

BRUNSWICK CORP  
Form DEF 14A  
March 22, 2012

**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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

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March 22, 2012

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 2, 2012, at 9:00 a.m. CDT at the Four Seasons Hotel Chicago, located at 120 E. Delaware Place, Chicago, Illinois.

We will begin mailing a notice to our shareholders on March 22, 2012, containing instructions on how to access online our 2012 Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2011, 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 by telephone, via the Internet 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

## Notice of Annual Meeting

March 22, 2012

Dear Brunswick Shareholder:

The Annual Meeting of Shareholders of Brunswick Corporation will be held at the Four Seasons Hotel Chicago, located at 120 E. Delaware Place, Chicago, Illinois, on Wednesday, May 2, 2012, 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 three nominees named in the attached Proxy Statement;
- (2) The approval of the compensation of our named executive officers on an advisory basis;
- (3) 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, 2012; and
- (4) 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

## 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 the Four Seasons Hotel Chicago, located at 120 E. Delaware Place, Chicago, Illinois, on Wednesday, May 2, 2012, 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 22, 2012, 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 three nominees named in this Proxy Statement, the approval of the compensation of our named executive officers on an advisory basis, 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, 2012.

#### Who may vote at the Annual Meeting?

Only holders of one or more of the 89,240,438 shares of Brunswick Common Stock issued and outstanding as of the close of business on March 5, 2012 (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](http://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, May 1, 2012.

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.

**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 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 three director nominees named in this Proxy Statement; for the approval of the compensation of our named executive officers; 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, 2012. 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 three director nominees named in this Proxy Statement. The Board recommends a vote for the approval of the compensation of our named executive officers. 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, 2012.

**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 three 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 three 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.

*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, 2012. 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 89,240,438 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. It is expected that brokers will lack discretionary authority with respect to the election of directors and the advisory vote to approve the compensation of the Company's named executive officers, 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.

**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](mailto: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 three 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 Anne E. Bélec, Manuel A. Fernandez and J. Steven Whisler for election as directors to serve for terms expiring at the 2015 Annual Meeting or until their respective successors have been elected and qualified. Ms. Bélec, Mr. Fernandez and Mr. Whisler have served as directors since 2008, 1997 and 2007, respectively.

The Board of Directors currently has ten members divided among three classes. Two classes consist of three directors and the other class consists of four 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.

**Nominees for Election for Terms Expiring at 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; member of Marketing 50, an organization for marketing executives, and Chicago's Chief Marketing Officers Roundtable, since 2010; director of Industrial Alliance Group; age 49.

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

Non-executive Chairman of Sysco Corporation, a marketer and distributor of foodservice products, since 2009; Chairman Emeritus of Gartner, Inc., an information technology company, since 1999; 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 and director of Stanley Black & Decker, Inc.; age 65.

As the Non-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 57.

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.

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

**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 49.

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 62.

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 intimate 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; Board member of PAVE, an organization dedicated to improving education opportunities for urban students in Milwaukee; age 68.

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.

**Directors Continuing in Office until the 2013 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 68.

As the current Executive Chairman and former Chief Executive Officer of a global consumer and commercial products company, with more than 20 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.

**Jeffrey L. Bleustein**

Director since 1997

Retired; Chairman of the Board of Harley-Davidson, Inc., a motorcycle manufacturer, 1998 to 2009; Chief Executive Officer of Harley-Davidson, Inc., 1997 to 2005; President and Chief Operating Officer of the Motorcycle Division of Harley-Davidson, Inc., 1993 to 1997; member of President's Council on the 21st Century Workforce; director of Kohler Co.; age 72.

As the former Chairman and Chief Executive Officer of a leading high-end recreation products business, Mr. Bleustein's extensive career experience and varied leadership roles allow him to provide invaluable advice and guidance to our Company's management and Board in the areas of product development, brand management and distribution. Additionally, Mr. Bleustein's background enables him to provide valuable insight in connection with corporate governance matters, compliance and risk oversight responsibilities.

**Graham H. Phillips**

Director since 2002

Retired; Chairman and Chief Executive Officer of Young & Rubicam Advertising, a global marketing and communications organization, 1999 to 2000; Chairman of Burson-Marsteller, the perception management division of Young & Rubicam, Inc., 1997 to 1999; Chairman and Chief Executive Officer of Ogilvy & Mather Worldwide, a marketing communications company, 1989 to 1992; age 73.

As the former Chairman and Chief Executive Officer of two companies engaged in global communications and marketing, Mr. Phillips' background and leadership experience enable him to provide advice and insight to our Company's management and Board regarding marketing and public relations, as well as human resources matters. Mr. Phillips' extensive background in public relations also makes him well positioned to offer guidance regarding retail demand and market and consumer research.

**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; age 69.

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.

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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](http://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 2011. Each director attended all of the Board meetings and all meetings of Committees of which they were members during the applicable period of 2011. The Principles provide that all members of the Board are requested to attend Brunswick's Annual Meeting of Shareholders. All members of the Board, except one, attended the 2011 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 other 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](http://www.brunswick.com/company/ethics/ethicsguide.php) and the Financial Officer Code of Ethics is available at [www.brunswick.com/company/governance/codeofethics.php](http://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](http://www.brunswick.com).

### **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](mailto: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.

### **Director Independence, Compensation Committee Interlocks and Insider Participation**

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

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. Fernandez, Mr. Phillips, Mr. Stayer, Mr. Whisler and Mr. Zimmerman, are independent.

#### **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 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 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 2011, no transaction was identified as a related person transaction and, therefore, no reported transaction was referred to the Board or any Committee of the Board for review.

### **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](mailto: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.

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

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 these discussions.

## 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 in 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<br>and Compensation | Nominating and<br>Corporate<br>Governance | Qualified<br>Legal<br>Compliance | Executive |
|-----------------------|-------|---------|-------------------------------------|---|----------------------------------|-----------|
| Nolan D. Archibald    |       | X *     |                                     |   |                                  | X         |
| Anne E. Bélec         | X     |         | X                                   |   |                                  |           |
| Jeffrey L. Bleustein  |       |         |                                     | X *                                       | X *                              | X         |
| Cambria W. Dunaway    |       |         |                                     | 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                                   |   |                                  |           |
| 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](http://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 the rules of the SEC.

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 with, 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 ten times during 2011.

***Finance Committee***

Members of the Finance Committee are Mr. Archibald (Chair) and Mr. Stayer. The Finance Committee assists the Board in overseeing Brunswick's financial performance, 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 2011.

***Human Resources and Compensation Committee***

Members of the Human Resources and Compensation Committee (the Compensation Committee) are Mr. Phillips (Chair), Ms. Bélec, 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

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 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 delegates to the Chairman and Chief Executive Officer responsibility for developing incentive funding formulas for Brunswick divisions, and for conducting performance evaluations, talent development and succession planning for senior executives. The Committee delegates to Brunswick's senior executives authority to allocate equity awards to employees who are not senior executives based on criteria established by the Committee, and to Brunswick's Human Resources Department responsibility to oversee policies for the administration of compensation and benefit plans.

The Compensation Committee continues to engage Frederic W. Cook & Co., Inc. to provide advice on various aspects of Brunswick's executive compensation programs. The Committee meets with the consultants in executive session on a regular basis and the consultants report directly to the Committee.

The Compensation Committee met six times during 2011.

#### ***Nominating and Corporate Governance Committee***

Members of the Nominating and Corporate Governance Committee are Mr. Bleustein (Chair) and Ms. Dunaway. 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 the development of guidelines to ensure 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 reported in proxy statements, 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 2011.

#### ***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 2011, 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 2011.

#### **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 review, management considered the compensation arrangements currently in place for our 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 presents 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.

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 2011, 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 2011, 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 2011 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.

