BRUNSWICK CORP
Form DEF 14A
March 21, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No._)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

BRUNSWICK CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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March 21, 2013

Dear Brunswick Shareholder:

We are pleased to invite the shareholders of Brunswick Corporation to attend the Annual Meeting of Shareholders of Brunswick Corporation, to be held on Wednesday, May 1, 2013, at 9:00 a.m. CDT at Brunswick's corporate offices, located at 1 N. Field Court, Lake Forest, Illinois.

In 2012, we successfully executed our business strategy despite challenging economic conditions. Our results in 2012 represent the third consecutive year of strong improvements in operating earnings and net earnings. Over the past several years, our entire organization has done an excellent job of executing our business plan and transforming our businesses to promote growth and identify operating efficiencies. The 2012 results and the strategic actions taken during the year have strengthened our overall financial profile, providing a solid platform for further improvements in future financial results.

As a Brunswick shareholder, you have been able to share in our financial and operational successes. Our total shareholder return for 2012 was 61.35%, with our total shareholder return for the last three years being an outstanding 130.06%. Our Board of Directors, the management team and our over 16,000 global employees are dedicated to continuing the effort necessary to add value to our shareholders.

In 2013, Brunswick will again focus on executing its financial and operational strategic growth initiatives as well as on cost reductions and operating efficiencies throughout our organization in order to sustain earnings growth.

We will begin mailing a notice to our shareholders on March 21, 2013, containing instructions on how to access online our 2013 Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2012, as well as instructions on how to receive paper copies of these documents for shareholders who so elect.

Your vote is very important. Whether or not you plan to attend the meeting, we urge you to vote either via the Internet, by telephone or by signing and returning a proxy card. Please vote as soon as possible so that your shares will be represented.

Thank you for your continued support of Brunswick.

Sincerely,

Dustan E. McCoy

Chairman and Chief Executive Officer

Brunswick Corporation 1 N. Field Court Lake Forest, IL 60045-4811

Telephone 847.735.4700

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Notice of Annual Meeting of Shareholders
May 1, 2013

9:00 a.m. CDT

Brunswick corporate offices, 1 N. Field Court, Lake Forest, Illinois

March 21, 2013

Dear Brunswick Shareholder:

The Annual Meeting of Shareholders of Brunswick Corporation will be held at Brunswick's corporate offices, located at 1 N. Field Court, Lake Forest, Illinois, on Wednesday, May 1, 2013, at 9:00 a.m. CDT. At the Annual Meeting, we will consider and vote upon the following matters:

(1)

The election to the Company's Board of Directors of the four nominees named in the attached Proxy Statement;

(2)

The approval of the compensation of our named executive officers on an advisory basis;

(3)

The approval of the Brunswick Corporation Senior Management Incentive Plan;

(4)

The ratification of the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and

(5)

Any other business that may properly come before the meeting.

Sincerely,

Kristin M. Coleman

Secretary

Brunswick Corporation 1 N. Field Court Lake Forest, IL 60045-4811
Telephone 847.735.4700

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Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Page references are supplied to help you find further information in this proxy statement.

Eligibility to Vote

You can vote if you were a shareholder of record at the close of business on March 4, 2013.

How to Cast Your Vote

You can vote by any of the following methods:

- Internet (www.proxyvote.com) until 5:00 p.m. EDT on 4/30/2013;
- Telephone (1-800-690-6903) until 5:00 p.m. EDT on 4/30/2013;
- Completing, signing and returning your proxy or voting instruction card; or
- In person at the annual meeting.

Voting Matters

	Board Vote Recommendation	**Page Reference**
Election of Directors	FOR each Director Nominee	11
Advisory Vote on the Approval of Executive Compensation	FOR	43
Approval of the Brunswick Corporation Senior Management Incentive Plan	FOR	46
Ratification of the Appointment of Auditors	FOR	48

Business Highlights

(for more detail, please see Brunswick's Annual Report on Form 10-K filed February 21, 2013)

In 2012, the Company successfully navigated through extreme variability in markets and business conditions, which resulted in the third consecutive year of strong improvement in operating earnings. Despite global economic challenges, the Company looked to achieve the following objectives in 2012:

- *Deliver revenue growth*
  - Ended the year with a one percent increase in net sales when compared with 2011 in spite of weakness in Europe and weak global demand for fiberglass sterndrive boats
- *Experience strong increases in operating earnings*
  - Reported operating earnings of $264.1 million in 2012 compared with operating earnings of $213.7 million in 2011 and $62.9 million in 2010
- *Continue to generate strong free cash flow, retire debt and make significant contributions into the Company's defined benefit pension plans in pursuit of fully funding these plans*
  - Ended the year with $428.7 million of cash and marketable securities
  - Retired $124.2 million of debt, contributing to a $13.7 million decrease in interest expense
  - Contributed $69.0 million to the Company's defined benefit pension plans
  - Generated $183.6 million of cash flow from operating activities of continuing operations

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We achieved excellent 1 and 3 year Total Shareholder Return ("TSR")

- 1 year TSR – 61.35%
- 3 year TSR – 130.06%

Board Nominees and Governance of the Company (page 12)

Name	Age	Director since	Occupation	Independent (Yes/No)	Committee Memberships	Other Company Boards
Nolan D. Archibald	69	1995	Executive Chairman – Stanley Black & Decker, Inc.	Yes	• Finance (Chair)	• Huntsman Corporation • Lockheed Martin Corporation
David C. Everitt	60	2012	Retired, President, Agricultural and Turf Division - North America, Asia, Australia, and Sub-Saharan and South Africa, and Global Tractor and Turf Products – Deere & Company	Yes	• Finance • Human Resources and Compensation	• Agrium Inc. • Harsco Corporation
Roger J. Wood	50	2012	President and Chief Executive Officer – Dana Holding Corporation	Yes	• Finance • Nominating and Corporate Governance	• Dana Holding Corporation

Lawrence A. Zimmerman	70	2006	Retired, Vice Chairman and Chief Financial Officer – Xerox Corporation	Yes	• Audit (Chair) • Qualified Legal Compliance	• Delphi Automotive, LLP • Computer Sciences Corporation • Flextronics International Ltd.

- Mr. McCoy serves as our Chairman and Chief Executive Officer
- Mr. Fernandez serves as our Lead Independent Director
- 11 Directors are independent under the rules set forth in the NYSE Listed Company Manual
- Our Directors attended 100% of the 2012 Board Meetings
- All of the members of the Audit, Finance, Human Resources and Compensation, Nominating and Corporate Governance and Qualified Legal Compliance Committees are independent

The Board of Directors believes that having the Company's Chief Executive Officer serve as Chairman of the Board is in the best interest of its shareholders because this structure ensures a seamless flow of communication between management and the Board, in particular with respect to the Board's oversight of the Company's strategic direction, as well as the Board's ability to ensure management's focused execution of that strategy.

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Executive Compensation (page 24)

Compensation Element	Metric(s)	Role within Compensation Program	How Designed and Determined
Base Salary	n/a	Foundation of total pay, as incentives and benefits are a function of base salary.	Reviewed annually, targeting median of peer group. External competitiveness, individual performance and internal equity are considered when determining executives' base salaries.
Annual Incentive Plan	• Earnings Per Share (EPS) • Earnings Before Interest and Taxes (EBIT)	Primary element used to reward accomplishments against established business and individual goals within a given year.	Target funding based on planned performance for the year, as approved by the Board of Directors, with actual funding tied to annual performance against target metrics and limited to no more than 200 percent of target funding.
Performance Shares	• Cash Flow Return On Investment (CFROI) • Relative Total Shareholder Return (TSR)	Focus management team on creating and sustaining value for shareholders.	Three-year performance plan earned based on achievement of both a CFROI target over a 12-month period and Brunswick's TSR performance relative to the TSR of an established peer group, as measured over the three-year period. Effective for 2013, the proportion of annual performance share grants in the LTI mix for named executive officers (NEOs) is being increased to 50% of targeted equity value.
Restricted Stock Units (RSUs)	• TSR	Reinforce retention and reward sustained TSR.	Effective for 2013, annual RSU grants for NEOs represent 50% of targeted equity value (33% for 2012). A current stock price is used to determine the number of RSUs to be granted. RSUs cliff vest at the end of a three-year period.
Stock Appreciation Rights (SARs)	• Stock Price	Increase linkage to shareholders by rewarding stock price appreciation and tying wealth accumulation to performance.	Vest 25% per year over four years; ten-year term. SARs have been replaced in 2013 with the use of more performance shares, but represented 33% of targeted equity value for 2012.

