidiary is a wholly-owned Subsidiary of the Borrower;
2. The Subject Subsidiary is subject to and bound by each of the

obligations of an Account Party, including a Subsidiary Account Party, contained in the Credit Agreement as if the Subject Subsidiary were an original signatory to such Credit Agreement;

3. Each of the representations and warranties contained in the Credit Agreement and in the other Loan Documents (to the extent the same relate to a Subsidiary of the Borrower) are true and correct as to the Subject Subsidiary on and as of the Effective Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

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4. The Subject Subsidiary's addresses for notices, other communications and service of process provided for in the Credit Agreement shall be given in the manner, and with the effect, specified in Sections 10.01 and 10.09(e) of the Credit Agreement to it at its "Address for Notices" specified on the signature pages below; and

5. The Subject Subsidiary shall deliver to the Administrative Agent a process agent acceptance letter substantially in the form of Exhibit E to the Credit Agreement and such other documents as the Administrative Agent shall reasonably request that are consistent with conditions set forth in Section 4.01 of the Credit Agreement, each in form and substance reasonably satisfactory to the Administrative Agent.

In addition to the foregoing, the Borrower hereby represents and warrants and agrees that as of the Effective Date:

1. Each of the representations and warranties contained in the Credit Agreement and in the other Loan Documents are true and correct on and as of the Effective Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

2. No Default has occurred and is continuing; and

5. The Guarantee of the Borrower contained in Article IX of the Credit Agreement applies to all of the obligations of the Subject Subsidiary pursuant thereto.

This Subsidiary Joinder Agreement shall become effective as of the date (the "Effective Date") on which the Administrative Agent [and each Issuing Lender which has approved the designation of the Subject Subsidiary as a Subsidiary Account Party](5) accept[s] this Subsidiary Joinder Agreement as provided on the signature pages below. As of the Effective Date, the Subject Subsidiary shall be entitled to the rights, and subject to the obligations, of an Account Party, including a Subsidiary Account Party, contained in the Credit Agreement. Except as expressly herein agreed with respect to the joinder of the Subject Subsidiary as a Subsidiary Account Party, the Credit Agreement shall remain unchanged and in full force and effect.

This Subsidiary Joinder Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement. This Subsidiary Joinder Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

- -----
(5) Insert if the Subject Subsidiary is a Foreign Subsidiary.

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BORROWER

BRUNSWICK CORPORATION

By: _____
Name:
Title:

SUBJECT SUBSIDIARY

a _____ [corporation]

By: _____

Name:

Title:

Address for Notices

Attn: _____

Tel: _____

Fax: _____

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Accepted:

this ___ day of
_____, 200__

JPMORGAN CHASE BANK,
as Administrative Agent [and Issuing Lender]

By: _____

Name:

Title:

_____,
as Issuing Lender

By: _____

Name:

Title:

EXHIBIT C

[Form of Opinion of Counsel to the Borrower]

November 15, 2002

To the Lenders party to the Credit Agreement
referred to below and JPMorgan Chase Bank,
as Administrative Agent

Ladies and Gentlemen:

We have acted as special counsel to Brunswick Corporation, a Delaware corporation (the "Borrower"), in connection with the negotiation, execution and delivery of the Credit Agreement (the "Credit Agreement") dated as of November 15, 2002 among the Borrower, the Subsidiary Account Parties party thereto from time to time, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent, providing for extensions of credit to be made by the Lenders to the Borrower and the Subsidiary Account Parties in an aggregate principal or face amount not exceeding \$350,000,000. Terms defined in the Credit Agreement are used herein as defined therein. We are delivering this opinion letter to you pursuant to Section 4.01(b) of the Credit Agreement at the request

of the Borrower.

In rendering the opinions expressed below, we have examined:

(a) the Credit Agreement;

(b) the promissory notes of the Borrower, dated the date hereof in favor of Lloyds TSB Bank PLC, PNC Bank, National Association, Wells Fargo Bank, National Association, SunTrust Bank and Lasalle Bank National Association, respectively, executed and delivered by the Borrower on the date hereof pursuant to the Credit Agreement (such notes, together with the Credit Agreement, the "Credit Documents"); and

(c) such records of the Borrower and such other documents as we have deemed necessary as a basis for the opinions expressed below.