**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<br>Beneficially Owned<br>as of March 5,<br>2012 | Percent<br>of<br>Class |
|---|--|------------------------|
| Nolan D. Archibald                              | 63,634 <sup>(1)</sup>  | *                      |
| Anne E. Bélec                                   | 29,484 <sup>(1)</sup>  | *                      |
| Jeffrey L. Bleustein                            | 75,326 <sup>(1)</sup>  | *                      |
| Cambria W. Dunaway                              | 33,834 <sup>(1)</sup>  | *                      |
| Manuel A. Fernandez                             | 74,558 <sup>(1)</sup>  | *                      |
| Graham H. Phillips                              | 49,897 <sup>(1)</sup>  | *                      |
| Ralph C. Stayer                                 | 105,005 <sup>(1)</sup>   | *                      |
| J. Steven Whisler                               | 33,068 <sup>(1)</sup>  | *                      |
| Lawrence A. Zimmerman                           | 56,756 <sup>(1)</sup>  | *                      |
| Dustan E. McCoy                                 | 1,861,156 <sup>(2)</sup>   | 2.1%                   |
| Peter B. Hamilton                               | 320,287 <sup>(2)</sup>   | *                      |
| Andrew E. Graves                                | 198,258 <sup>(2)</sup>   | *                      |
| Mark D. Schwabero                               | 193,719 <sup>(2)</sup>   | *                      |
| B. Russell Lockridge                            | 243,891 <sup>(2)</sup>   | *                      |
| All directors and executive officers as a group | 3,935,671 <sup>(1,2)</sup>                                       | 4.4%                   |

\*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 58,929 shares, Ms. Bélec 770 shares, Mr. Bleustein 29,110 shares, Ms. Dunaway 2,626 shares, Mr. Fernandez 63,822 shares, Mr. Phillips 46,897 shares, Mr. Stayer 15,171 shares, Mr. Whisler 26,000 shares and Mr. Zimmerman 56,756 shares. Also includes the following shares of Brunswick Common Stock issuable pursuant to stock options exercisable within 60 days of March 5, 2012: Messrs. Archibald 3,000 shares, Bleustein 3,000 shares, Fernandez 3,000 shares, Phillips 3,000 shares and Stayer 9,180 shares.

Excludes 43,640 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 5, 2012: Messrs. McCoy 1,780,900 shares, Hamilton 221,750 shares, Schwabero 182,350 shares, Graves 188,950 shares, Lockridge 211,050 shares, and all executive officers as a group 3,134,875 shares.



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Includes the following shares of Brunswick Common Stock held by the Brunswick Savings Plan as of December 31, 2011: Mr. McCoy 101 shares, and all executive officers as a group 3,041 shares.

Excludes the following shares of Brunswick Common Stock issuable to officers, receipt of which has been deferred: Mr. McCoy 63,379 shares, Mr. Schwabero 569 shares, and all executive officers as a group 66,290 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.

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<br>Shares<br>Beneficially<br>Owned as of<br>December 31, 2011 | Percent<br>of<br>Class |
|--|---|------------------------|
| Wellington Management Company, LLP<br>280 Congress Street<br>Boston, MA 02210        | 10,796,309 <sup>(1)</sup>   | 12.12%                 |
| T. Rowe Price Associates, Inc.<br>100 E. Pratt Street<br>Baltimore, MD 21202         | 7,268,590 <sup>(2)</sup>  | 8.16%                  |
| BlackRock, Inc.<br>40 East 52 <sup>nd</sup> Street<br>New York, NY 10022             | 6,487,456 <sup>(3)</sup>  | 7.28%                  |
| The Vanguard Group, Inc.<br>100 Vanguard Blvd.<br>Malvern, PA 19355                  | 4,649,410 <sup>(4)</sup>  | 5.21%                  |
| FMR LLC<br>and certain of its affiliates<br>82 Devonshire Street<br>Boston, MA 02109 | 4,543,580 <sup>(5)</sup>  | 5.10%                  |

(1) This information is based solely upon a Schedule 13G/A filed by Wellington Management Company, LLP ( Wellington ) with the SEC on February 14, 2012. Wellington has shared voting power over 8,154,774 shares and shared dispositive power over 10,796,309 shares or 12.12% of the Common Stock outstanding at December 31, 2011.

(2) 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 13, 2012. T. Rowe Price has sole voting power over 769,490 shares and sole dispositive power over 7,268,590 shares or 8.16% of the Common Stock outstanding at December 31, 2011.

(3) This information is based solely upon a Schedule 13G/A filed by BlackRock, Inc. ( BlackRock ) with the SEC on February 13, 2012. BlackRock has sole dispositive and voting power over 6,487,456 shares or 7.28% of the Common Stock outstanding as of

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December 31, 2011.

- (4) This information is based solely upon a Schedule 13G/A filed by The Vanguard Group, Inc. ( Vanguard ) with the SEC on February 9, 2012. Vanguard has sole dispositive and voting power over 4,526,814 shares and shared dispositive power over 4,649,410 shares or 5.21% of the Common Stock outstanding as of December 31, 2011.
  
- (5) This information is based solely upon a Schedule 13G/A filed by FMR LLC ( FMR ) with the SEC on February 14, 2012. The FMR reporting entities are Fidelity Management & Research Company ( Fidelity ), a wholly-owned subsidiary of FMR that is the beneficial owner of 4,543,580 shares or 5.10% of the Common Stock outstanding at December 31, 2011; and Edward C. Johnson 3d and members of his family. FMR has sole dispositive power over 4,543,580 shares or 5.10% of the Common Stock outstanding at December 31, 2011.

## 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).

#### Executive Summary

In 2011, despite global economic challenges and a relatively flat marine market, Brunswick increased its revenues and improved its earnings, while positioning itself to take advantage of market opportunities as they evolve and solidifying its leadership position in the marine, fitness and bowling and billiards industries, by:

Generating positive free cash flow;

Demonstrating outstanding operating leverage; and

Performing better than the markets in which it competes.

Actions taken in support of the Company's strategic objectives in 2011 include:

#### *Generating Positive Free Cash Flow:*

Ended the year with \$507.8 million of cash and marketable securities;

Cash flows from operations totaled \$89.1 million during 2011, supported by improved operating results, partially offset by cash used for changes in certain current assets and current liabilities and \$79.6 million of contributions to the Company's defined benefit pension plans; and

Selectively increased capital expenditures for profit-maintaining investments.

#### *Demonstrating Outstanding Operating Leverage:*

Reported operating earnings of \$192.4 million in 2011 compared with operating earnings of \$16.3 million in 2010 and operating losses of \$570.5 million in 2009;

Reported restructuring, exit and impairment charges of \$22.7 million, \$62.3 million and \$172.5 million in 2011, 2010 and 2009, respectively;

Operating leverage, defined as the change in operating earnings (loss) divided by the change in Net sales, was 51 percent on a sales increase of 10 percent; and

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Operating earnings, excluding restructuring, exit and impairment charges were \$215.1 million and \$78.6 million in 2011 and 2010, respectively. This increase of \$136.5 million was realized on an increase in sales of \$344.7 million in 2011.

*Performing Better than the Markets in Which it Competes:*

Sales improved \$344.7 million or 10 percent during 2011. The Company experienced an increase in sales at each of its operating segments. The Marine Engine, Boat, Fitness and Bowling & Billiards segments reported sales increases of 10 percent, 11 percent, 17 percent and 1 percent, respectively; and

Improved market share across all segments.

Brunswick's compensation plans are intended to support its strategic focus. Specifically in 2011, the Company modified its annual incentive plan to include performance measures tied to both earnings and free cash flow as well as encourage division-specific performance by incorporating division earnings results as a performance measure. The inclusion of a division-specific performance measure reflects a change from 2009 and 2010 when the sole performance measures were company-wide cash on hand and free cash flow, respectively. By including earnings metrics in the 2011 program, the Company is seeking to incentivize efforts to achieve positive earnings and leverage results.

At its 2011 shareholder meeting, the Company received shareholder approval on its say on pay proposal (84.4% of votes cast for the proposal). Although management was pleased with the overwhelming support of its pay practices, the decision to issue performance-based equity awards was made in 2012 to reinforce the Company's pay for performance philosophy and to align management compensation with shareholder interests.

Over the course of the past several years, the Company has made several changes to its compensation programs to better align with shareholder interest and good corporate governance. Changes include eliminating tax gross-up on change-in-control (CIC) payments and lowering the CIC severance multiple for prospective officers, eliminating tax gross-up payments on the value of perquisites offered, strengthening the officer and director share ownership guidelines and implementing more performance-based compensation. Some of these changes, as well as others, are highlighted in more detail below.

### **Key Compensation Decisions in 2011**

#### ***Annual Incentive Plan***

For 2011, the Company designed the Brunswick Performance Plan (BPP) to reward division performance, while still keeping a portion of the award tied to overall Brunswick results. Specifically, the 2011 BPP contained performance measures attributable to each of the four business groups in addition to corporate earnings per share and free cash flow.