WHAT WE DO	**WHAT WE DON'T DO**

Very high percentage of executive pay is tied to performance

Executives have performance-based goals which are tied to shareholder return

We target median compensation levels, and review market data, of our peer group when making executive compensation decisions

We apply strict share ownership guidelines to NEOs

We disclose complete information on the annual incentive plan

We prohibit recycling for options/SARs

We require vested shares from our equity compensation programs to be held until share ownership guidelines met

We consider risk in our compensation program

We use an independent compensation consultant

We have an established clawback policy

We have no gross-ups (including perks, excise tax)

There are no modified single-trigger or a single-trigger change-in-control severance agreements (we only use double-trigger CIC severance provisions)

All of our equity plans expressly forbid option repricing without shareholder approval

All of our active equity plans expressly forbid exchanges of underwater options for cash

We do not allow hedging of shares

We do not allow pledging of shares

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2012 Executive Total Targeted Compensation Mix (page 26)

Component	CEO	Other NEOs
Base Salary	15 %	30 %
Annual Incentives	23 %	32 %
Long-Term Incentives	62 %	38 %

2012 Executive Compensation Summary (page 33)

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-qualified Deferred Compensation Earnings	All Other Compensation	Total
Dustan E. McCoy Chairman and Chief Executive Officer	2012	$ 986,538	$ -	$ 2,676,935	$ 1,333,967	$ 1,619,000	$ 136,785	$ 354,949	**$ 7,108,174**
Peter B. Hamilton Senior Vice President and Chief Financial Officer	2012	$ 550,000	$ -	$ 541,474	$ 269,970	$ 752,000	$ 475,887	$ 181,668	**$ 2,770,999**
Mark D. Schwabero Vice President & President – Mercury	2012	$ 445,000	$ -	$ 354,115	$ 176,010	$ 583,300	$ -	$ 137,967	**$ 1,696,392**

Marine									
Andrew E. Graves									
Vice President & President – Boat Group	2012	$ 445,000	$ -	$ 354,055	$ 176,010	$ 452,400	$ -	$ 132,296	**$ 1,559,761**
B. Russell Lockridge									
Vice President and Chief Human Resources Officer	2012	$ 385,000	$ -	$ 285,826	$ 142,925	$ 421,100	$ -	$ 153,248	**$ 1,388,099**

Brunswick Corporation Senior Management Incentive Plan (page 46)

We are asking our shareholders to approve an Internal Revenue Code Section 162(m)-compliant Brunswick Corporation Senior Management Incentive Plan.

Auditors (page 48)

As a matter of good corporate governance, we are asking our shareholders to ratify the Audit Committee's appointment of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

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PROXY STATEMENT

The Board of Directors of Brunswick Corporation ("Brunswick" or the "Company") is soliciting proxies from Brunswick's shareholders for the annual meeting to be held at Brunswick's corporate offices, located at 1 N. Field Court, Lake Forest, Illinois, on Wednesday, May 1, 2013, at 9:00 a.m. CDT (the "Annual Meeting"). As required by rules adopted by the Securities and Exchange Commission (the "SEC"), Brunswick is making this Proxy Statement and its Annual Report on Form 10-K available to its shareholders electronically via the Internet. In addition, Brunswick is using the SEC's Notice and Access Rules to provide shareholders with more options for receipt of these materials. Accordingly, on March 21, 2013, Brunswick will begin mailing a Notice of Internet Availability of Proxy Materials and Notice of Annual Meeting (together, the "Notice") to its shareholders containing instructions on how to access this Proxy Statement and Brunswick's Annual Report via the Internet, how to vote online or by telephone, and how to receive paper copies of the documents and a proxy card.

ABOUT THE MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will act upon matters described in the Notice, including the election to our Board of Directors of the four nominees named in this Proxy Statement, the approval of the compensation of our named executive officers on an advisory basis, the approval of the Brunswick Corporation Senior Management Incentive Plan, and the ratification of the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

Who may vote at the Annual Meeting?

Only holders of one or more of the 90,441,250 shares of Brunswick Common Stock issued and outstanding as of the close of business on March 4, 2013 (the "Record Date") will be entitled to vote at the Annual Meeting. Each holder as of the Record Date is entitled to one vote for each share of Brunswick Common Stock held.

Who can attend the Annual Meeting?

Only shareholders who owned Brunswick Common Stock as of the Record Date, or their duly appointed proxies, will be entitled to attend the Annual Meeting. If you hold your shares through a broker, bank or other nominee, you will not be admitted to the Annual Meeting unless you bring a copy of a statement (such as a brokerage statement) from your nominee reflecting your stock ownership as of the Record Date.

How do I vote?

If you are a shareholder of record as of the Record Date, you can vote: (i) by attending the Annual Meeting; (ii) by following the instructions on your Notice for voting by telephone or via the Internet at *www.proxyvote. com*; or (iii) by signing, dating and mailing in a proxy card. The deadline for voting by telephone or via the Internet is 5:00 p.m. EDT on Tuesday, April 30, 2013.

If you hold your shares through a broker, bank or other nominee, that institution will instruct you as to how your shares may be voted by proxy, including whether telephone or Internet voting options are available. If you hold your shares through a broker, bank or other nominee and would like to vote in person at the Annual Meeting, you must first obtain a proxy issued in your name from the institution that holds your shares.

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Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting, including voting via the Internet or by telephone (only your latest Internet or telephone proxy that is timely submitted prior to the meeting will be counted), by signing and returning a new proxy card with a later date, or by attending the meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the meeting or specifically request in writing that your prior proxy be revoked.

Who will count the votes?

Brunswick's tabulator, Broadridge Financial Solutions, Inc., will count the votes. Representatives of Brunswick's Shareholder Services Department will act as inspectors of election.

How will my shares be voted if I sign, date and return a proxy card?

If you sign, date and return a proxy card and indicate how you would like your shares to be voted, your shares will be voted as you have instructed. If you sign, date and return a proxy card but do not indicate how you would like your shares to be voted, your proxy will be voted as follows: for the election of the four director nominees named in this Proxy Statement; for the approval of the compensation of our named executive officers; for the approval of the Brunswick Corporation Senior Management Incentive Plan; and for the ratification of the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the Company's fiscal year ending December 31, 2013. With respect to any other matter that is properly brought before the meeting, the proxy holders will vote the proxies held by them in accordance with their best judgment.

What are the Board's recommendations?

The Board of Directors recommends a vote for the election of the four director nominees named in this Proxy Statement. The Board recommends a vote for the approval of the compensation of our named executive officers and the approval of the Brunswick Corporation Senior Management Incentive Plan. The Board and the Audit Committee recommend the ratification of the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

What vote is required to approve each matter to be considered at the Annual Meeting?

Election of Directors. Brunswick has adopted a majority voting standard for the uncontested election of directors and, therefore, the four director nominees shall be elected to the Board of Directors if they each receive a majority of the votes cast, in person or by proxy, at the Annual Meeting. Under Brunswick's majority voting standard for uncontested elections, if the number of votes cast "For" a director nominee's election does not exceed the number of votes cast "Against" election, then the director nominee must tender his or her resignation from the Board promptly after certification of the shareholders' vote. The Board will decide within 120 days of that certification, through a process managed by the Nominating and Corporate Governance Committee and excluding the director nominee in question, whether to accept the resignation. Because Brunswick has adopted a majority voting standard for the uncontested election of directors, abstentions will have no effect on the election of director nominees. If any one or more of the four director nominees is unable to serve, votes will be cast, pursuant to authority granted by the enclosed proxy, for the alternate individual or individuals designated by the Board.

Approval of Executive Compensation. The affirmative vote of the holders of a majority of the shares having voting power, represented in person or by proxy, will be required for the approval of the non-binding resolution relating to the compensation of the Company's named executive officers. Because approval of this resolution requires a majority of the shares having voting power and represented at the Annual Meeting, abstentions will have the same effect as votes against approval.

Approval of the Brunswick Corporation Senior Management Incentive Plan. The affirmative vote of the holders of a majority of the shares having voting power, represented in person or by proxy, will be required for the approval of the Brunswick Corporation Senior Management Incentive Plan. Because approval of this resolution requires a majority of the shares having voting power and represented at the Annual Meeting, abstentions will have the same effect as votes against approval.

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Ratification of the Appointment of Independent Registered Public Accounting Firm. The affirmative vote of the holders of a majority of the shares having voting power, represented in person or by proxy, will be required for the ratification of the Audit Committee's appointment of Ernst & Young LLP as Brunswick's independent registered public accounting firm for the fiscal year ending December 31, 2013. Because the vote to ratify the independent registered public accounting firm requires a majority of the shares having voting power and represented at the Annual Meeting, abstentions will have the same effect as votes against ratification.

What constitutes a quorum?

The Annual Meeting will be held only if a quorum is present. A quorum will be present if a majority of the 90,441,250 shares of Brunswick Common Stock issued and outstanding on the Record Date are represented, in person or by proxy, at the Annual Meeting. Shares represented by properly completed ballots marked either "Abstain" or "Withhold authority to vote," or returned without voting instructions, are counted as present for the purpose of determining whether a quorum is present. In addition, broker non-votes will be counted as present for quorum purposes.

How will broker non-votes be treated?

Broker non-votes occur when a broker lacks discretionary authority to vote on a proposal and the beneficial owner has not provided an indication as to how to vote. Brunswick will treat broker non-votes as present to determine whether or not there is a quorum at the Annual Meeting, but they will not be treated as having voting power on the proposals, if any, for which the broker indicates it does not have discretionary authority. This means that broker non-votes will not have any effect on whether a proposal passes. We expect that brokers will lack discretionary authority with respect to the election of directors, the advisory vote to approve the compensation of the Company's named executive officers and the vote to approve the Brunswick Corporation Senior Management Incentive Plan, but will have discretionary authority with respect to ratification of the appointment of the independent registered public accounting firm.

Will my vote be kept confidential?

Yes. As a matter of policy, shareholder proxies, ballots and tabulations that identify individual shareholders are kept secret and are available only to Brunswick's tabulator and inspectors of election, who are obligated to keep your vote confidential.

Who pays to prepare, mail and solicit the proxies?

Brunswick pays all of the costs of preparing, mailing and soliciting proxies. Brunswick asks brokers, banks, voting trustees and other nominees and fiduciaries to forward notices and, when requested, proxy materials to the beneficial owners and to obtain authority to execute proxies. Brunswick will reimburse the brokers, banks, voting trustees and other nominees and fiduciaries upon request. In addition to solicitation by mail, telephone, facsimile, Internet or personal contact by its designated officers and employees, Brunswick has retained the services of Georgeson Inc. to solicit proxies for a fee of $9,900 plus expenses.

What if other matters come up during the Annual Meeting?