In our examination, we have assumed the legal capacity of all individuals, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies. When relevant facts were not independently established, we have relied upon statements of governmental officials and upon representations made in or pursuant to the Credit Agreement and certificates of appropriate representatives of the Borrower.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that (except, to the extent set forth in the opinions expressed below, as to Brunswick Family Boat Co. Inc., a Delaware corporation, and Boston Whaler Commercial & Government Products, Inc., a Delaware corporation (collectively, the "Subsidiary Parties"), and as to the Borrower and:

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(i) such documents have been duly authorized by, have been duly executed and delivered by, and constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;

(ii) all signatories to such documents have been duly authorized;

(iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents; and

(iv) the execution, delivery and performance by the parties to such documents do not and will not violate the articles or certificate of incorporation, articles of association, by-laws or other constitutive documents, as applicable, of any such party, any contract or indenture to which any such party is a party or by which it is created or it or any of its property is bound, or any order or decree of any court, administrative agency or other governmental authority applicable to any such party, or any law applicable to any such party.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Borrower has all requisite corporate power and authority to carry on its business as now conducted. The Borrower is qualified to do business in, and is in good standing in, the State of Illinois.

2. The execution, delivery and performance by the Borrower of the Credit Documents are within the corporate powers of the Borrower.

3. The execution, delivery and performance by the Borrower of the Credit Documents have been duly authorized by all necessary corporate action on the part of the Borrower.

4. The Credit Documents have been duly executed and delivered by the Borrower.

5. The Credit Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms. The Credit Agreement constitutes the legal, valid and binding obligation of each Subsidiary Party, enforceable against each

Subsidiary Party in accordance with its terms.

6. The execution, delivery and performance by the Borrower of the Credit Documents (a) do not require any consent or approval of, registration or filing with, or any other action by, any Illinois, New York or Federal Governmental Authority (b) will not violate any law applicable to the Borrower or the Restated Certificate of Incorporation, as amended, or by-laws of the Borrower or, to our knowledge, any order, writ, decree or injunction of any Governmental Authority to which the Borrower is a party or by which it is bound, and (c) to our knowledge, will

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not violate, result in a default under, result in the creation or imposition of any Lien on any asset of the Borrower under, or give rise to a right to require any payment to be made by the Borrower under, any indenture, agreement or other instrument binding upon the Borrower.

7. Neither the Borrower nor any of its Subsidiaries is (a) an "investment company" (as defined in the Investment Company Act of 1940, as amended (the "ICA")) registered or required to be registered under the ICA, or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

The foregoing opinions are subject to the following comments and qualifications:

A. The opinions expressed in Paragraph 5 are subject to (i) limitations imposed by any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar laws affecting creditors' rights generally, (ii) the effect of general principles of equity, including but not limited to concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law), and (iii) limitations imposed by public policy under certain circumstances, including on the enforceability of provisions indemnifying a party against its own wrongful or negligent acts.

B. We express no opinion as to the effect of (i) the compliance or noncompliance of the Administrative Agent or any Lender with any state or federal laws or regulations applicable to the Administrative Agent or any Lender because of the Administrative Agent's or any Lender's legal or regulatory status, the nature of the Administrative Agent's or any Lender's business or (ii) the failure of the Administrative Agent or any Lender to be authorized to conduct business in any jurisdiction.

C. The enforceability of provisions in the Credit Documents to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

D. We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Lender is located (other than the States of Illinois and New York) that limit the interest, fees or other charges such Lender may impose, (ii) the last sentence of Section 2.17(d) of the Credit Agreement, (iii) the first sentence of Section 10.09(b) of the Credit Agreement, insofar as such sentence relates to the subject matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Agreement, (iv) any provisions pursuant to which the Borrower or a Subsidiary Party consents to the service of process by means prescribed in the Credit Agreement, (v) the first sentence of Section 10.10 of the Credit Agreement, (vi) Section 10.11 of the Credit Agreement and (vii) the Federal securities laws of the United States of America or any state securities or blue sky laws.