Actual performance in 2011 exceeded the performance targets set for the 2011 BPP, and aggregate awards under the plan were paid at 149% of target opportunity.

#### ***Long-Term Incentives***

In 2011, the Company maintained its use of stock appreciation rights (SARs) and restricted stock units (RSUs). In addition, the decision was made to grant performance-based equity in the form of performance shares (Performance Shares) to certain key officers of the Company, including each of the NEOs, effective with the 2012 annual equity grant. The Company believes these Performance Shares strengthen the Company's pay-for-performance philosophy and align management's goals with the Company's key strategic initiatives.

#### ***Competitive Positioning***

In 2011, the Company completed an analysis of competitive compensation benchmarking for its senior management positions, including each of the NEOs. For the CEO, the results indicate that, when compared to the Compensation Committee-approved peer group, Mr. McCoy's base salary was below the median, while target total direct compensation (defined as base salary plus annual bonus opportunity plus long-term incentive opportunity) was slightly above the median. For the remaining NEOs, on average, base salary was slightly above the median while target total direct compensation was slightly below the median. Overall, these results indicate that Brunswick's target compensation is generally in line with its stated compensation philosophy to target compensation at the median of competitive practice.

### ***Officer Stock Ownership Guidelines***

Effective January 1, 2011, the Company implemented its modified share ownership guidelines for officers. These new guidelines calculate minimum ownership levels as a multiple of the officers' base salary and require retention of a significant portion of future equity awards if the officers do not meet the guidelines. These guidelines are in line with competitive practice and to-date all participants are in compliance with the stated guidelines.

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.

### **Overall Philosophy and Objectives of**

#### **Our Executive Compensation Programs**

The overall objective 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 35 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 33 percent. The balance consists of base salary (15 percent for Mr. McCoy and 32 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 at risk, with such amounts constituting approximately 85 percent of Mr. McCoy's total compensation and approximately 68 percent of total compensation for our other NEOs.

***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. The Company's senior executives are also responsible for managing Brunswick's business operations in order to advance the Company's overall business strategy. 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 Brunswick base salary. This amount is then split between short-term and long-term incentives at a ratio that the Compensation Committee feels is appropriate for a company like Brunswick. In 2011, 34 percent of Mr. McCoy's actual incentive compensation was comprised of short-term incentives and 66 percent was comprised of long-term incentives. For other NEOs, the ratio of short-term to long-term incentive compensation was 56 and 44 percent, respectively.

Incentive metrics are based on a combination of division and overall Brunswick results. All long-term incentives are based on Brunswick's consolidated results.

**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.

Brunswick assesses the competitiveness of executive compensation every two years using survey data purchased from Aon Hewitt. This survey data was used solely for the purpose of compiling compensation data regarding the peer group. The analysis was most recently completed in 2011 when Brunswick examined the executive compensation practices of a peer group of 18 publicly-traded companies with annual revenue levels comparable to Brunswick's, in order to better assess the competitiveness of the Company's total compensation and pay mix. All of the peer companies have manufacturing operations. 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 did not participate in the Aon Hewitt survey, if they have been acquired, or if their revenue exceeds two times Brunswick's revenue.

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

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

The changes in Brunswick's peer group since the last analysis was performed include the addition of Dana Holding and Tenneco and the removal of Black & Decker (now Stanley Black & Decker), due to its merger with Stanley Works causing its combined revenue to exceed two times Brunswick's revenue, and Fortune Brands, due to its corporate reorganization.

Brunswick is the largest publicly-traded company in the marine industry, with total revenues approximately 37 times those of the only other publicly-traded boat manufacturer (Marine Products) as of December 31, 2011. As a result, there are no direct competitors in the compensation peer group.



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### ***Internal Equity***

Brunswick establishes similar 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 will reflect 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 2011, 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 been 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 percent of target from 2007 through 2011, ranged from a high of 149 percent of target to a low of 0 percent, with an average of 82 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 and free cash flow), Brunswick stock price performance and individual performance.

### ***Achievement of Targeted Results***

#### *2011 and 2012 Earnings Per Share, Earnings Before Interest and Taxes and Free Cash Flow*

For 2011, the Company established the BPP annual incentive formula to recognize and reward outstanding performance by its divisions. This design framework will be used in 2012, with one adjustment, as described in more detail below. 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).

As shown in the chart below, corporate employees' bonuses in 2011 and 2012 are weighted 50% on overall Brunswick performance (25% based on the EPS metric and 25% based on the free cash flow metric) and 50% on the EBIT performance of the divisions, with each division representing 12.5% of the total. Division participants are also weighted 50% on overall Brunswick performance (25% based on the EPS metric and 25% based on the free cash flow metric) and 50% on their respective division's EBIT performance. Consequently, 75% of the incentives are based on an earnings metric while 25% are based on free cash flow. 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.

|                  | Corporate Results |         |                               | Division Results           |
|------------------|-------------------|---------|-------------------------------|----------------------------|
| <b>Corporate</b> | 25% EPS           | 25% FCF | Brunswick Boat Group          | 12.5% EBIT                 |
| <b>Employees</b> |                   |         | Mercury Marine                | 12.5% EBIT                 |
|                  |                   |         | Life Fitness                  | 12.5% EBIT                 |
|                  |                   |         | Brunswick Bowling & Billiards | 12.5% EBIT                 |
| <b>Division</b>  | 25% EPS           | 25% FCF |                               | 50% EBIT of their division |

**Employees**

New for 2012 is the implementation of a Performance Share award that rewards performance based on the achievement of a free cash flow and capital employed metric (Cash Flow Return on Investment). To avoid duplication of performance metrics under the Performance Share award and the 2012 annual BPP, for recipients of a Performance Share award (nine officers, including the NEOs), the free cash flow metric will be eliminated from the BPP and replaced with a greater emphasis on company-wide earnings performance.

**Stock Price Appreciation**

Stock price appreciation is a significant component of total shareholder return and thus shareholder value creation. Stock price appreciation affects the value of Brunswick's equity grants, including SARs, RSUs, and Performance Shares.

**Individual Performance**

Individual performance is assessed via the Performance Management Process ( PMP ). The PMP was created to help employees better understand Brunswick and division-specific goals, and to define their role in achieving these goals. The Company believes that the PMP is an effective tool in assessing performance against individual goals.

Once Brunswick and division goals are established, salaried employees (including NEOs) set individual goals aligned with the Company's strategic direction. Employees establish goals for specific initiatives, major responsibilities key to their positions and individual developmental requirements, and their managers identify specific core competencies that employees are expected to achieve. The Chief Executive Officer's performance is jointly assessed by the Compensation Committee and the Nominating and Corporate Governance Committee of the Board of Directors with input from all members of the Board of Directors. Performance of other NEOs is assessed by the Chief Executive Officer with review by the Compensation Committee.

Individual performance affects base salary increases, annual incentives and equity grant decision-making. As part of the PMP process, managers have the ability to adjust all elements of compensation based on the individual's attainment of annual goals and performance against critical competencies, which determines the content of the individual's annual performance review and the overall PMP rating.

**Compensation Elements**

Brunswick structures its compensation to reflect the Company's business objectives and compensation philosophy. The particular elements that comprise the Company's compensation programs for senior executives are summarized below, along with an explanation of why Brunswick selected each compensation element, how the amount and formula are determined, and how decisions regarding that compensation element fit into the Company's overall compensation objectives and programs.

**Base Salary**

Base salary is fixed compensation for Brunswick's NEOs. It is designed to provide a minimum level of pay that reflects each executive's position and scope of responsibility, leadership skills and individual performance, as demonstrated over time. When establishing an executive's base salary, the Company also assesses the median pay level offered by the companies in its peer group for positions with similar responsibilities and business size. For a company in a cyclical business, such as Brunswick's marine business, a competitive base salary is important for attracting and retaining the executives needed to lead the business.