If any matters other than those referred to in the Notice properly come before the meeting, the individuals named in the accompanying form of proxy will vote the proxies held by them in accordance with their best judgment. Brunswick is not aware of any business other than the items referred to in the Notice that may be considered at the meeting.

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Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

Pursuant to rules adopted by the SEC, Brunswick is required to provide access to its proxy materials via the Internet and has elected to use the SEC's Notice and Access Rules for soliciting proxies. Accordingly, Brunswick is sending a Notice to all of its shareholders as of the Record Date. All shareholders may access Brunswick's proxy materials on the Web site referred to in the Notice. Shareholders may also request to receive a printed set of the proxy materials. Instructions on how to access Brunswick's proxy materials via the Internet and how to request a printed copy can be found in the Notice. Additionally, by following the instructions in the Notice, shareholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. Choosing to receive your future proxy materials by e-mail will save Brunswick the cost of printing and mailing documents to you and will reduce the impact of the Company's Annual Meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Multiple individuals residing in my home are beneficial owners of shares of Brunswick Common Stock. Why did we receive only one mailing?

Brunswick is sending only one envelope with multiple Notices to you if you share a single address with another shareholder, unless we have received instructions to the contrary from you. This practice, known as "householding," is designed to eliminate duplicate mailings, conserve natural resources and reduce Brunswick's printing and mailing costs. We will promptly deliver a separate Notice to you upon written or verbal request. If you wish to receive duplicate mailings in the future, you may contact Brunswick Shareholder Services by telephone at 847.735.4294, by mail at 1 N. Field Court, Lake Forest, IL 60045, or by e-mail at *services@ brunswick.com*. If you currently receive multiple Notices, you can request householding by contacting Brunswick Shareholder Services as described above. If you own your shares through a broker, bank or other holder of record, you can request householding by contacting the holder of record.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

At the Annual Meeting, shareholders will elect four individuals to serve on the Board of Directors. The current Board of Directors, acting pursuant to a recommendation from the Nominating and Corporate Governance Committee, has nominated Nolan D. Archibald, David C. Everitt, Roger J. Wood and Lawrence A. Zimmerman for election as directors to serve for terms expiring at the 2016 Annual Meeting or until their respective successors have been elected and qualified. Mr. Archibald, Mr. Everitt, Mr. Wood and Mr. Zimmerman have served as directors since 1995, 2012, 2012 and 2006, respectively.

In accordance with the Brunswick Corporation Principles and Practices of the Board of Directors (the "Principles"), Jeffrey L. Bleustein and Graham H. Phillips will retire from the Board at the Annual Meeting, and consequently the Company has not nominated Mr. Bleustein or Mr. Phillips to stand for re-election this year. The Company thanks Mr. Bleustein and Mr. Phillips for their many years of distinguished service to the Company.

While the Board of Directors currently has twelve members divided among three classes, following the retirements of Mr. Bleustein and Mr. Phillips, the Board of Directors will have ten members divided among three classes. Two classes will consist of three directors and the other class will consist of four directors.

Mr. Everitt and Mr. Wood were identified by a third-party search firm to be nominated to the Board of Directors.

Biographical information follows for each nominee and each director whose term of office will continue after the Annual Meeting. Additional information is set forth below regarding the specific experience, qualifications, attributes or skills of each member of the Board of Directors that led the Board to conclude that such individual should serve on the Board in light of the Company's business and leadership structure.

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Nominees for Election for Terms Expiring at the 2016 Annual Meeting

Nolan D. Archibald

Director since 1995

Executive Chairman of Stanley Black & Decker, Inc., a consumer and commercial products company, since 2010; President and Chief Executive Officer of The Black & Decker Corporation, 1986 to 2010; recipient of the American Marketing Association's Edison Achievement Award; director of Huntsman Corporation and Lockheed Martin Corporation; age 69.

As the current Executive Chairman and former Chief Executive Officer of a global consumer and commercial products company, with more than 25 years of experience in those roles, Mr. Archibald brings significant experience and knowledge to our Board in the areas of business management, strategic planning and international business operations. Mr. Archibald is also well suited to provide advice and guidance to our Company's management and Board in regard to a wide variety of financial issues.

David C. Everitt

Director since 2012

Retired; President, Agricultural and Turf Division - North America, Asia, Australia, and Sub-Saharan and South Africa, and Global Tractor and Turf Products of Deere & Company, the world's largest manufacturer of agricultural equipment and a major U.S. producer of construction, forestry, and lawn and grounds care equipment, May 2009 to September 2012; previously served as President, Agricultural Division — North America, Australia, Asia and Global Tractor and Implement Sourcing, January 2006 to May 2009; President, Agricultural Division — Europe, Africa, South America and Global Harvesting Equipment Sourcing, 2001 to 2006; director of Agrium Inc. and Harsco Corporation; age 60.

As the former President of Deere & Company's largest division, Mr. Everitt brings his engineering experience, global expertise and extensive knowledge of dealer and distribution issues to our Board, allowing him to contribute his knowledge and experiences as an international business leader.

Roger J. Wood

Director since 2012

President and Chief Executive Officer of Dana Holding Corporation, a world leader in the supply of axles, driveshafts, off-highway transmissions, sealing and thermal-management products and genuine service parts, since 2011; previously served as Group President, Engine of BorgWarner, Inc., 2010 to 2011; Executive Vice President of BorgWarner, Inc., 2009 to 2011; President of BorgWarner Turbo Systems Inc. and BorgWarner Emissions Systems Inc., 2005 to 2009; director of Dana Holding Corporation; age 50.

As the current Chief Executive Officer and President of Dana, and given his many years of service at another Tier-1 automotive supplier, Mr. Wood has unique insight and brings significant knowledge to the Board in the areas of manufacturing operations, business management and strategic planning.

Lawrence A. Zimmerman

Director since 2006

Retired; Vice Chairman and Chief Financial Officer of Xerox Corporation, a global document technology and services company, 2009 to 2011; previously served as Chief Financial Officer of Xerox Corporation, 2002 to 2009; Vice President, Finance and Planning, Server and Technology division of International Business Machines Corporation, 1996 to 1998; Vice President, Finance, Europe, Middle East and Africa operations of International Business Machines Corporation, 1994 to 1996; Corporate Controller, International Business Machines Corporation, 1991 to 1994; director of Delphi Automotive, LLP, Computer Sciences Corporation and Flextronics International Ltd. Previously served as director of Stanley Black & Decker, Inc; age 70.

As the former Vice Chairman and Chief Financial Officer of an international document management company, Mr. Zimmerman brings significant knowledge to the Board in the areas of finance, accounting and risk oversight. Mr. Zimmerman's broad experience as a financial executive includes strategic planning and leading restructuring and cost reduction efforts.

Your Board of Directors recommends a vote FOR the election of the nominees named above.

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Directors Continuing in Office until the 2015 Annual Meeting

Anne E. Bélec

Director since 2008

Chief Executive Officer of Mosaic Group, LLC, a business and brand strategy consulting group, from 2009 to 2010 and since 2011; Vice President — Chief Marketing Officer of Navistar, Inc., a manufacturer of commercial and military vehicles, parts and accessories, from 2010 to 2011; Director of Global Marketing of Ford Motor Company, 2008 to 2009; employed by Volvo Car Corporation and its affiliates from 2003 to 2008, most recently as President and Chief Executive Officer of Volvo Cars of North America; director of Industrial Alliance Group; age 50.

As the Chief Executive Officer of a business and brand strategy consulting group and a former Vice President — Chief Marketing Officer of an international manufacturer of commercial and military vehicles, parts and accessories, Ms. Bélec brings broad experience to our Board regarding marketing, brand development and distribution. Additionally, her prior experience as the Chief Executive Officer of an automotive business unit's operations enables her to provide financial, human resources and consumer research advice and guidance to our Company's management and Board.

Manuel A. Fernandez

Director since 1997

Executive Chairman of Sysco Corporation, a marketer and distributor of foodservice products, since April 2012; Non-Executive Chairman of Sysco Corporation from 2009 to 2012; Managing Director of SI Ventures, LLC, a venture capital partnership, since 1998; Chairman, President and Chief Executive Officer of Gartner, Inc., 1991 to 1999; director of Flowers Foods, Inc. and Sysco Corporation. Previously served as Chairman of the University of Florida Board of Trustees, director of Stanley Black & Decker, Inc., and Chairman Emeritus of Gartner, Inc.; age 66.

As the Executive Chairman of a foodservice products company and the Managing Director of a venture capital partnership, Mr. Fernandez brings significant experience and knowledge to our Board regarding strategic planning, acquisitions, corporate governance and human resources. Mr. Fernandez's extensive experience in information technology, including his role as Chairman and Chief Executive Officer of a leading information technology company, as well as with a variety of businesses with strong commercial product offerings, allows him to provide invaluable advice and guidance to our Company's management and Board regarding technology strategy and distribution.

J. Steven Whisler

Director since 2007

Retired; Chairman and Chief Executive Officer of Phelps Dodge Corporation, a mining and manufacturing company, 2000 to 2007; employed by Phelps Dodge Corporation in a number of positions since 1976, including President and Chief Operating Officer; director of International Paper Company and CSX Corporation. Previously served as director of Burlington Northern Santa Fe Corporation, U.S. Airways Group Inc. and Aleris International; age 58.

As the former Chairman and Chief Executive Officer of a mining and manufacturing company with operations on several continents, Mr. Whisler has extensive experience with international business operations and regulatory compliance matters. Additionally, Mr. Whisler's background enables him to provide strategic advice and guidance to our Company's management and Board regarding financial, human resources and risk oversight matters.