E. We note that (i) a New York statute provides that a judgment rendered by a court of the State of New York in respect of an obligation denominated in any Foreign Currency would be rendered in such Foreign Currency and would be converted into Dollars at the rate of exchange prevailing on the date of entry of such judgment and (ii) a judgment rendered by a United States federal court in the State of New York in respect of an obligation denominated in a Foreign Currency may be expressed in Dollars (provided that we express no opinion as to the rate of exchange such court would apply).

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With respect to the opinions in Paragraph 7(a) above, we have relied exclusively as to factual matters on a certificate of the Borrower dated the date of this opinion letter. We note that, for purposes of determining whether a particular entity is an "investment company" within the meaning of the ICA, it

is necessary to examine the "value" of the assets of such entity within the meaning of Section 2(a)(41)(A) of the ICA. Section 2(a)(41)(A)(ii) of the ICA provides that the "value" of certain assets held by an entity shall be the "fair value" of such assets as determined in good faith by such entity's board of directors (or similar governing body). Neither the Board of Directors of the Borrower nor that of any Subsidiary was requested to determine the value of any assets required to be valued at "fair value" pursuant to Section 2(a)(41)(A)(ii), but the certificate referred to above in this paragraph makes certain certifications regarding the value of the assets of the Borrower and certain of its subsidiaries and states that values were determined in good faith by a person or persons having such knowledge of business and financial matters as to be in a position to determine such fair values. We have assumed, however, with your permission, that all assets of the Borrower and its Subsidiaries that are required to be valued at "fair value" pursuant to Section 2(a)(41)(A)(ii) of the ICA by the Board of Directors of the Borrower or of the relevant Subsidiary, as the case may be, would have been valued at the same values ascribed to such assets for purposes of such certificate had the Board of Directors of the Borrower or of the relevant Subsidiary determined the "fair value" thereof pursuant to such section.

Any opinion or statement herein which is expressed to be "to our knowledge" or is otherwise qualified by words of like import means that the lawyers currently practicing law with Sidley Austin Brown & Wood LLP and its affiliate partnerships who have had an active involvement in negotiating or reviewing the Credit Documents have no current conscious awareness of any facts or information contrary to such opinion or statement. With respect to such matters, such persons, with your express permission and consent, have not undertaken any other investigation or inquiry of other lawyers practicing law with this firm, or any review of files maintained by this firm, or any inquiry of officers or employees of the Borrower. The reference to "conscious awareness" in this paragraph has the meaning given that phrase in the Third-Party Legal Opinion Report, Including the Legal Opinion Accord, of the Section of Business Law, American Bar Association, 47 Bus. Law 167, 192 (1991).

The foregoing opinions are limited to matters involving the Delaware General Corporation Law, the federal laws of the United States of America and the laws of the States of Illinois and New York, and we do not express any opinion as to the laws of any other jurisdiction.

This opinion letter is furnished by us solely for your benefit and the benefit of your successors and assignees and future participants under the Credit Agreement, and it may not be relied upon, quoted from or delivered to any person other than such successors, assignees and participants, your legal counsel and the legal counsel of such successors, assignees and participants without, in each instance, our prior written consent. The opinions expressed above are based solely on factual matters in existence as of the date hereof and laws and regulations in effect on the date hereof, and we assume no obligation to revise or supplement this opinion letter should such factual matters change or should such laws or regulations be changed by legislative or regulatory action, judicial decision or otherwise.

Very truly yours,

EXHIBIT D

[Form of Opinion of Special New York Counsel to JPMCB]

November 15, 2002

To the Lenders party to the Credit Agreement
referred to below and JPMorgan Chase Bank,
as Administrative Agent

Ladies and Gentlemen:

We have acted as special New York counsel to JPMorgan Chase Bank ("JPMCB") in connection with the Credit Agreement (the "Credit Agreement") dated as of November 15, 2002, between Brunswick Corporation (the "Borrower"), the Subsidiary Account Parties party thereto, the Lenders party thereto and JPMCB, as Administrative Agent, providing for extensions of credit to be made by the Lenders to the Borrower and such Subsidiary Account Parties in an aggregate

principal or face amount not exceeding \$350,000,000. Terms defined in the Credit Agreement are used herein as defined therein. This opinion letter is being delivered pursuant to Section 4.01(c) of the Credit Agreement.