Brunswick reviews salaries on an annual basis to ensure they are externally competitive, reflect individual performance and are internally equitable in relation to other Brunswick executives. The Company makes salary adjustments on a periodic basis in response to market pressures and to provide merit increases. Additionally, the base salary component serves as the foundation of executives' total pay, as incentives and benefits are generally computed as a function of base salary, which allows the Company to link performance and pay. As illustrated by the following chart, the average merit increase of NEO salary from 2009-2011 was 2.6%.

|                  | 2009 | 2010 | 2011  | Avg         |
|------------------|------|------|-------|-------------|
| <b>McCoy</b>     | 0.0% | 0.0% | 4.9%  | 1.6%        |
| <b>Hamilton</b>  | 0.0% | 0.0% | 2.8%  | 0.9%        |
| <b>Graves</b>    | 5.1% | 4.9% | 3.5%  | 4.5%        |
| <b>Schwabero</b> | 0.0% | 0.0% | 11.3% | 3.8%        |
| <b>Lockridge</b> | 3.1% | 0.0% | 4.1%  | 2.4%        |
|                  |      |      |       | <b>2.6%</b> |

**Annual Incentive Plan**

Brunswick's annual incentive plan, the BPP, is the primary compensation element used to measure performance against established business goals and reward accomplishments within a given year. In 2011, 235 individuals participated in the BPP, including each of the NEOs.

Brunswick sets the BPP target funding based on planned performance for the year, as approved by the Board of Directors. The Plan limits funding to no more than 200 percent of target funding with the Compensation Committee approving amounts within that range, based on its review of the Company's performance against pre-established targets. Target funding is equal to salary paid in the year multiplied by the target percentage for each participant. For 2011, the percentage of salary targets under the BPP for NEOs ranged from 100 percent to 150 percent.

The Company determines individual awards using: overall funding as approved by the Compensation Committee; the individual's pro rata portion of approved funding as adjusted for individual performance; and other factors deemed to be relevant. For 2011, management recommended, and the Compensation Committee approved, payouts of 149% of target opportunity. The performance measures required to support funding at 100% of target opportunity for all NEOs in 2011 were \$3.0 million in free cash flow, defined as cash flows from operating and investing activities (excluding cash from or required for acquisitions, investments, transfers to restricted cash and purchases or sales of marketable securities), break even Earnings Per Share and the following EBIT target levels for the business units: Mercury: \$145.8 million; Boat Group (excluding Hatteras): (\$22.8) million; Life Fitness: \$59.4 million; and Bowling & Billiards: \$16.3 million.

The BPP plays an important role in the Company's overall compensation structure, as it signals what is important and what is expected for the year from the standpoint of corporate, division and/or individual results. Additionally, the BPP serves to focus executives on achieving current objectives,

which are deemed necessary to attain long-term goals, and it establishes appropriate performance and annual incentive relationships by rewarding divisions and individuals within those units for actual performance.

***Long-Term Incentives***

The cyclical nature of the marine industry affects the design of Brunswick's long-term incentives. For example, the ability to set multi-year performance goals under a long-term incentive program is difficult, given external market pressures and volatility. Prior to 2010, SARs were identified as the sole award used to provide annual long-term incentive opportunities to better align the interests of management with those of shareholders. In 2010, however, Brunswick made an initial adjustment to its long-term incentive structure to reflect a composition of 80 percent SARs and 20 percent RSUs. Similarly, for the year 2011, Brunswick further adjusted the long-term incentive mix to 70 percent SARs and 30 percent RSUs. This progressive transition to incorporate RSUs into the Company's long-term incentive program was designed to better align the Company's incentive program with competitive pay practices and to reinforce an element of retention due to the three-year cliff vesting schedule for RSUs. To further reinforce the Company's pay for performance philosophy and to align more closely with peer group prevalence, for 2012, the Company is introducing Performance Share awards for certain senior executives including the NEOs. The resulting mix of long term incentives for the Performance Share recipients will be one-third SARs, one-third RSUs and one-third Performance Shares. The progression from 2010 through 2012 of the Company's mix of long-term incentives is shown on the graph below.

*Stock-Settled Stock Appreciation Rights and Restricted Stock Units*

In 2011, 160 individuals received awards of SARs and 59 individuals received RSU awards. Each of the NEOs received both SARs and RSUs. Brunswick believes that SARs and RSUs are an important component of its compensation structure because each award increases linkage to shareholders' interests by rewarding stock price appreciation and tying wealth accumulation to performance. Additionally, SARs and RSUs help to reinforce team performance, encourage senior executives to focus on long-term performance and function as a retention incentive through the vesting period. Both SARs and RSUs are widely-used compensation elements, in part because they are more efficient than stock options, by reducing the number of issued shares and eliminating the need to arrange financing of the exercise price when exercising awards (in the case of SARs). The 2003 Stock Incentive Plan does not permit grant re-pricing.

*Performance Shares*

In order to strengthen the Company's pay for performance philosophy and to better align with competitive practice, in 2012, the Company granted nine participants, including the NEOs, Performance Share awards. The Company historically has not granted Performance Shares, other than for awards to the CEO in 2006 and 2007 as well as a special one-time award in 2008 to select individuals, including each of the NEOs. The 2012 Performance Shares are earned based on achievement of Cash Flow Return on Investment (CFROI) targets over a 12-month period with an additional two year vesting period. Payout of 50% to 150% of the target Performance Share award opportunity is based solely on performance against the CFROI criteria with no payout below the 50% threshold. The final payout at the end of the three year period may be increased or decreased by 20% based on Brunswick's three-year total shareholder return (TSR) performance against the TSR of certain companies in the Global Industry Classification Standard (GICS) Leisure Products sub-industry. Performance in the bottom quartile against the GICS comparator group reduces the Performance Share award payout by 20% and performance in the top quartile increases the Performance Share award payout by 20%. Performance between the 25<sup>th</sup> and 75<sup>th</sup> percentile of the GICS comparator group results in no modification of the award payout. The design of the 2012 Performance Share award has multiple benefits including focusing management on the success of key strategic initiatives via the CFROI metric, providing an element of retention via the additional two year holding period and strengthening the alignment with shareholder interests with the TSR modifier.

For SARs, RSUs and Performance Shares, grant size for NEOs is based on multiple factors:

Peer median total direct target compensation minus target cash compensation (base salary plus individual BPP target cash incentive targets). This determines the dollar value of the total equity grant target and is consistent with targeting median pay for consistently solid Company and individual performance.

Grant size represents a fixed dollar target that is established every two years when competitive peer compensation information is updated. The actual share award amounts for each NEO are determined using a Black-Scholes-Merton valuation for SARs, a Monte Carlo valuation for Performance Shares and the Company's stock price on the date of the grant for RSUs.

***Share Ownership Requirements***

In order to ensure continual alignment with its shareholders, Brunswick maintains share ownership requirements for its officers. This share ownership policy calculates minimum required ownership levels as a multiple of the officer's base salary.

The current share ownership requirements are as follows:

| <b>Tier</b> | <b>Management Level</b>                                   | <b>Ownership Requirement</b> |
|-------------|---|------------------------------|
| <b>I</b>    | <b>Chief Executive Officer</b>                            | <b>5.0 times salary</b>      |
| <b>II</b>   | <b>Large Group Presidents and Chief Financial Officer</b> | <b>3.0 times salary</b>      |
| <b>III</b>  | <b>Other Executive Officers</b>                           | <b>2.0 times salary</b>      |
| <b>IV</b>   | <b>Other Officers</b>                                     | <b>1.0 times salary</b>      |

Officers not meeting the ownership requirements will be required to retain shares having a value equal to 50 percent of the after-tax profit from their SARs, vested RSUs and Performance Shares. For purposes of calculating compliance with the requirements, shares owned include shares directly owned, shares owned by immediate family members residing in the same household, shares held in trust, share equivalents held in the Company's tax-qualified defined contribution plans and deferred compensation plans, and RSUs. Unexercised stock options and SARs and outstanding Performance Shares do not count as shares owned. For those officers approaching retirement, ownership requirements will be reduced as follows: 80 percent of target for those age 63; 60 percent of target for those age 64; and 50 percent of target for those age 65 and above.

The Compensation Committee reviews compliance with these share ownership requirements on an annual basis, with all NEOs currently in compliance with the stated requirements.

#### ***Clawbacks***

The Compensation Committee can require the repayment of all or a portion of previous BPP awards or gains from stock options or SARs exercised or RSUs distributed as deemed appropriate by the Compensation Committee in the event of misconduct that causes a restatement of financial results. In addition, in 2008, for those who have entered into Terms and Conditions of Employment with Brunswick, including each of the NEOs, the Compensation Committee expanded the types of payments recoverable by the Company in the event of a violation of the restrictive covenants set forth in the Terms and Conditions of Employment to include any severance payments received by the executive and any gain realized as a result of the exercise or vesting of equity awards beginning 12 months prior to termination.

#### ***Post-Employment Compensation***

Post-employment compensation elements that are not currently offered to salaried employees in general are summarized below.