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Directors Continuing in Office until the 2014 Annual Meeting

Cambria W. Dunaway

Director since 2006

U.S. President and Global Chief Marketing Officer of KidZania, Inc., a global operator of interactive, educational family entertainment centers, since October 2010; Executive Vice President, Sales and Marketing of Nintendo of America, a maker of video game hardware and software, 2007 to 2010; Chief Marketing Officer of Yahoo! Inc., a global Internet destination, 2003 to 2007; Vice President of Kids & Teens Brands for Frito Lay North America, a division of PepsiCo, Inc., 2000 to 2003; Board member of the International Museum of Women; age 50.

As the U.S. President and Global Chief Marketing Officer of a company with international retail operations, Ms. Dunaway brings significant experience and knowledge to our Board in the areas of retail strategy, sales, marketing, consumer and market research and business development. Additionally, Ms. Dunaway's demonstrated leadership in businesses with strong consumer appeal, and her prior experience in the technology industries, allows her to provide advice to our management and Board regarding the effective use of technology in regard to marketing initiatives, as well as corporate governance matters.

Dustan E. McCoy

Director since 2005

Chairman and Chief Executive Officer of Brunswick Corporation since 2005; Vice President of Brunswick and President of Brunswick Boat Group, 2000 to 2005; Vice President, General Counsel and Corporate Secretary of Brunswick, 1999 to 2000; Executive Vice President of Witco Corporation, a specialty chemicals company, January to September 1999; Senior Vice President, General Counsel and Corporate Secretary of Witco Corporation, 1996 to 1998; director of Freeport-McMoRan Copper & Gold Inc. and Louisiana-Pacific Corporation; Chairman, Eastern Kentucky University Foundation Board; age 63.

As the Chairman and Chief Executive Officer of Brunswick Corporation, Mr. McCoy has extensive knowledge of the Company and its business segments. Mr. McCoy's day-to-day leadership role provides him with extensive knowledge of our business and our industry and allows him to communicate effectively about our Company's operations and business strategy with our Board.

Ralph C. Stayer

Director since 2002

Chairman, President and Chief Executive Officer of Johnsonville Sausage, LLC, a maker of sausage products, since 1978; Founder of Leadership Dynamics, a consulting firm; Member of the Board of Trustees of Boston College; age 69.

As the Chairman, President and Chief Executive Officer of a successful consumer-focused private enterprise, Mr. Stayer brings extensive management experience to the Board in the areas of effective competition, production, distribution and financial matters. Additionally, Mr. Stayer's writing, teaching and consulting work relating to organizational development and leadership enable him to provide our Company's management and Board with advice and guidance in relation to strategic, organizational and individual development.

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Board Committees

The Board of Directors has six committees: Audit, Finance, Human Resources and Compensation, Nominating and Corporate Governance, Qualified Legal Compliance and Executive. Each Committee is comprised solely of independent directors, as that standard is determined by the Principles and in the NYSE Listed Company Manual, with the exception of the Executive Committee, of which Mr. McCoy is a member. Each of the Committees may, at its sole discretion and at Brunswick's expense, obtain advice and assistance from outside legal, financial, accounting or other experts and advisors. The following table shows the current membership of these Committees:

Name	**Audit**	**Finance**	**Human Resources and Compensation**	**Nominating and Corporate Governance**	**Qualified Legal Compliance**	**Executive**
Nolan D. Archibald		X *				X
Anne E. Bélec	X		X			
Jeffrey L. Bleustein				X *	X *	X
Cambria W. Dunaway				X	X	
David C. Everitt		X	X			
Manuel A. Fernandez			X			X
Dustan E. McCoy						X
Graham H. Phillips			X *			X
Ralph C. Stayer		X				
J. Steven Whisler	X		X			
Roger J. Wood		X		X		
Lawrence A. Zimmerman	X *				X	X

* Committee Chair

The principal responsibilities of each of these Committees are described generally below and in detail in their respective Committee Charters, which are available at *www.brunswick.com/company/governance/committees.html*, or in print upon request by any Brunswick shareholder.

Audit Committee

Members of the Audit Committee are Mr. Zimmerman (Chair), Ms. Bélec and Mr. Whisler. The Board has determined that each member of the Audit Committee is "financially literate," as that term is used in the NYSE listing standards, and that Mr. Zimmerman is an "audit committee financial expert," as such term is defined by SEC rules.

The Audit Committee assists the Board in overseeing Brunswick's accounting, auditing and reporting practices, its independent registered public accounting firm, its system of internal controls and the integrity of its financial information and disclosures. The Committee reviews certain regulatory and compliance matters, policies regarding risk assessment and risk management and corporate tax strategy. The Audit Committee maintains free and open communication, and meets separately at each regularly scheduled Board meeting, with the Company's independent registered public accounting firm, its internal auditors and management.

The Audit Committee met nine times during 2012.

Finance Committee

Members of the Finance Committee are Mr. Archibald (Chair), Mr. Everitt, Mr. Stayer and Mr. Wood. The Finance Committee assists the Board in overseeing Brunswick's financial performance and financial structure, including debt structure, financial policies and procedures, capital expenditures and capital expenditure budgets. The Committee also reviews proposals for corporate financing, short-term and long-term borrowings, the declaration and distribution of dividends, material investments and divestitures, insurance coverage and related matters, as well as the funding and performance of Brunswick's pension plans.

The Finance Committee met five times during 2012.

Human Resources and Compensation Committee

Members of the Human Resources and Compensation Committee (the "Compensation Committee") are Mr. Phillips (Chair), Ms. Bélec, Mr. Everitt, Mr. Fernandez and Mr. Whisler. The Compensation Committee's authority includes, among other duties, the following responsibilities:

- Annually review and approve goals and objectives for Brunswick's senior executives; together with the Chief Executive Officer, evaluate the performance of senior executives in light of these criteria; and oversee management development and succession planning;

- Annually review and make recommendations to the Board of Directors about the compensation (including salary, annual incentive and other cash compensation) of the Chief Executive Officer and, together with the Nominating and Corporate Governance Committee, oversee the annual review of the performance of the Chief Executive Officer;

- Approve equity awards to the Chief Executive Officer and compensation (including salary, annual incentive, stock options and other equity-based and other incentive compensation) to be paid to other senior executives, and authorize senior executives to approve awards to employees who are not senior executives based on criteria established by the Compensation Committee; and

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- Oversee the development of a compensation philosophy for the Company that is consistent with its long-term strategic goals and does not encourage unnecessary risk-taking.

The Compensation Committee meets in conjunction with regularly scheduled meetings of the Board of Directors and as otherwise required. Meetings are regularly attended by the Chairman and Chief Executive Officer, as well as the Vice President and Chief Human Resources Officer. At each meeting, the Committee meets in executive session.

The Chairman and Chief Executive Officer is responsible for establishing strategies to achieve the Company's objectives. To ensure that executive compensation is consistent with those objectives, the Chairman and Chief Executive Officer is responsible for making recommendations to the Committee regarding the following: compensation goals and principles; the peer group of companies to be used to determine compensation ranges; selection of performance targets for incentive plans, with input from other senior executives; performance rating and compensation actions to be taken; and salary increases, incentive awards and equity grants for senior executives.

The Compensation Committee collaborates with the Chairman and Chief Executive Officer to develop incentive funding formulas for Brunswick divisions, and for conducting performance evaluations, talent development and succession planning for senior executives. The Committee establishes criteria pursuant to which Brunswick's senior executives allocate equity awards to non-executive employees, and oversees Brunswick's Human Resources Department in its administration of compensation and benefit plans.

The Compensation Committee continues to engage Frederic W. Cook & Co., Inc. ("FWC") to provide advice on various aspects of Brunswick's executive compensation programs. The Committee meets with FWC in executive session on a regular basis and FWC reports directly to the Committee. The Compensation Committee has assessed the independence of FWC pursuant to applicable SEC rules and NYSE listing standards and has concluded that FWC's work for the Compensation Committee does not raise any conflict of interest.

The Compensation Committee met six times during 2012.

Nominating and Corporate Governance Committee

Members of the Nominating and Corporate Governance Committee are Mr. Bleustein (Chair), Ms. Dunaway and Mr. Wood. The Nominating and Corporate Governance Committee assists the Board in overseeing policies and programs designed to ensure Brunswick's adherence to high corporate governance and ethical standards and compliance with all applicable legal and regulatory requirements. Together with the Compensation Committee, it oversees the annual review of the Chairman and Chief Executive Officer's performance. The Committee identifies, screens, interviews and recommends to the Board potential director nominees, and oversees other matters related to Board composition, performance, standards, size and membership, including ensuring appropriate diversity of perspective, background and experience in Board membership.

The Nominating and Corporate Governance Committee of the Board of Directors has responsibility for making recommendations regarding director compensation design to the Board of Directors for review and action. Brunswick's Human Resources Department and the Company's outside consultants provide the Nominating and Corporate Governance Committee with director compensation data as publicly reported, including data relating to peer group and other similarly-sized companies, as well as data from published surveys.

The Nominating and Corporate Governance Committee met six times during 2012.

Qualified Legal Compliance Committee

Members of the Qualified Legal Compliance Committee are Mr. Bleustein (Chair), Ms. Dunaway and Mr. Zimmerman. The Qualified Legal Compliance Committee receives and investigates reports made to it concerning possible material violations of law or breaches of fiduciary duty by the Company or any of its officers, directors, employees or agents. During 2012, no reports were made to the Qualified Legal Compliance Committee and, therefore, it did not meet.

Executive Committee

In addition to its standing Committees, the Board of Directors has an Executive Committee, comprised of the Chairman of the Board, the Lead Independent Director and the Chairs of the Audit Committee, Finance Committee, Compensation Committee and Nominating and Corporate Governance Committee. The Executive Committee meets from time to time at the request of the Chairman of the Board. The Executive Committee did not meet during 2012.