In rendering the opinions expressed below, we have examined (a) the Credit Agreement and (b) the promissory notes executed and delivered by the Borrower on the date hereof under the Credit Agreement (together with the Credit Agreement, the "Credit Documents").

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies. When relevant facts were not independently established, we have relied upon representations made in or pursuant to the Credit Agreement.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that:

(i) such documents have been duly authorized by, have been duly executed and delivered by, and (except to the extent set forth in the opinions expressed below as to the Borrower) constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;

(ii) all signatories to such documents have been duly authorized; and

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(iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that the Credit Documents constitute the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of the Credit Documents is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

The foregoing opinions are subject to the following comments and qualifications:

(A) The enforceability of Section 10.03 of the Credit Agreement may be limited by laws limiting the enforceability of provisions exculpating or exempting a party, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct.

(B) The enforceability of provisions in the Credit Agreement to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(C) We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Lender is located (other than the State of New York) that limit the interest, fees or other charges such Lender may impose, (ii) the last sentence of Section 2.17(d) of the Credit Agreement, (iii) the first sentence of Section 10.09(b) of the Credit Agreement, insofar as such sentence relates to the subject-matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Agreement, (iv) the waiver of inconvenient forum set forth in Section 10.09(c) of the Credit Agreement with respect to proceedings in the United States District Court for the Southern District of New York and (v) Section 10.11 of the Credit Agreement.

(D) Clause (iii) of the second sentence of Section 9.02 may not be enforceable to the extent that the Guaranteed Obligations are materially modified.

(E) We wish to point out with reference to obligations stated to be payable in a Foreign Currency that (i) a New York statute provides that a judgment rendered by a court of the State of New York in respect of an obligation denominated in any Foreign Currency would be rendered in such

Foreign Currency and would be converted into Dollars at the rate of exchange prevailing on the date of entry of such judgment and (ii) a

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judgment rendered by a United States Federal court sitting in the State of New York in respect of an obligation denominated in a Foreign Currency may be expressed in Dollars, but we express no opinion as to the rate of exchange such Federal court would apply.

The foregoing opinions are limited to matters involving the Federal laws of the United States of America and the law of the State of New York, and we do not express any opinion as to the laws of any other jurisdiction.

At the request of our client, this opinion letter is, pursuant to Section 4.01(c) of the Credit Agreement, provided to you by us in our capacity as special New York counsel to JPMCB and may not be relied upon by any Person for any purpose other than in connection with the transactions contemplated by the Credit Agreement without, in each instance, our prior written consent.

Very truly yours,

EXHIBIT E

[Form of Process Agent Acceptance Letter]

CT Corporation System

_____, 200_

To: JPMorgan Chase Bank,
as administrative agent under the
Credit Agreement referred to below
(the "Administrative Agent")

Re: [_____] (the "Subject Subsidiary")

Ladies and Gentlemen:

In respect of the Credit Agreement (the "Credit Agreement") dated as of November 15, 2002 between Brunswick Corporation (the "Borrower"), the Subsidiary Account Parties party thereto, the Lenders party thereto and the Administrative Agent, the undersigned hereby accepts the irrevocable designation and appointment of it as of the date hereof as agent for the Subject Subsidiary to accept and acknowledge service of any and all process, as contemplated by Section 10.09(e) of the Credit Agreement and otherwise as provided thereby, such acceptance to remain in effect until the Credit Agreement shall have been terminated and all obligations thereunder of the Subject Subsidiary shall have been paid in full.

The undersigned agrees to give the Administrative Agent or the Borrower, as applicable, immediate notice by telephone, fax, telex, cable or any other means of instant communication upon receipt of all papers served upon the undersigned pursuant to such appointment and to forward promptly to the Administrative Agent or the Borrower, as applicable, all such papers served pursuant to such appointment by reputable overnight carrier.