#### ***Supplemental Pension Plan***

There are approximately 19 active employees with non-qualified defined benefit retirement benefits. Effective December 31, 2009, the Company froze the Supplemental Pension Plan and ceased all benefit accruals. Participation thereafter in any supplemental pension plan has been through the Brunswick Restoration Plan.

The Supplemental Pension Plan ensures that employees with covered compensation or pension benefits above Internal Revenue Service ( IRS ) qualified defined benefit plan limits receive the full amount of their intended pension benefits. The Company pays the difference between an employee's earned defined benefit pension and that permissible by IRS qualified limits on a non-qualified tax basis and this amount is subject to the claims of creditors. The Supplemental Pension Plan provides a retirement benefit that is consistent with those who are not affected by the IRS compensation and benefit limits and reflects an individual's full career and covered pay earned.



*Brunswick Restoration Plan*

The Brunswick Restoration Plan has approximately 165 active participants, including all NEOs. The Restoration Plan ensures that employees with covered compensation or retirement plan contributions above IRS qualified defined contribution plan limits receive the full amount of their intended retirement benefits. If an employee elects to participate in the Restoration Plan, 401(k) contributions and Brunswick's match of these contributions above the IRS limit are credited to this plan. In addition, Brunswick's variable retirement contributions for eligible employees are automatically credited to their Restoration Plan accounts. This is a non-qualified plan and is subject to the claims of creditors.

The Restoration Plan provides a retirement benefit consistent with that of employees who are not affected by the IRS compensation and benefit limits.

*The 2005 Elective Deferred Incentive Compensation Plan*

There are approximately 18 active participants who maintain a balance within the 2005 Elective Deferred Incentive Compensation Plan. The 2005 Elective Deferred Incentive Compensation Plan provides eligible employees the opportunity to save in a tax-deferred manner. In 2008, the Company suspended participation in the plan. The Compensation Committee will continue to assess the competitive and regulatory landscape to determine if future enrollment in this plan is warranted.

*The 2005 Automatic Deferred Compensation Plan*

The 2005 Automatic Deferred Compensation Plan defers payment of certain compensation that would otherwise be non-tax-deductible to Brunswick by reason of Section 162(m) of the Internal Revenue Code (the Code) until six months after employment ends. The 2005 Automatic Deferred Compensation Plan preserves Brunswick's ability to take a tax deduction for senior executives' compensation. Deferred amounts that were earned and vested prior to December 31, 2004, are remitted to the executive at such time as they become tax-deductible by Brunswick. Senior executives are required to defer receipt of non-deductible compensation in excess of \$1.5 million in order to limit non-deductible compensation under Section 162(m) of the Code. Financial returns on required automatic deferrals are based on either: (i) an interest rate equal to the greater of the prime rate at J.P. Morgan Chase plus two percentage points, or Brunswick's short-term borrowing rate; or (ii) securities selected by the participant. The two percentage point increment is used to recognize that the NEO does not receive the BPP award otherwise earned until some time in the future, typically upon retirement or other termination of employment. Mr. McCoy is currently the only participant who has automatic deferrals under this plan.

*Split-Dollar Life Insurance Replacement*

Seven individuals, including Messrs. McCoy, Hamilton and Lockridge, have Split-Dollar Life Insurance replacement policies (Replacement Policies). The Replacement Policies provide an insured death benefit and allow for capital accumulation. The Sarbanes-Oxley Act of 2002 prohibits loans to executive officers, and as a result of this loan prohibition combined with changes in taxation of split-dollar life insurance, Brunswick restructured the Replacement Policies in 2004 such that the net present value cost to Brunswick did not increase. Executives are now responsible for payment of annual premiums and keeping their policies current.

Pre-2003 loans on these policies were grandfathered under Sarbanes-Oxley and remain outstanding. The loans must be repaid when the policy matures. Executives with split-dollar life insurance replacements do not receive Company-provided basic life insurance coverage. Executives

hired since 2003 receive basic life insurance coverage under the same terms as other salaried employees, except that the Company continues a life insurance policy for Mr. Schwabero that was provided by his former employer.

*Terms and Conditions of Employment*

At Brunswick, 16 individuals have agreements setting forth their terms and conditions of employment ( Agreements ), including all NEOs. The Agreements describe each executive s duties, memorialize the at will nature of the employment relationship, and set out a detailed listing of the executive s compensation, benefits, and perquisites. Additionally, the Agreements consolidate the restrictive covenants that exist during and after employment (e.g., non-competition, confidentiality, non-solicitation). Finally, the Agreements establish and limit the compensation and benefits to which an executive is entitled in the event of termination.

The Agreements define severance terms if Brunswick terminates the executive s employment without Cause (as defined below) or if the executive terminates for Good Reason (as defined below).

Termination within 24 months following a Change in Control (as defined in Other Potential Post-Employment Payments ):

Severance payment of two and one-half times (three times for Agreements entered into in and prior to 2009) the sum of the annual base salary and target BPP, and the 401(k) match, variable retirement contribution and other Company contributions made on the individual s behalf to the Company s tax-qualified and non-qualified defined contribution plans during the 12-month period prior to the date of termination, and other benefits (including the continuation of medical, dental, vision and prescription coverage) and perquisites for up to 30 months (36 months for Agreements entered into in and prior to 2009), including retirement benefits; and

All equity awards held by the executive will become fully vested and, if applicable, immediately exercisable and will remain outstanding pursuant to their terms.

For Agreements executed in and after 2009, the Company eliminated the practice of providing indemnification or any gross-up of taxes imposed by Section 4999 of the Code on excess parachute payments (as defined in Section 280G of the Code). As a result, executives with these agreements are not entitled to a gross-up for any excise tax imposed on excess parachute payments. Instead, such executive will either be required to pay the excise tax or have his payments reduced if it would be more favorable to him on an after-tax basis. For Agreements executed prior to 2009, indemnification, on a grossed-up basis, would be provided for any tax imposed by Section 4999 of the Code on excess parachute payments, except that benefits will be reduced by up to 10 percent if doing so would avoid such excise taxes. The Company plans to continue excluding excise tax gross-ups from any Agreements entered into in the future.

Termination other than following a Change in Control:

Severance payment of two times for Chairman and Chief Executive Officer, and one and one-half times for the other NEOs, the sum of base salary, BPP (at the discretion of Chairman and Chief Executive Officer for the other NEOs), and the 401(k) match, variable retirement contribution and other Company contributions made on the individual s behalf to the Company s tax-qualified and non-qualified defined contribution plans during the 12-month period prior to the date of termination, and other benefits (including the continuation of medical, dental, vision and prescription coverage) and perquisites for up to 24 months for the Chairman and Chief Executive Officer and up to 18 months for other NEOs.

Brunswick may terminate the Agreements upon six months notice, except that after a Change in Control, Brunswick may not terminate the Agreements until the second anniversary of the Change in Control.

Severance benefits are not available for those individuals terminating due to death, long-term disability or for Cause.

Termination for Cause means the executive s:

Conviction of a crime, including by a plea of guilty or *nolo contendere*, involving theft, fraud, perjury, or moral turpitude;

Intentional or grossly negligent disclosure of confidential or trade secret information of the Company or a related company to anyone not entitled to such information;

Willful omission or dereliction of any statutory or common law duty of loyalty to the Company or a related company;

Willful and material violation of the Company s Code of Conduct or any other written Company policy; or

Repeated failure to carry out the material components of the executive s duties despite specific written notice to do so by the Chief Executive Officer, other than any such failure as a result of incapacity due to physical or mental illness.

Good Reason means any of the following without the executive s express written consent:

Material breach of provisions of the Agreement;

Failure to provide benefits generally provided to similarly-situated senior executives;

Reduction in title, authority or responsibility;

Reduction in compensation not applicable to similarly-situated senior executives;

Relocation beyond a reasonable commuting distance;

Following a Change in Control, failure to obtain a satisfactory agreement from any successor to assume and agree to abide by employment agreement terms; or

Following a Change in Control, reduction in nature, scope or status of authorities or duties.

The Good Reason provision protects executives from being effectively demoted or having their pay reduced in an effort to force them to quit. In addition, pursuant to an agreement executed in 2006, the Chief Executive Officer may terminate employment for any reason during the 30-day period commencing on the first anniversary of a Change in Control and receive the severance described above.