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Director Independence

The Principles require that independent directors must constitute a substantial majority of the Board and that no more than two members of management may serve on the Board at the same time. The Principles provide that a director shall be considered to be independent if he or she satisfies the general director independence standards established by the New York Stock Exchange (the “NYSE”). The NYSE standards provide that a director will not be independent unless the Board affirmatively determines that the director has no material relationship with Brunswick (either directly or as a partner, shareholder or officer of an organization that has a relationship with Brunswick). In addition, the NYSE standards provide that a director is not independent if:

- The director is, or within the prior three years has been, an employee of Brunswick, or a member of the director’s immediate family is, or within the prior three years has been, an executive officer of Brunswick;

- The director or an immediate family member of the director has received, during any 12-month period within the prior three years, more than $120,000 in direct compensation from Brunswick (excluding fees for Board and Board committee service, pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service);

- Certain specified relationships exist between the director, a member of the director’s immediate family, and a firm that serves or has served as Brunswick’s internal or external auditor;

- The director is a partner or employee of a firm that is Brunswick’s internal or external auditor;

- A member of the director’s immediate family is a partner of a firm that is Brunswick’s internal or external auditor, or is an employee of such a firm and personally works on Brunswick’s audit;

- The director or an immediate family member was within the last three years a partner or employee of a firm that is or was Brunswick’s internal or external auditor and personally worked on Brunswick’s audit during that time;

- The director or a member of the director’s immediate family is, or within the prior three years has been, employed as an executive officer of any other business organization where any of Brunswick’s current executive officers serve or served on that business organization’s compensation committee; or

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The director is an employee of, or a member of the director's immediate family is a director or an executive officer of, a business organization that has made payments to, or received payments from, Brunswick for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1.0 million or 2 percent of the business organization's consolidated gross revenues.

Applying the NYSE standards described above, and considering all relevant facts and circumstances, the Board has made an affirmative determination that none of the non-management directors has a material relationship with Brunswick and that all non-management directors, comprised of Mr. Archibald, Ms. Bélec, Mr. Bleustein, Ms. Dunaway, Mr. Everitt, Mr. Fernandez, Mr. Phillips, Mr. Stayer, Mr. Whisler, Mr. Wood and Mr. Zimmerman, are independent.

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CORPORATE GOVERNANCE

Overview

The Board of Directors has adopted written Principles and Practices (the “Principles”) to assist it in the performance of its duties and the exercise of its responsibilities. The Principles are available on Brunswick’s Web site, *www.brunswick.com/company/governance/principlespractices.php*, or in print upon request by any Brunswick shareholder. The Principles set the framework for Brunswick’s governance structure. The Board believes that good corporate governance is a source of competitive advantage for Brunswick. Good governance allows the skills, experience and judgment of the Board to support Brunswick’s executive management team, enabling management to improve Brunswick’s performance and maximize shareholder value.

As set forth in the Principles, the Board’s responsibilities include overseeing and directing the Company’s management in building long-term value for shareholders. The Chief Executive Officer and the Company’s senior management team are responsible for managing Brunswick’s day-to-day business operations and for presenting regular updates to the Board about the Company’s business. The Board offers the Chief Executive Officer and management constructive advice and counsel and may, at its sole discretion and at the Company’s expense, obtain advice and counsel from independent legal, financial, accounting and other advisors.

The Board of Directors met five times during 2012. Each director attended all of the Board meetings and all meetings of Committees of which they were members during 2012. The Principles provide that all members of the Board are requested to attend Brunswick’s Annual Meeting of Shareholders. All members of the Board attended the 2012 Annual Meeting of Shareholders.

The non-management directors regularly meet in executive session without members of management present. The Lead Independent Director, Manuel A. Fernandez, acts as the Board’s leader when it meets in executive session or when the Chairman and Chief Executive Officer is unable to lead the Board’s deliberations. Additionally, the Lead Independent Director serves as a liaison between management and the Board and is responsible for consulting with the Chairman and Chief Executive Officer regarding Board and Committee meeting agendas and Board governance matters.

Brunswick Ethics Program

In 2000, Brunswick adopted a formal Code of Ethics, *Making the Right Choice: The Brunswick Guide to Conduct in the Workplace* (the “Guide”). The Guide applies to all employees, officers and directors of the Company, and includes standards and procedures for reporting and addressing potential conflicts of interest, as well as a general code of conduct that provides guidelines regarding how to conduct business in an ethical manner. The Board has adopted an additional Code of Ethics for Senior Financial Officers and Managers (the “Financial Officer Code of Ethics”). The Financial Officer Code of Ethics applies to Brunswick’s Chief Executive Officer, Chief Financial Officer, Vice President — Treasurer, Vice President — Tax, Vice President — Internal Audit, Vice President — Controller, and othe Brunswick employees designated by the Board, and sets forth standards to which these officers and employees are to adhere in areas such as conflicts of interest, disclosure of information and compliance with laws, rules and regulations. The Financial Officer Code of Ethics supplements the Guide. These policies are overseen and administered by the Nominating and Corporate Governance Committee and the Company’s Ethics Office. The Guide is available at *www.brunswick.com/company/ethics/ethicsguide.php* and the Financial Officer Code of Ethics is available at *www.brunswick.com/company/governance/codeofethics.php*, and both may be obtained in print upon request by any Brunswick shareholder. If Brunswick grants a waiver of the policies set forth in the Guide or the Financial Officer Code of Ethics, it will, to the extent required by applicable law or regulation, disclose that waiver by making an appropriate statement on its Web site at *www.brunswick.com*.

Director Nomination Process

The Nominating and Corporate Governance Committee is responsible for, among other things, identifying, screening, personally interviewing and recommending director nominee candidates to the Board. The Nominating and Corporate Governance Committee considers nominees on the basis of their integrity, experience, achievements, judgment, intelligence, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to Board duties, and the likelihood that they will be willing to serve on the Board for a sustained period. The Company does not have a formal policy with respect to diversity as a consideration in the identification of nominees for the Board of Directors. However, the Board and the Nominating and Corporate Governance Committee believe that it is important that the Board reflect different viewpoints and, therefore, as set forth in the Principles, additional consideration is given to achieving an overall diversity of perspectives, backgrounds and experiences in Board membership. The Nominating and Corporate Governance Committee may retain a third-party search firm to assist it with identifying qualified candidates that meet the needs of the Board at that time.

The Nominating and Corporate Governance Committee will consider qualified director candidates who are suggested by shareholders in written submissions to Brunswick's Secretary at Brunswick Corporation, 1 N. Field Court, Lake Forest, Illinois 60045; Attention: Corporate Secretary's Office (fax: 847.735.4433; e-mail *corporate.secretary@brunswick.com*). Any recommendation submitted by a shareholder must include the name of the candidate, a description of the candidate's educational and professional background, contact information for the candidate and a brief explanation of why the shareholder believes the candidate is suitable for election. The Nominating and Corporate Governance Committee will apply the same standards in considering director candidates recommended by shareholders that it applies to other candidates.

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In addition to recommending director candidates to the Nominating and Corporate Governance Committee, shareholders may also, pursuant to procedures established in the Company's By-laws, directly nominate one or more director candidates to stand for election at an annual or special meeting of shareholders. For an annual meeting of shareholders, a shareholder wishing to make such a nomination must deliver written notice of the nomination to Brunswick's Secretary not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. For a special meeting of shareholders, a shareholder wishing to make such a nomination must deliver written notice of the nomination to Brunswick's Secretary not later than the close of business on the tenth day following the date on which notice of the meeting is first given to shareholders. In either case, a notice of nomination submitted by a shareholder must include information concerning the nominating shareholder and the shareholder's nominee(s) as required by the By-laws.

Board Leadership Structure

- Mr. McCoy serves as our Chairman and Chief Executive Officer
- Mr. Fernandez serves as our Lead Independent Director
- 11 Directors are independent under the rules set forth in the NYSE Listed Company Manual
- Our Directors attended 100% of the 2012 Board Meetings
- All of the members of the Audit, Finance, Human Resources and Compensation, Nominating and Corporate Governance and Qualified Legal Compliance Committees are independent

The Board of Directors believes that having the Company's Chief Executive Officer serve as Chairman of the Board is in the best interest of its shareholders because this structure ensures a seamless flow of communication between management and the Board, in particular with respect to the Board's oversight of the Company's strategic direction, as well as the Board's ability to ensure management's focused execution of that strategy.

The Board believes that the combined role of Chairman and Chief Executive Officer, together with the appointment of a Lead Independent Director, a substantial majority of independent directors, and the use of regular executive sessions of non-management directors, achieves an appropriate balance between the effective development of key strategic and operational objectives and independent oversight of management's execution of those objectives.

Additionally, the Board believes that because the Chairman and Chief Executive Officer is the director most familiar with the Company's business, industry and day-to-day operations, he is well-positioned to help the Board focus on those issues of greatest importance to the Company and its shareholders and to assist the Board with identifying Brunswick's strategic priorities, as well as the short-term and long-term risks and challenges facing the Company. While independent directors have invaluable experience and expertise from outside the Company and its businesses, giving them different perspectives regarding the development of the Company's strategic goals and objectives, the Chief Executive Officer is well-suited to bring Company-specific experience and industry expertise to his discussions with non-management directors.