Very truly yours,

CT CORPORATION SYSTEM

By: _____

Title: _____

EXHIBIT F

[Form of Subsidiary Account Party Termination Notice]

SUBSIDIARY ACCOUNT PARTY TERMINATION NOTICE

_____, 200__

To JPMorgan Chase Bank,
as Administrative Agent
270 Park Avenue
New York, New York 10017

_____,
as Issuing Lender

Each of the Lenders party to the
Credit Agreement referred to below

Re: Termination of [_____] (the "Subject Subsidiary") as
Subsidiary Account Party

The Borrower hereby gives notice pursuant to Section 2.05(m) of the
Credit Agreement dated as of November 15, 2002 between Brunswick Corporation
(the "Borrower"), the Subsidiary Account Parties party thereto, the Lenders
party thereto (the "Lenders") and the Administrative Agent (the "Credit
Agreement") that, effective as of the date hereof, the Subject Subsidiary is
terminated as an Account Party under the Credit Agreement and all commitments by
the Lenders to issue Letters of Credit for account of such Account Party under
the Credit Agreement are hereby terminated.

Pursuant to Section 2.05(m) of the Credit Agreement, the Borrower hereby
certifies that there is no LC Exposure outstanding with respect to any Letter of
Credit for which the Subject Subsidiary is an Account Party.

All obligations of the Subject Subsidiary arising in respect of any
period in which the Subject Subsidiary was, or on account of any action or
inaction taken by the Subject Subsidiary as, an Account Party under the Credit
Agreement shall survive the termination effected by this notice.

Terms used herein have the meanings assigned to them in the
Credit Agreement.

BRUNSWICK CORPORATION

By _____
Authorized Officer

Exhibit 10.15

2003 BRUNSWICK PERFORMANCE PLAN (BPP)

Purpose	Reward achievement of annual goals
Eligibility	Key managers and above identified on an individual basis.
Performance Period	Fiscal year.
Participation Level	Pro rata participation in first year of eligibility. Full participation in subsequent years. Must be employed at year-end to receive an award (except in the event of death or disability).
Target	Incentives Sum of target incentive opportunity as a percent of salary times average salary for the year for all eligible participants.
Performance Measures	Funding based on Brunswick Value Added (BVA). BVA defined as profits after-tax; reduced for cost of total capital. Division employees measured against Division results. Corporate employees measured against overall Brunswick Corporation results.

Performance Levels:

- > Threshold > Minimum performance level supporting the funding of any variable incentive pay. Thresholds to be determined for each Division individually.
- > Target > Agreed upon performance level, typically tied to profit plan for the year.
- > Stretch > Performance necessary to support funding of twice target level.

Funding Review and Approval The following steps will be taken to review and approve funding:

- > CFO will review actual results quarterly to evaluate established accruals.
- > CEO will review performance at end of performance period and recommend funding to Human Resource and Compensation Committee as appropriate.
- > Committee will review and approve funding as deemed appropriate.

Maximum Funding None

Individual Awards Individual awards will be determined on a discretionary basis using evaluation of individual performance for the performance period, target incentive as a percent of salary and salary received for the performance period.

Individuals must be employed through end of performance period to receive an award, except terminees due to death or permanent and total disability will be eligible to receive awards.

Timing of Award Payments As soon as practical after financial results are confirmed and appropriate approvals are obtained.

Nothing contained in these materials constitutes or is intended to create a promise of an individual incentive award or a contract of continued employment.

Employment is at-will and may be terminated by either the employee or Corporation for any reason at any time.

Exhibit 10.18

2002-2003 STRATEGIC INCENTIVE PLAN (SIP)

- Purpose Reward achievement of two year goals
- Eligibility Key managers and above identified on an individual basis.
- Participation Level Pro rata participation for cycle ending in first year of eligibility.
- Full participation for subsequent cycles.
- Must be employed at year-end to receive an award (except in the event of death or disability).
- Target Incentives Sum of target incentive opportunity as a percent of salary times salary for all eligible participants.
- Performance Measures Funding to be based on performance versus the following measures:

- > 60% Brunswick Value Added (BVA). BVA defined as profits after-tax; reduced for cost of capital charge (capital to include working, fixed and other assets; cost of capital will include debt and equity)
 - o For Division employees 60% BVA will be split evenly between Division BVA and overall Brunswick Corporation BVA.
 - o For Corporate headquarters employees BVA will be based entirely on overall Brunswick Corporation BVA.
- > 40% performance against Strategic Factors.
 - o For Division employees based on Division's strategic factor performance
 - o For Corporate headquarters employees based on average of all Division strategic factor performance results
 - o For cycles beginning in 2001 factors include:
 - o Customer satisfaction
 - o Growth in market share
 - o Product innovation (percent of sales from new products)
 - o Employee satisfaction

Performance Levels:

- > Threshold > Minimum performance level supporting the funding of any variable incentive pay. Threshold to be determined for each Division and Brunswick Corporation individually.
- > Target > Agreed upon performance level, typically tied to business plans for performance period.
- > Stretch > Performance necessary to support funding at twice target level.