The Agreements contain non-competition and non-solicitation restrictive covenants effective during the two-year period following termination of employment for the Chief Executive Officer, and for 18 months following termination for all other NEOs, and non-disclosure and

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non-disparagement restrictive covenants effective at all times. For Agreements entered into after 2009, upon termination following a Change in Control, non-competition and non-solicitation restrictive covenants are not applicable.

In the event of a violation of the restrictive covenants, the Company may recover any severance payments received by the executive and any gain realized as a result of the exercise or vesting of equity awards beginning 12 months prior to termination and ending on the date that the Company makes full recovery of such payments.

Brunswick believes that offering Agreements to its executives helps to ensure the retention of executive experience, skills, knowledge, and background for the benefit of the Company, and the efficient achievement of the Company's long-term goals and strategy. Additionally, the Agreements reinforce and encourage the executives' continued attention and dedication to duties without distraction arising from the possibility of a Change in Control. The Agreements also protect the Company by requiring senior executives to agree to provisions relating to non-competition and non-solicitation in the event of termination and, for those Agreements entered into prior to 2009, the non-competition and non-solicitation provisions also apply in the event of a termination following a Change in Control.

#### ***Perquisites***

Certain benefits are extended to NEOs but are not offered to salaried employees in general. These low-cost but highly-valued perquisites help NEOs enhance their understanding of Brunswick products and protect their physical health.

#### ***Executive Product Program***

The product program is designed to encourage the use of Brunswick products to enhance understanding and appreciation of Brunswick's businesses and identify product and business enhancement opportunities. Effective January 1, 2011, the Compensation Committee changed the program to provide a product allowance equal to \$30,000 for all participants. The Company does not reimburse the participant for the tax liability associated with the program. The allowance may be applied towards the purchase of Brunswick products at the discounted rates established pursuant to the Brunswick Employee Purchase Program, as well as any freight costs, parts and accessories, service fees and other expenses related to the ownership of the Brunswick products purchased.

#### ***Executive Physical Program***

Brunswick provides a physical examination program to senior executives that is intended to protect the health of such executives and Brunswick's investment in its leadership. Senior executives are required by the Compensation Committee to have an annual physical examination and, as part of this program, they have immediate access to healthcare providers. The Company does not reimburse the participant for the taxable portion of the program.

#### ***Tax Deductibility of Executive Compensation***

Section 162(m) of the Code limits the deductibility for federal income tax purposes of executive compensation paid to the chief executive officer and the three other most highly compensated officers other than the chief financial officer of a public company to \$1.0 million per year. Compensation that is considered performance-based under the Code's definition is exempt from this limit. Income related to SARs and stock options granted under the Company's equity compensation plans generally qualifies for an exemption from these restrictions imposed by Section 162(m). Furthermore, under the Company's 2005 Automatic Deferred Compensation Plan, participants are required to defer any non-deductible annual earnings in excess of \$1.5 million to protect the tax deductibility to the Company of such compensation under Section 162(m) of the Code. In the future, the Compensation Committee will continue to evaluate the appropriateness of qualifying the Company's executive compensation for deductibility under Section 162(m) of the Code.

### **Determining Executive Compensation**

Decisions with respect to the previous year's performance and BPP funding are normally made by the Compensation Committee and Board of Directors at their final meeting of each year. Decisions with respect to specific BPP awards, equity awards and base salary increases for the current year are normally made at the first meeting of each year. Base salary increases are generally effective as of the first full pay period in April.

Equity grant terms and conditions and number of shares for NEOs and other senior executives are reviewed and approved by the Compensation Committee at this first meeting of the year, which is generally held following Brunswick's public disclosure of its financial results for the previous year. The SAR or stock option exercise price is set at 100 percent of the closing stock price on the grant date. Stock option or SAR grants for new hires, if applicable, are made on the first business day of the month following Brunswick's quarterly earnings release.

### **Human Resources and Compensation Committee Report**

The Human Resources and Compensation Committee reviewed and discussed the Compensation Discussion and Analysis with management.

Based on that review and discussion, the Human Resources and Compensation Committee recommended to the Board of Directors of Brunswick Corporation that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and the Company's Proxy Statement to be filed in conjunction with the Company's 2012 Annual Meeting.

Graham H. Phillips, Chairman  
Anne E. Bélec  
Manuel A. Fernandez  
J. Steven Whisler

## 2011 SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation earned by each of the Company's NEOs for the year ended December 31, 2011.

| Name and<br>Principal Position | Year        | Salary<br>(1)    | Bonus       | Stock<br>Awards<br>(2) | Option<br>Awards<br>(3) | Non-Equity<br>Incentive Plan<br>Compensation (4) | Change in<br>Pension Value<br>and Non-<br>qualified<br>Deferred<br>Compensation<br>Earnings (5) | All Other<br>Compensation (6) | Total              |
|--------------------------------|-------------|------------------|-------------|------------------------|-------------------------|--|---|-------------------------------|--------------------|
| <b>Dustan E. McCoy</b>         | <b>2011</b> | <b>\$938,154</b> | <b>\$ -</b> | <b>\$1,170,688</b>     | <b>\$2,945,790</b>      | <b>\$2,211,000</b>                               | <b>\$37,948</b>   | <b>\$ 313,547</b>             | <b>\$7,617,127</b> |
| Chairman and Chief             | 2010        | 906,000          | -           | 780,032                | 3,227,116               | 1,460,000  | 18,617  | 227,191                       | 6,618,956          |
| Executive Officer              | 2009        | 878,123          | -           | -                      | 2,468,025               | 1,459,000  | 14,580  | 103,579                       | 4,923,307          |
| <b>Peter B. Hamilton</b>       | <b>2011</b> | <b>\$545,962</b> | <b>\$ -</b> | <b>\$243,176</b>       | <b>\$614,673</b>        | <b>\$1,025,000</b>                               | <b>\$610,881</b>  | <b>\$ 271,669</b>             | <b>\$3,311,361</b> |
| Senior Vice President          | 2010        | 535,000          | -           | 161,768                | 670,644                 | 668,700  | 509,440   | 220,653                       | 2,766,205          |
| and Chief Financial<br>Officer | 2009        | 518,538          | -           | -                      | 331,890                 | 668,800  | 455,505   | 158,291                       | 2,133,024          |
| <b>Andrew E. Graves</b>        | <b>2011</b> | <b>\$440,962</b> | <b>\$ -</b> | <b>\$129,120</b>       | <b>\$324,733</b>        | <b>\$662,000</b>                                 | <b>\$ -</b>   | <b>\$ 120,648</b>             | <b>\$1,677,463</b> |
| Vice President &               | 2010        | 424,615          | -           | 86,424                 | 355,384                 | 424,600  | -   | 95,719                        | 1,386,742          |
| President Boat<br>Group        | 2009        | 384,346          | -           | 103,100                | 274,108                 | 404,700  | -   | 31,728                        | 1,197,982          |
| <b>Mark D. Schwabero</b>       | <b>2011</b> | <b>\$432,885</b> | <b>\$ -</b> | <b>\$154,944</b>       | <b>\$324,733</b>        | <b>\$655,000</b>                                 | <b>\$ -</b>   | <b>\$ 109,450</b>             | <b>\$1,677,012</b> |
| Vice President &               | 2010        | 400,000          | -           | 86,424                 | 355,384                 | 400,000  | -   | 88,400                        | 1,330,208          |
| President Mercury<br>Marine    | 2009        | 403,231          | -           | -                      | 290,702                 | 400,000  | -   | 46,960                        | 1,140,893          |
| <b>B. Russell Lockridge</b>    | <b>2011</b> | <b>\$380,962</b> | <b>\$ -</b> | <b>\$129,120</b>       | <b>\$324,733</b>        | <b>\$572,000</b>                                 | <b>\$ -</b>   | <b>\$ 119,857</b>             | <b>\$1,526,672</b> |
| Vice President, Chief          | 2010        | 370,000          | -           | 86,424                 | 355,384                 | 370,000  | -   | 94,712                        | 1,276,520          |
| Human Resources<br>Officer     | 2009        | 355,781          | -           | -                      | 274,108                 | 367,100  | -   | 68,359                        | 1,065,348          |

(1) The amounts shown in this column constitute actual base salary paid. Annual salaries as of December 31, 2011, were:

| McCoy     | Hamilton  | Graves    | Schwabero | Lockridge |
|-----------|-----------|-----------|-----------|-----------|
| \$950,000 | \$550,000 | \$445,000 | \$445,000 | \$385,000 |

(2) The amounts shown in this column constitute the aggregate grant date fair value of restricted stock units granted under the 2003 Stock Incentive Plan during the applicable year, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 Compensation Stock Compensation (FASB ASC Topic 718). For assumptions used in the valuation of such

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awards, see Note 16 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. For further information on these awards, see the Grants of Plan-Based Awards table.