Shareholder Communications with the Board

The Principles provide that Brunswick shareholders or other interested parties may, at any time, communicate in writing with the Board, the Lead Independent Director, or the non-management directors as a group, by writing to such director(s) at: Brunswick Corporation, 1 N. Field Court, Lake Forest, IL 60045; Attention: Corporate Secretary's Office (fax: 847.735.4433; e-mail *corporate.secretary@brunswick.com*). Copies of written communications received by any of these means will be reviewed by the General Counsel and distributed to the Board, the Lead Independent Director or the non-management directors as a group, as appropriate, depending on the subject matter and facts and circumstances described in the communication. Communications that are not related to the duties and responsibilities of the Board, or are otherwise considered to be improper for submission to the intended recipient(s), will not be forwarded to the Board, the Lead Independent Director or the non-management directors.

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Review, Approval or Ratification of Transactions with Related Persons

Pursuant to its charter, the Nominating and Corporate Governance Committee of the Company's Board of Directors is tasked with the recommendation and review of all corporate governance principles, policies and programs designed to ensure the Company's compliance with high ethical standards and with applicable legal and regulatory requirements, including those relating to conflicts of interest and other business practices that reflect upon the Company's role as a responsible corporate citizen. The Nominating and Corporate Governance Committee oversees the implementation of *Making the Right Choice: The Brunswick Guide to Conduct in the Workplace*, which contains Brunswick's Conflicts of Interest Policy. The Nominating and Corporate Governance Committee reports on these compliance matters to the Board of Directors, which is the body ultimately responsible for overseeing the Company's ethical and legal compliance, including information involving transactions with "related persons."

The Company's policy regarding related person transactions (the "Related Person Transactions Policy") defines "related persons" to include all directors and executive officers of the Company, all beneficial owners of more than 5 percent of any class of voting securities of the Company, and the immediate family members of any such persons. On a regular basis, the Company requests that its directors and executive officers complete a questionnaire including questions designed to identify any potential related person transactions. According to the Related Person Transactions Policy, a related person transaction includes any transaction valued at over $120,000 in which the Company is a participant and in which a related person has or will have a direct or indirect material interest, including any financial transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships. Certain transactions are excluded from this Related Person Transactions Policy.

If a related person transaction would be required to be disclosed, the Related Person Transactions Policy requires that the transaction be submitted to the Company's Nominating and Corporate Governance Committee for approval or ratification. If the Nominating and Corporate Governance Committee determines that the transaction should be considered by the Board of Directors, it will be submitted for consideration by all disinterested members of the Board (the "Reviewing Directors"). In determining whether to approve or ratify a related person transaction, the Nominating and Corporate Governance Committee and/or the Reviewing Directors will consider all factors that are relevant to the transaction, including:

- The size of the transaction and the amount payable to a related person;
- The nature of the interest of the related person in the transaction;
- Whether the transaction may involve a conflict of interest; and
- Whether the transaction involves the provision of goods or services to the Company that are also available from unaffiliated third parties and, if so, whether the terms of the transaction are at least as favorable to the Company as would be available in comparable transactions with unaffiliated third parties.

The Company's Related Person Transactions Policy was formally codified in a written document in July 2010. In 2012, no transaction was identified as a related person transaction and, therefore, no transaction was referred to the Board or any Committee of the Board for review.

Risk Management

The Board of Directors has an active role in overseeing effective management of the Company's risks and regularly reviews information regarding the Company's credit, liquidity, cash flow and business operations, including any associated risks. The Board conducts an annual, in-depth review of the Company's business, which includes detailed analysis and consideration of strategic, operational, financial, competitive, compliance and compensation risk areas. Although the Board as a whole has responsibility for risk oversight, each Board Committee addresses relevant risk topics as part of its Committee responsibilities. The Committees oversee the Company's risk profile and exposures relating to matters within the scope of their authority and provide periodic reports to the full Board about their deliberations and recommendations. The Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and its overall compensation philosophy.

Historically, in an ongoing effort to manage risk, Brunswick has maintained a level of financial prudence associated with its compensation programs, which it plans to continue. In assessing whether risks arising from Brunswick's compensation programs or policies were reasonably likely to have a material adverse effect on the Company, senior management reviewed the Company's compensation programs and practices for all employees, the potential risk exposure presented by those programs and practices, and the factors, tools and processes that mitigate those risks. As part of its 2012 review, management considered the compensation arrangements currently in place for employees and officers, and following this review, management determined that none of Brunswick's compensation programs or policies creates risks that are reasonably likely to have a material adverse effect on the Company.

Management then presented a summary of its review to the Company's Compensation Committee for discussion. The summary listed each compensation program and policy applicable to the various groups of Brunswick employees and officers, the potential risks presented by that program or policy and the risk mitigation tools or processes employed by the Company to mitigate the related risks.

The compensation programs and policies covered by the summary included payments in the forms of base salaries, annual incentive compensation and equity-based awards. The risk mitigation tools covered by the summary included the following: (1) the plans were capped at maximum payout levels that, while creating incentives for superior business performance, were not so great as to entice undue risk-taking; (2) the performance metrics to achieve above-target payouts under the plans were not unduly leveraged (that is, small increments of above-target performance would not result in disproportionate increases in calculated plan bonus amounts); and (3) the plans contain negative discretion provisions that can be (and have been) exercised to reduce or eliminate calculated payout results. This mechanism places final control of plan payouts with the Company's Board of Directors.

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In addition to senior management's review, members of Brunswick's Human Resources Department conduct an annual assessment of all executive and non-executive incentive plans to ensure that they are aligned with the Company's strategic business objectives. In 2012, in addition to its standard review process, Brunswick's Human Resources representatives conducted a full review of the potential risks associated with the Company's incentive plans and engaged in the following analysis:

- Identify the metrics governing each incentive-based compensation program;
- Assess the performance metrics of the incentive programs to ensure that they are consistent with the Company's short-term and long-term goals;
- Review the potential range of payouts pursuant to the plans to confirm that payouts are reasonable in relation to the economic gain associated with achievement of the metrics;
- Ensure that the plans establish maximum payout amounts, or caps, for the calculation of payments, as appropriate; and
- Verify that the Company's management team and/or the Board of Directors retain the right to modify, suspend and/or terminate the plans and corresponding payouts without prior notice.

The Human Resources representatives considered all of the foregoing information, specifically assessing each of the Company's incentive plans to identify any provisions that might cause employees to act in a manner that would create risks that are reasonably likely to have a material adverse effect on the Company. No such provisions were identified.

In addition, the Compensation Committee engages in a comprehensive annual review of the Brunswick Performance Plan ("BPP"), the Company's primary annual incentive plan, and its performance measures. The Compensation Committee assesses the BPP in conjunction with the Company's overall strategic business objectives, as well as its forecast and budget. In 2012, the Committee also assessed each of the Company's compensation programs, ensuring that they were consistent with and aligned with Brunswick's short- and long-term business objectives. The Compensation Committee reviewed the 2012 BPP and determined that its plan design would effectively encourage employees to engage in appropriate and responsible behavior without unnecessary risk-taking that could have a negative impact on the Company. In addition, the BPP contains a negative discretion clause that expressly empowers the Compensation Committee to limit or reduce the BPP payout under the BPP's formula, based on extenuating circumstances and business outlook.

The majority of Brunswick's non-executive incentive plans adopt the BPP's performance metrics, ensuring that the plans encourage and reward appropriate behavior throughout the organization. For those few incentive plans at the division level that do not mirror the BPP, Brunswick management performs a similar analysis of the plans on an annual basis in order to identify and remediate any potential negative behaviors that might result.

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Stock Held by Directors, Executive Officers and Principal Shareholders

Each director and nominee for director, each executive officer listed in the Summary Compensation Table, and all directors and executive officers as a group, owned the number of shares of Brunswick Common Stock set forth in the following table, with sole voting and investment power except as otherwise indicated:

Name of Individual or Persons in Group	**Number of Shares Beneficially Owned as of March 4, 2013**		**Percent of Class**
Nolan D. Archibald	69,051	(1)	*
Anne E. Bélec	27,277	(1)	*
Jeffrey L. Bleustein	75,986	(1)	*
Cambria W. Dunaway	27,294	(1)	*
David C. Everitt	1,311	(1)	
Manuel A. Fernandez	80,131	(1)	*
Graham H. Phillips	50,639	(1)	*
Ralph C. Stayer	30,623	(1)	*
J. Steven Whisler	36,915	(1)	*
Roger J. Wood	2,807	(1)	
Lawrence A. Zimmerman	65,323	(1)	*
Dustan E. McCoy	2,484,583	(2)	2.7 %
Peter B. Hamilton	130,357	(2)	*
Andrew E. Graves	286,538	(2)	*
Mark D. Schwabero	277,534	(2)	*
B. Russell Lockridge	136,450	(2)	*
All directors and executive officers as a group	3,782,819	(1,2)	4.2 %

*

Less than 1 percent

(1)

Includes the following shares of Brunswick Common Stock issuable to non-employee directors, receipt of which has been deferred until the date of the director's retirement from the Board: Mr. Archibald 66,972 shares, Ms. Bélec 771 shares, Mr. Bleustein 32,770 shares, Ms. Dunaway 2,631 shares, Mr. Everitt 1,311 shares, Mr. Fernandez 63,734 shares, Mr. Phillips 50,639 shares, Mr. Stayer 16,723 shares, Mr. Whisler 29,847 shares, Mr. Wood 2,742 shares and Mr. Zimmerman 65,323 shares.

Excludes 49,814 shares of Brunswick Common Stock issuable to Mr. Stayer, receipt of which has been deferred. Mr. Stayer will be entitled to receive these deferred shares in predetermined installments, which will commence at varying times in accordance with his election following his retirement from the Board of Directors.

None of these shares has been pledged as security.