SIP summary 3

STRATEGIC INCENTIVE PLAN...

- Performance Period Generally two-year performance periods will be used.
- > For BVA: overlapping cycles beginning each year.

To phase into the program, two performance periods began in 2001.

- o 2001: One year cycle with 50% of normal target incentives for those transitioning from 2000 - 2001 SIP. (Current 2000 - 2001 SIP cycle shortened to one year. Pay out accrued, but will not be paid until regularly scheduled date - February, 2002.)
- o 2001 - 2002: Two year cycle Beginning in 2002 and in each year thereafter a new two-year cycle will begin.

- > For Strategic Factors: two-year, end-to-end cycles. Partial pay outs before the end of a performance cycle may be considered.

Overall Funding Overall funding will be the sum of BVA funding and strategic factor funding.

Funding Review and Approval The following steps will be taken to review and approve funding:

- > CFO will review actual results quarterly to evaluate established accruals.
- > CEO will review performance at end of performance period and approve funding or recommend funding to Human Resource and Compensation Committee as appropriate.
- > Committee will review and approve funding as deemed appropriate.

Maximum Funding None

Individual Awards Individual awards will be determined on a discretionary basis using evaluation of individual performance for the performance period, target incentives as a percent of salary and covered salary (actual received for final year or performance period).

Individuals must be employed at time of payment to receive an award, except those terminating due to death or permanent and total disability will be eligible to receive individual awards.

Timing of Award Payments As soon as practical after financial results are confirmed and appropriate approvals obtained.

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

SIP summary 3

BRUNSWICK CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (DOLLARS IN MILLIONS)

EXHIBIT 12.1

<TABLE>
 <CAPTION>

	YEAR ENDED DECEMBER 31								
	2002	2001	2000	1999	1998	1997			
<S>	<C>	<C>	<C>	<C>	<C>	<C>			
EARNINGS AS ADJUSTED									
Earnings from continuing operations		103.5	84.7	202.2	143.1	154.4	111.3		
Plus: Income tax provision		58.1	47.5	121.1	76.2	90.9	62.5		
Interest and other financial charges included in expense		43.3	52.9	67.6	61.0	62.7	51.3		
Interest portion of rent expense		14.2	13.4	12.5	11.3	11.0	8.9		
Dividends received from less-than 50% owned affiliates			0.1	0.1	0.1	0.1	-		
Less: Equity in earnings of less-than 50% owned affiliates			0.8	0.3	0.2	0.2	0.2		
		220.0	198.9	403.7	291.9	319.3	234.2		
FIXED CHARGES									
Interest and other financial charges		58.1	47.5	67.6	61.0	62.7	51.3		
Interest portion of rent expense		14.2	13.4	12.5	11.3	11.0	8.9		
Capitalized interest		0.8	-	0.6	2.0	-			
		73.1	60.9	80.1	72.9	75.7	60.2		
RATIO OF EARNINGS TO FIXED CHARGES				3.0x	3.3x	5.0x	4.0x	4.2x	3.9x

</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.