- (3) The amounts shown in this column constitute the aggregate grant date fair value of stock-settled stock appreciation rights granted under the 2003 Stock Incentive Plan during the applicable year, computed in accordance with FASB ASC Topic 718. For assumptions used in the valuation of such awards, see Note 16 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. For further information on these awards, see the Grants of Plan-Based Awards table.
- (4) The amounts shown in this column constitute payments made under the annual Brunswick Performance Plan ( BPP ). From Mr. McCoy's 2011 BPP payment, \$1,552,558 was deferred in February 2012 pursuant to the 2005 Automatic Deferred Compensation Plan.
- (5) The amounts shown in this column include:

For Mr. McCoy in 2009, 2010 and 2011, above-market interest paid on required automatic deferrals under the 2005 Automatic Deferred Compensation Plan. Senior executives with compensation in excess of \$1.5 million that is not



qualified under Section 162(m) of the Code automatically have such excess compensation deferred. Deferred cash equivalent balances are credited with: (i) an interest rate equal to the greater of the prime rate at JP Morgan Chase plus two percent, or Brunswick's short-term borrowing rate; or (ii) returns on securities selected by the officer. Interest earned on securities selected by the officer is a market rate of return and is therefore not included in this column. Interest credited to deferred cash equivalent balances for fiscal year 2011 in excess of 120 percent of the IRS applicable federal long-term rate totaled \$37,948 for Mr. McCoy.

The aggregate of the increase in actuarial values of benefits under Brunswick's Salaried Pension Plan and Supplemental Pension Plan equaled \$610,881 for Mr. Hamilton for fiscal year 2011. Although Mr. Hamilton is no longer an active participant and is no longer accruing benefits under these plans, the actuarial value of benefits on December 31, 2011, increased by \$218,914 as compared to December 31, 2010, as a result of a reduction in the discount rate used to calculate the value. Additionally, as shown in the Pension Benefits Table, Mr. Hamilton received pension payments in the amount of \$391,967 in 2011.

(6) The amounts shown in this column include the following for fiscal year 2011:

**Defined Contribution Plan Contributions:** Brunswick contributions to defined contribution programs, including both qualified and non-qualified programs (to provide for contributions in excess of IRS limits) per the contribution formulas detailed in the Narrative to Non-Qualified Deferred Compensation Table are as follows:

|               | McCoy     | Hamilton | Graves   | Schwabero | Lockridge |
|---------------|-----------|----------|----------|-----------|-----------|
| Qualified     | \$24,500  | \$24,500 | \$24,500 | \$24,500  | \$24,500  |
| Non-Qualified | \$213,326 | \$96,314 | \$59,881 | \$56,815  | \$50,334  |

Amounts contributed to the qualified plan include Company match and a variable retirement contribution of four percent and six percent, respectively, on qualified plan limit earnings of \$245,000. As such, qualified contributions total \$24,500 for all participants.

**Product Program:** Brunswick provides a product program for Company officers. This program is designed to encourage the use of Brunswick products to enhance understanding and appreciation of Brunswick's businesses and identify product integration opportunities. Each year, officers are eligible to select products with an aggregate annual value of up to \$30,000. The allowance may be applied toward the purchase of Brunswick products at the discounted rates established pursuant to the Brunswick Employee Purchase Program, as well as any freight costs, parts and accessories, service fees and other expenses related to the ownership of the Brunswick products purchased. However, the Company does not reimburse executives for the associated tax liability as a result of the purchases or value received from the program.

The incremental cost of products selected, which is based on the discounted prices established pursuant to the Brunswick Employee Purchase Program, is as follows:

| McCoy    | Hamilton  | Graves    | Schwabero | Lockridge |
|----------|-----------|-----------|-----------|-----------|
| \$21,512 | \$ 12,932 | \$ 30,000 | \$ 9,885  | \$ 8,878  |

**Life Insurance:** The Sarbanes-Oxley Act of 2002 prohibits loans to executive officers. As a result of this loan prohibition, combined with changes in taxation of split-dollar life insurance, Brunswick restructured existing split-dollar life insurance policies in 2004 such that the net present value cost to Brunswick did not increase. Executives are now responsible for payment of annual premiums and keeping their policies current. Annual payments to NEOs in connection with their payment of premiums are:

|                      | McCoy     | Hamilton   | Lockridge |
|----------------------|-----------|------------|-----------|
|                      | \$ 38,865 | \$ 130,935 | \$ 29,172 |
| Policy Maturity Date | 7/1/2014  | 1/1/2012   | 7/1/2014  |

These individuals are not provided any life insurance through the Company's basic life program for employees.

Brunswick pays the annual premium on the continuation of a life insurance policy provided by Mr. Schwabero's former employer, which was \$9,300 for 2011. This amount is imputed as taxable income to Mr. Schwabero and is not grossed-up for taxes.

**Dividends:** Brunswick credits unvested RSUs with dividend equivalents. The value of these dividend equivalents as of the date credited is as follows:

| <b>McCoy</b> | <b>Hamilton</b> | <b>Graves</b> | <b>Schwabero</b> | <b>Lockridge</b> |
|--------------|-----------------|---------------|------------------|------------------|
| \$6,243      | \$1,292         | \$1,192       | \$745            | \$696            |

**Other Benefits:** Each of the NEOs received some or all of the following perquisites and other personal benefits, none of which exceeded \$25,000 or 10 percent of the perquisites and other personal benefits for that NEO: (a) an annual executive physical examination; and (b) a service providing 24-hour access to immediate healthcare. There are no tax gross-ups related to these items.

## 2011 GRANTS OF PLAN-BASED AWARDS

Estimated Future Payouts Under  
Non-Equity Incentive Plan  
Awards <sup>(1)</sup>

| Name                 | Grant Date | Threshold | Target      | Maximum     | All Other<br>Stock<br>Awards:<br>Number of<br>Shares<br>of<br>Stock or<br>Units <sup>(2)</sup> | All<br>Other<br>Option<br>Awards:<br>Number<br>of<br>Securities<br>Underlying<br>Options<br><sup>(3)</sup> | Exercise or<br>Base<br>Price<br>of<br>Option<br>Awards<br>(\$/Sh) | Grant Date<br>Fair Value<br>of Stock and<br>Option<br>Awards <sup>(4)</sup> |
|----------------------|------------|-----------|-------------|-------------|--|--|---|---|
| Dustan E. McCoy      | 1/1/2011   | \$351,808 | \$1,407,231 | \$2,814,462 | 54,400   | 254,000  | \$21.52   | \$1,170,688   |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
| Peter B. Hamilton    | 1/1/2011   | \$170,613 | \$682,453   | \$1,364,905 | 11,300   | 53,000   | \$21.52   | \$ 243,176  |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
| Andrew E. Graves     | 1/1/2011   | \$110,241 | \$440,962   | \$ 881,924  | 6,000  | 28,000   | \$21.52   | \$ 324,733  |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
| Mark D. Schwabero    | 1/1/2011   | \$108,221 | \$432,885   | \$ 865,770  | 7,200  | 28,000   | \$21.52   | \$ 154,944  |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
| B. Russell Lockridge | 1/1/2011   | \$ 95,241 | \$380,962   | \$ 761,924  | 6,000  | 28,000   | \$21.52   | \$ 129,120  |
|                      | 2/8/2011   |           |             |             |  |  |   |   |
|                      | 2/8/2011   |           |             |             |  |  |   |   |

(1) Consists of threshold, targeted and maximum awards under the 2011 BPP.

(2) Consists of RSUs awarded under the 2003 Stock Incentive Plan. Awards vest on the third anniversary of the grant date unless the Rule of 70 or Age 62 is met, in which case the awards will vest when the individual satisfies the Rule of 70 or Age 62 and be released on the third anniversary of the date of grant.

(3) Consists of SARs awarded under the 2003 Stock Incentive Plan. Awards vest one-fourth on each of the first through fourth anniversaries of the grant date unless the Rule of 70 or Age 62 is met, in which case the awards will vest when the individual satisfies the Rule of 70 or Age 62 and become exercisable ratably over four years.