(2)

Includes the following shares of Brunswick Common Stock issuable pursuant to stock options exercisable within 60 days of March 4, 2013: Mr. McCoy 2,222,850 shares, Mr. Schwabero 233,175 shares, Mr. Graves 238,525 shares, Mr. Lockridge 80,950 shares, and all executive officers as a group 3,220,353 shares.

Includes the following shares of Brunswick Common Stock held by the Brunswick Savings Plan as of December 31, 2012: Mr. McCoy 102 shares, and all executive officers as a group 3,060 shares.

Excludes the following shares of Brunswick Common Stock issuable to officers, receipt of which has been deferred: Mr. McCoy 134,444 shares, Mr. Schwabero 570 shares, and all executive officers as a group 137,410 shares. These officers will be entitled to receive these deferred shares in predetermined installments which will commence at varying times, in accordance with each officer's individual election.

None of these shares has been pledged as security.

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Those shareholders known to Brunswick that beneficially own more than 5 percent of Brunswick's outstanding Common Stock are:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned as of December 31, 2012		Percent of Class
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	9,162,200	(1)	10.22 %
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	7,161,387	(2)	8.00 %
FMR LLC and certain of its affiliates 82 Devonshire Street Boston, MA 02109	6,653,939	(3)	7.43 %
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	5,620,705	(4)	6.27 %

(1)

This information is based solely upon a Schedule 13G/A filed by T. Rowe Price Associates, Inc. ("T. Rowe Price") with the SEC on February 7, 2013. T. Rowe Price has sole voting power over 1,063,300 shares and sole dispositive power over 9,162,200 shares or 10.22% of the Common Stock outstanding at December 31, 2012.

(2)

This information is based solely upon a Schedule 13G/A filed by BlackRock, Inc. ("BlackRock") with the SEC on February 1, 2013. BlackRock has sole dispositive and voting power over 7,161,387 shares or 8.00% of the Common Stock outstanding as of December 31, 2012.

(3)

This information is based solely upon a Schedule 13G/A filed by FMR LLC ("FMR") with the SEC on February 8, 2013. The FMR reporting entities are Fidelity Management & Research Company, a wholly-owned subsidiary of FMR that is the beneficial owner of 6,653,939 shares or 7.43% of the Common Stock outstanding at December 31, 2012; and Edward C. Johnson 3d and members of his family. FMR has sole dispositive power over 6,653,939 shares or 7.43% of the Common Stock outstanding at December 31, 2012.

(4)

This information is based solely upon a Schedule 13G/A filed by The Vanguard Group, Inc. ("Vanguard") with the SEC on February 7, 2013. Vanguard has sole dispositive and voting power over 5,497,671 shares and shared dispositive power over 5,620,705 shares or 6.27% of the Common Stock outstanding as of December 31, 2012.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires Brunswick's directors, executive officers and beneficial owners of more than 10 percent of Brunswick Common Stock to file initial reports of ownership and reports of changes in ownership with the SEC. Based on a review of the copies of such forms furnished to the Company and written representations from the Company's directors and executive officers, the Company believes that all forms were filed in a timely manner during 2012 and 2011 with one exception. On September 20, 2011, Ralph Stayer sold 24 shares of Brunswick Common Stock. Due to an administrative error, this sale was not timely reported. Upon discovery of the error, a Form 4 was filed on December 10, 2012.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes Brunswick's overall executive compensation policies and practices and specifically analyzes the total compensation for the named executive officers ("NEOs"). The NEOs are:

- Dustan E. McCoy – Chairman and Chief Executive Officer
- Peter B. Hamilton – Senior Vice President and Chief Financial Officer
- Mark D. Schwabero – Vice President & President – Mercury Marine
- Andrew E. Graves – Vice President & President – Boat Group
- B. Russell Lockridge – Vice President and Chief Human Resources Officer

Executive Summary

In 2012, the Company successfully navigated through extreme variability in markets and business conditions, which resulted in the third consecutive year of strong improvement in operating earnings. Despite global economic challenges, the Company looked to achieve the following objectives in 2012:

- Deliver revenue growth;
- Experience strong increases in operating earnings; and
- Continue to generate strong free cash flow, retire debt and make significant contributions into the Company's defined benefit pension plans in pursuit of fully funding these plans.

Achievement against the Company's objectives in 2012 were as follows:

Deliver revenue growth:

- Ended the year with a one percent increase in net sales when compared with 2011 despite the following unfavorable comparisons:
  - Net sales to European markets in 2012 declined by $118.9 million, or 19.9 percent, when compared with 2011, due mainly to weak economic conditions in Europe, the divestiture of the Sealine boat brand, and unfavorable currency translation;
  - Weaker global demand for fiberglass sterndrive boats; and
  - The absence of a large order from one of Fitness's major customer categories.
- Capitalized on near-term growth opportunities such as the launch of the Marine Engine segment's new 150 horsepower outboard engine, strong growth in marine service, parts and accessories businesses from new product launches and the introduction of many new products in the Boat and Fitness segments.
- Experienced strong demand and increasing sales in aluminum boats and outboard-powered fiberglass boats as well as the rapidly growing pontoon boat category.

Experience strong increases in operating earnings:

- Reported operating earnings of $264.1 million in 2012 compared with operating earnings of $213.7 million in 2011 and $62.9 million in 2010;
- Operating earnings increased by $50.4 million in 2012 when compared with 2011 on an increase in net sales of $47.6 million; and
- Continued reducing costs, achieving targets for operating efficiency improvements and realizing the benefits of past restructuring activities.

Continue to generate strong free cash flow, retire debt and make significant contributions into the Company's defined benefit pension plans in pursuit of fully funding these plans:

- Ended the year with $428.7 million of cash and marketable securities;
- Operating cash flows from continuing operations totaled $183.6 million during 2012, benefitting from improved operating results, partially offset by cash used for changes in certain current assets and current liabilities;
- Contributed $69.0 million to the Company's defined benefit pension plans to bring the aggregate funded status of its qualified pension plans to approximately 67 percent;
- Selectively increased capital expenditures to support growth initiatives and for profit-maintaining investments; and
- Retired $124.2 million of debt during 2012, contributing to a $13.7 million decrease in interest expense.

Brunswick's compensation plans are intended to support its strategic focus and reward Company performance. Specifically in 2012, the Company continued to include both company-wide and division-specific performance measures in its annual incentive plan that are tied to both earnings and free cash flow. By also including earnings metrics in the 2012 program, the Company sought to incentivize efforts to achieve positive earnings and operating leverage results.

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Brunswick's compensation philosophy is to encourage and reward the creation of sustainable, long-term shareholder value. From a shareholder perspective, Brunswick performed exceptionally well as illustrated in the one and three year total shareholder returns ("TSR") of 61.35% and 130.06%, respectively. The table below highlights Brunswick's historical stock price history over a ten year period:

At its 2012 shareholder meeting, the Company received shareholder approval on its "say on pay" proposal (84.4% of votes cast for the proposal). Management was pleased with the continued support of its pay practices (the same percentage of shareholders approved the 2011 proposal) and no changes were made to the Company's compensation programs directly as a result thereof. Nevertheless, there were several changes made in 2012 to the Company's compensation programs and practices that were designed to further reinforce the Company's pay for performance philosophy and to align management compensation with shareholder interests.

The changes made in 2012, which include the issuance of performance shares, the elimination of all "grandfathered" excise tax gross-ups and the elimination of the one remaining "modified single-trigger" change in control clause, coupled with the changes that have occurred in the prior several years (e.g., eliminating tax gross-up payments on the value of perquisites offered, strengthening the officer and director share ownership guidelines, etc.) better align the compensation programs with shareholder interest and good corporate governance. These changes are highlighted in more detail below.

Key Compensation Decisions in 2012

Annual Incentive Plan

For 2012, the Company designed the Brunswick Performance Plan ("BPP") to reward division performance (EBIT), while still keeping a portion of the award tied to overall Brunswick results (EPS and FCF). Specifically, the 2012 BPP for the NEOs contained performance measures attributable to each of the four business groups in addition to corporate earnings per share. Actual performance in 2012 exceeded the performance targets set for the 2012 BPP, and aggregate awards under the plan were paid at 109% of target opportunity.

At the Annual Meeting, the Company will ask shareholders to approve an annual incentive plan that, if approved, will help the Company to qualify certain compensation as "performance-based" for purposes of Section 162(m) of the Internal Revenue Code.

Long-Term Incentives

In 2012, the Company granted performance-based equity in the form of performance shares ("Performance Shares") to certain key officers of the Company, including each of the NEOs. For each of the NEOs in 2012, Performance Shares represented one-third of their long-term incentive opportunity (with the balance split evenly between stock appreciation rights ("SARs") and restricted stock units ("RSUs")). Effective with the 2013 annual equity grant, the percentage of Performance Shares awarded to NEOs has been increased to 50 percent of their long-term incentive opportunity, with the balance awarded as time-based RSUs. The Company believes Performance Shares strengthen its pay-for-performance philosophy and align management's goals with the Company's key strategic initiatives.

Executive Terms and Conditions of Employment

Although the Company had eliminated tax gross-ups on change in control ("CIC") payments for all prospective officers in 2009, for those grandfathered officers (including the NEOs), tax gross-ups on CIC payments remained in place. Effective as of December 28, 2012, all NEO's terms and conditions were modified to eliminate the tax gross-up on CIC payments. In addition, the Chairman and Chief Executive Officer's terms and conditions were modified to eliminate his modified single trigger walk away right following a CIC in favor of a double trigger consistent with all other officers.

All of these key compensation decisions are meant to communicate and reinforce the Company's commitment to sound pay practices and competitive compensation practices. In addition, these compensation decisions reinforce our pay-for-performance philosophy and provide a solid framework for delivering compensation that not only rewards the participants, but also drives value for our shareholders.