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EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

The following corporations are direct or indirect wholly-owned subsidiaries of Brunswick Corporation:

<TABLE>

<CAPTION>

Subsidiary -----	Place of Incorporation -----
<S>	<C>
Appletree Ltd.	Bermuda
Baja Marine Corporation	Delaware
Boston Whaler, Inc.	Delaware
Brunswick AG	Switzerland
Brunswick Bowling & Billiards Corporation	Delaware
Brunswick Bowling & Billiards (U.K.) Limited	England
Brunswick Bowling e Billiards Ltda.	Brazil
Brunswick Bowling Pin Corporation	Delaware
Brunswick Centres, Inc.	Ontario
Brunswick Commercial and Government Products, Inc.	Delaware
Brunswick Family Boat Co., Inc.	Delaware
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 New Technologies	Delaware
Centennial Assurance Company, Ltd.	Bermuda
Escort Trailer Corporation	Washington
Integrated Dealers Systems, Inc.	Florida
Leiserv, Inc.	Delaware
Life Fitness, 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
Monolith Corporation	North Carolina
Mototron Corporation	Delaware
Normalduns B.V.	Netherlands
Omni Fitness Equipment, Inc.	Delaware

</TABLE>

<TABLE>

<CAPTION>

Subsidiary -----	Place of Incorporation -----
<S>	<C>
Princecraft Boats, Inc.	Canada
Productos Marine de Mexico, S.A. de C.V.	Mexico
Ray Industries, Inc.	Arizona
Sea Ray Boats Europe B.V.	Netherlands
Sea Ray Boats, Inc.	Arizona
Sea Ray Boats, Inc.	Florida
Sea Ray International - Europe B.V.	Netherlands
Sealine International Limited	United Kingdom
Skokie Investment Corporation	Delaware
Teignbridge Propellers, Inc.	Delaware
Wintergreen Finance, Inc.	Delaware

</TABLE>

POWER OF ATTORNEY

The undersigned directors and officers of Brunswick Corporation, a Delaware corporation (the "Company"), do hereby nominate, constitute and appoint Marschall I. Smith and Lloyd C. Chatfield II 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, 2002 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.

<TABLE>
<CAPTION>

Capacity	Signature	Date
-----	-----	---
<S> Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and Director	<C> /s/ GEORGE W. BUCKLEY ----- George W. Buckley	<C> February 4, 2003
Director	/s/ NOLAN D. ARCHIBALD ----- Nolan D. Archibald	February 4, 2003
Director	/s/ DORRIT J. BERN ----- Dorrit J. Bern	February 4, 2003
Director	/s/ JEFFREY L. BLEUSTEIN ----- Jeffrey L. Bleustein	February 4, 2003
Director	/s/ MICHAEL J. CALLAHAN ----- Michael J. Callahan	February 4, 2003
Director	/s/ MANUEL A. FERNANDEZ ----- Manuel A. Fernandez	February 4, 2003

</TABLE>

<TABLE>
<CAPTION>

Capacity	Signature	Date
-----	-----	---
<S> Director	<C> /s/ PETER HARF ----- Peter Harf	<C> February 4, 2003
Vice Chairman and Director	/s/ PETER B. HAMILTON ----- Peter B. Hamilton	February 4, 2003
Director	/s/ JAY W. LORSCH	February 4, 2003

Jay W. Lorsch

Director /s/ BETTYE MARTIN MUSHAM February 4, 2003

Bettye Martin Musham

Director /s/ GRAHAM H. PHILLIPS February 4, 2003

Graham H. Phillips

Director /s/ ROBERT L. RYAN February 4, 2003

Robert L. Ryan

Director /s/ ROGER W. SCHIPKE February 4, 2003

Roger W. Schipke

Director /s/ RALPH C. STAYER February 4, 2003

Ralph C. Stayer

</TABLE>

EXHIBIT 99.1

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

I, George W. Buckley, Chief Executive Officer of Brunswick Corporation, certify that (i) Brunswick Corporation's report on Form 10-K for the fiscal year ended December 31, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in Brunswick Corporation's report on Form 10-K for the fiscal year ended December 31, 2002, fairly presents, in all material respects, the financial condition and results of operations of Brunswick Corporation.

/s/ GEORGE W. BUCKLEY

George W. Buckley
Chief Executive Officer

March 11, 2003

EXHIBIT 99.2

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

I, Victoria J. Reich, Chief Financial Officer of Brunswick Corporation, certify that (i) Brunswick Corporation's report on Form 10-K for the fiscal year ended December 31, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in Brunswick Corporation's report on Form 10-K for the fiscal year ended December 31, 2002, fairly presents, in all material respects, the financial condition and results of operations of Brunswick Corporation.

/s/ VICTORIA J. REICH

Victoria J. Reich
Chief Financial Officer
March 11, 2003