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Overall Philosophy and Objectives of Our Executive Compensation Programs

The overall philosophy of Brunswick's compensation programs for its NEOs and other senior executives is to encourage and reward the creation of sustainable, long-term shareholder value. Specifically, the Company has identified the following objectives to help realize this goal:

- *Alignment with Shareholders' Interests* - Reward performance in a given year and achievements over a sustained period that are aligned with the interests of our shareholders;
- *Motivate Achievement of Financial and Strategic Goals* - Ensure that compensation structure reinforces achievement of business objectives and execution of Brunswick's overall strategy;
- *Remain Competitive* - Attract, retain and motivate the talent required to ensure Brunswick's continued success; and
- *Reward Superior Performance* - Reinforce Brunswick's pay-for-performance culture.

Compensation Design Principles

In support of the objectives identified above, the framework of Brunswick's executive compensation programs incorporates the following compensation design principles:

Focus on the Creation of Long-Term Shareholder Value

Brunswick's senior executives are responsible for achieving long-term strategic goals. Accordingly, compensation is weighted towards rewarding long-term value creation for shareholders. For Mr. McCoy, approximately 62 percent of targeted total compensation is based on long-term performance, and for our other NEOs, it is approximately 38 percent. For Mr. McCoy, approximately 23 percent of targeted total compensation is based on annual performance against established performance criteria, and for our other NEOs it is approximately 32 percent. The balance consists of base salary (15 percent for Mr. McCoy and 30 percent for NEOs).

Our emphasis on long-term shareholder value creation is best illustrated in the following chart, which shows the portion of total targeted compensation that is attributable to our long-term incentive compensation and the portion attributable to other key elements of our compensation programs. As shown in the chart, long-term incentive compensation accounts for the largest percentage of overall compensation when compared to base salary and annual incentives (bonus). In addition, as a result of the compensation structure, a majority of senior executive compensation is deemed performance-based or "at risk", with such amounts constituting approximately 85 percent of Mr. McCoy's total compensation and approximately 70 percent of total compensation for our other NEOs.

Below is a chart comparing the targeted compensation mix of our CEO and other NEOs:

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WHAT WE DO	WHAT WE DON'T DO
Very high percentage of executive pay is tied to performance	We have no gross-ups (including perks, excise tax)
Executives have performance-based goals which are tied to shareholder return	There are no modified single-trigger or a single-trigger change-in-control severance agreements (we only use double-trigger CIC severance provisions)
We target median compensation levels, and review market data, of our peer group when making executive compensation decisions	All of our equity plans expressly forbid option repricing without shareholder approval
We apply strict share ownership guidelines to NEOs	All of our active equity plans expressly forbid exchanges of underwater options for cash
We disclose complete information on the annual incentive plan	We do not allow hedging of shares
We prohibit recycling for options/SARs	We do not allow pledging of shares
We require vested shares from our equity compensation programs to be held until share ownership guidelines met	
We consider risk in our compensation program	
We use an independent compensation consultant	
We have an established clawback policy	

Provide Incentives for Achievement of the Company's Goals

In addition to achieving Brunswick's long-term and strategic goals, the Company's senior executives are charged with the responsibility for meeting the Company's financial and operational goals. As a result, the Company has linked executive compensation to business performance by establishing measurable business metrics against which performance is measured, and which have been determined by the Board of Directors to be important to Brunswick's key stakeholders.

The Company establishes variable compensation targets (including individual BPP targets) for NEOs and other employees, using peer median total direct compensation (base salary plus bonus plus long-term incentive) minus base salary. This amount is then split between annual and long-term incentives at a ratio that the Compensation Committee feels is appropriate for a company like Brunswick. In 2012, 29 percent of Mr. McCoy's actual incentive compensation was comprised of annual incentives and 71 percent was comprised of long-term incentives. For other NEOs, on average, 49 percent of incentive compensation was annual and 51 percent was long-term.

Annual incentive metrics are based on a combination of division and overall Brunswick results. Long-term incentives are based on Brunswick's consolidated results and share price.

Competitive Compensation

Brunswick recognizes that in order to attract and retain the level of talent that is essential to achieving its established objectives, it must maintain a competitive executive compensation program.

Each year, Frederic W. Cook & Co., Inc., the Committee's independent compensation consultant, provides a detailed analysis regarding proposed compensation levels for the CEO. For all other NEOs, Brunswick assesses the competitiveness of executive compensation every two years using survey data purchased from Aon Hewitt, which shows the executive compensation practices of a peer group of 18 publicly-traded companies with annual revenue levels comparable to Brunswick's. Brunswick's target pay mix and total compensation opportunities are designed to reflect the median of this peer group. The analysis confirmed that, on average, Brunswick's total compensation (base salary, annual bonus and long-term incentives) for the senior management positions, including the NEOs, approximates the median of competitive practice. Criteria used to identify the peer group include:

- Size: Companies with revenues that generally range from one-half to two times Brunswick's total annual revenue.
- Business Focus: Publicly-traded manufacturing companies.
- Consistency: The peer group should be relatively stable. Companies historically have been eliminated if they no longer participated in the Aon Hewitt survey, were acquired, or if their revenue exceeded two times Brunswick's revenue.

Brunswick's current peer group consists of the following companies:

- BorgWarner
- Briggs & Stratton
- Cooper Industries
- Crane
- Curtiss-Wright
- Dana Holding
- Flowserve Corp
- Gardner Denver
- Harley-Davidson
- Hasbro
- Jarden Corp
- Leggett & Platt
- Mattel
- Polaris Industries
- Snap-On Tools
- SPX Corp
- Tenneco
- Timken

Consistent with past practice, Brunswick will be assessing the appropriateness of the current peer group during 2013.

Brunswick is the largest publicly-traded company in the marine industry, with total revenues approximately 25 times those of the only other publicly-traded boat manufacturer (Marine Products) as of December 31, 2012. As a result, there are no direct competitors in the compensation peer group.

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Internal Equity

Brunswick establishes compensation ranges for positions with similar characteristics and scopes of responsibility, including NEO positions, even if such ranges differ somewhat from comparable positions at companies in our peer group. Balancing competitiveness with internal equity helps support management development and movement of talent throughout Brunswick's worldwide operations. Differences in actual compensation between employees in similar positions result from individual performance, future potential and division financial results. This effort also helps Brunswick promote talented managers to positions with increased responsibilities and provides meaningful developmental opportunities.

Reward Corporate, Division and Individual Performance

Recognizing corporate, division and individual performance in compensation helps reinforce the importance of working together and furthers Brunswick's pay-for-performance philosophy. For 2012, Brunswick funded incentives for all participants based on the achievement of corporate and division performance goals and allocated incentives based on individual contributions. For those NEOs with division responsibility, incentives were focused on the financial performance of their divisions, but also included a significant portion tied to overall corporate results.

Managing Compensation in Cyclical Industries

Brunswick has a strong pay-for-performance culture and strives to establish consistent incentive performance targets and awards despite the cyclical nature of the industries in which it competes. Historically, the marine industry has tended to be negatively affected early in economic downturns and has lagged behind other industries during periods of economic recovery. As a result, Brunswick has experienced significant swings in funding from one performance period to another, and aggregate annual incentive funding, as a percentage of target from 2008 through 2012, ranged from a high of 149 percent of target to a low of 0 percent, with an average of 92 percent of target. For a given year, funding also can vary significantly between divisions and individuals based on performance.

What Is Rewarded?

Brunswick designs NEO compensation to reward achievement of budgeted financial results (e.g., EPS, EBIT, free cash flow, and cash flow return on investment), Brunswick stock price performance (both absolute and on a relative basis) and individual performance.

Achievement of Targeted Results

Earnings Per Share, Earnings Before Interest and Taxes, Free Cash Flow, and Cash Flow Return on Investment

The Company established the 2012 BPP annual incentive formula to recognize and reward outstanding performance by its divisions. Specifically, the BPP provides that funding is based on the achievement of corporate earnings per share ("EPS") and corporate free cash flow ("FCF") objectives, as well as division-specific earnings before interest and taxes ("EBIT"). One exception is that for Performance Share recipients, including all NEOs, their Corporate results component under the BPP are based solely on EPS performance so as to avoid duplication of performance metrics under the Performance Share award that reward performance based on the achievement of a free cash flow and capital employed metric (Cash Flow Return on Investment).

For all other participants, corporate employees' bonuses in 2012 were weighted 50 percent on overall Brunswick performance (25 percent based on the EPS metric and 25 percent based on the free cash flow metric) and 50 percent on the EBIT performance of the divisions, with each division representing 12.5 percent of the total. Division participants are also weighted 50 percent on overall Brunswick performance (25 percent based on the EPS metric and 25 percent based on the free cash flow metric) and 50 percent on their respective division's EBIT performance. The Compensation Committee believes that EPS, division EBIT and free cash flow are appropriate measures to be used in our annual incentive plan. Earnings, specifically EPS, are widely tracked and reported by analysts and used as a measure to evaluate Brunswick's performance. Free cash flow is important because it measures the Company's cash-generating results and enables the Company to reduce debt and fund investments in future profitable growth initiatives.

The following chart shows the relative weighting of the performance measures used under the BPP.

	Corporate Results		**Division Results**	
Corporate Performance Share ("PS") Participants (6 individuals)	50% EPS		Boat Group	12.5% EBIT
			Mercury Marine	12.5% EBIT
			Life Fitness	12.5% EBIT
			Bowling & Billiards	12.5% EBIT
		25% FCF	Boat Group	12.5% EBIT
Corporate Non-PS Participants	25% EPS		Mercury Marine	