(4) The amounts shown in this column constitute the aggregate grant date fair value of equity awards granted under the 2003 Stock Incentive Plan during 2011, computed in accordance with FASB ASC Topic 718. For assumptions used in the valuation of such awards, see Note 16 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

**Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table**

*Equity Compensation Plan Information and Awards*

Brunswick granted SARs and RSUs to all NEOs in 2011 pursuant to the Brunswick 2003 Stock Incentive Plan. SARs are generally granted annually and typically vest one-fourth on each of the first through fourth anniversaries of the grant date. RSUs are generally granted annually and typically vest 100 percent on the third anniversary of the grant date. The terms of the awards reflect the use of the Rule of 70 or Age 62 (as described below), along with the inclusion of an additional provision that would pro-rate the grant in the event of termination prior to the first anniversary of the date of grant, provided the participant had met the appropriate retirement definition. Providing for a pro-rated grant serves to keep the decision about retirement timing independent of the vesting schedule of equity-based compensation. Currently, Messrs. McCoy, Hamilton and Lockridge are subject to the Rule of 70 or Age 62 provision. Please see the Other Potential Post-Employment Payments section for a description of the treatment of equity awards following a termination of employment or a change in control.

*Rule of 70 or Age 62*

The terms and conditions of SARs and RSUs each contain a provision providing for accelerated vesting of the award upon attainment of either: (i) the sum of the individual's age plus years of service being equal to or greater than 70; or (ii) age 62 ( Rule of 70 or Age 62 ). Once the Rule of 70 or Age 62 is achieved, the applicable awards vests without waiting periods as specified in each plan and more thoroughly described above.

Please see the Compensation Discussion and Analysis section of this Proxy Statement for a detailed description of awards granted to the NEOs during 2011 and the amount of salary and bonus in proportion to total compensation for each NEO for 2011.

## 2011 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The table below provides information regarding each named executive officer's outstanding equity awards as of December 31, 2011. The equity awards in this table consist of stock options and restricted stock units.

| Name      | Grant Date | Option Awards <sup>(1)</sup>                                    |   |   |                       |                        | Stock Awards <sup>(2) (3)</sup>                              |  |   |   |
|-----------|------------|---|---|---|-----------------------|------------------------|--|--|---|---|
|           |            | Number of Securities Underlying Unexercised Options Exercisable | Number of Securities Underlying Unexercised Options Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Number of Shares or Units of Stock Held That Have Not Vested | Market Value of Shares or Units of Stock Held That Have Not Vested | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested |
| Dustan E. | 04/30/2003 | 6,000   | -   |   | \$21.83               | 04/30/2013             |  |  |   |   |
| McCoy     | 02/18/2004 | 12,000  | -   |   | \$38.36               | 02/18/2014             |  |  |   |   |
|           | 01/31/2005 | 20,000  | -   |   | \$46.12               | 01/31/2015             |  |  |   |   |
|           | 02/14/2006 | 150,000   | -   |   | \$39.15               | 02/14/2016             |  |  |   |   |
|           | 02/13/2007 | 180,000   | -   |   | \$33.00               | 02/13/2017             |  |  |   |   |
|           | 02/28/2008 | 425,925   | 141,975   |   | \$17.06               | 02/28/2018             |  |  |   |   |
|           | 02/09/2009 | 150,000   | 150,000   |   | \$ 3.71               | 02/09/2019             |  |  |   |   |
|           | 05/12/2009 | 275,000   | 275,000   |   | \$ 5.86               | 05/12/2019             |  |  |   |   |
|           | 02/09/2010 | 140,750   | 422,250   |   | \$11.08               | 02/09/2020             |  |  |   |   |
|           | 02/08/2011 | -   | 254,000   | -   | \$21.52               | 02/08/2021             | 10,448   | \$188,691  | -   | -   |
| Peter B.  | 04/30/2003 | 12,000  | -   |   | \$21.83               | 01/31/2012             |  |  |   |   |
| Hamilton  | 02/18/2004 | 12,000  | -   |   | \$38.36               | 01/31/2012             |  |  |   |   |
|           | 01/31/2005 | 15,000  | -   |   | \$46.12               | 01/31/2012             |  |  |   |   |
|           | 11/03/2008 | 100,000   | -   |   | \$ 3.59               | 11/03/2018             |  |  |   |   |
|           | 05/12/2009 | 50,000  | 50,000  |   | \$ 5.86               | 05/12/2019             |  |  |   |   |
|           | 02/09/2010 | 29,250  | 87,750  |   | \$11.08               | 02/09/2020             |  |  |   |   |
|           | 02/08/2011 | -   | 53,000  | -   | \$21.52               | 02/08/2021             | 2,170  | \$ 39,190  | -   | -   |
| Andrew E. | 11/08/2005 | 8,000   | -   | -   | \$39.45               | 11/08/2015             | 10,103   | \$182,459  | -   | -   |
| Graves    | 02/14/2006 | 5,000   | -   |   | \$39.15               | 02/14/2016             | 7,845  | \$141,685  |   |   |

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|            |            |        |        |         |            |       |           |   |   |
|------------|------------|--------|--------|---------|------------|-------|-----------|---|---|
|            | 02/13/2007 | 16,000 | -      | \$33.00 | 02/13/2017 | 6,018 | \$108,687 |   |   |
|            | 02/28/2008 | 49,275 | 16,425 | \$17.06 | 02/28/2018 |       |           |   |   |
|            | 02/09/2009 | 17,500 | 17,500 | \$ 3.71 | 02/09/2019 |       |           |   |   |
|            | 05/12/2009 | 30,000 | 30,000 | \$ 5.86 | 05/12/2019 |       |           |   |   |
|            | 10/29/2009 | -      | -      | \$11.08 | 02/09/2020 |       |           |   |   |
|            | 02/09/2010 | 15,500 | 46,500 | \$21.52 | 02/08/2021 |       |           |   |   |
|            | 02/08/2011 | -      | 28,000 |         |            |       |           |   |   |
| Mark D.    | 04/12/2004 | 3,000  | -      | \$41.84 | 04/12/2014 |       |           |   |   |
| Schwabero  | 01/31/2005 | 10,000 | -      | \$46.12 | 01/31/2015 |       |           |   |   |
|            | 02/14/2006 | 8,000  | -      | \$39.15 | 02/14/2016 |       |           |   |   |
|            | 02/13/2007 | 12,000 | -      | \$33.00 | 02/13/2017 |       |           |   |   |
|            | 02/28/2008 | 39,450 | 13,150 | \$17.06 | 02/28/2018 |       |           |   |   |
|            | 02/09/2009 | 17,500 | 17,500 | \$ 3.71 | 02/09/2019 |       |           |   |   |
|            | 05/12/2009 | 32,500 | 32,500 | \$ 5.86 | 05/12/2019 |       |           |   |   |
|            | 02/09/2010 | 15,500 | 46,500 | \$11.08 | 02/09/2020 | 7,845 | \$141,685 |   |   |
|            | 02/08/2011 | -      | 28,000 | \$21.52 | 02/08/2021 | 7,222 | \$130,425 | - | - |
| B. Russell | 04/30/2003 | 3,500  | -      | \$21.83 | 04/30/2013 |       |           |   |   |
| Lockridge  | 02/18/2004 | 7,000  | -      | \$38.36 | 02/18/2014 |       |           |   |   |
|            | 01/31/2005 | 12,000 | -      | \$46.12 | 01/31/2015 |       |           |   |   |
|            | 02/14/2006 | 12,000 | -      | \$39.15 | 02/14/2016 |       |           |   |   |
|            | 02/13/2007 | 16,000 | -      | \$33.00 | 02/13/2017 |       |           |   |   |
|            | 02/28/2008 | 49,725 | 16,575 | \$17.06 | 02/28/2018 |       |           |   |   |
|            | 02/09/2009 | 17,500 | 17,500 | \$ 3.71 | 02/09/2019 |       |           |   |   |
|            | 05/12/2009 | 30,000 | 30,000 | \$ 5.86 | 05/12/2019 |       |           |   |   |
|            | 02/09/2010 | 15,500 | 46,500 | \$11.08 | 02/09/2020 |       |           |   |   |
|            | 02/08/2011 | -      | 28,000 | \$21.52 | 02/08/2021 | 1,152 | \$ 20,805 | - | - |

- (1) Options vest at a rate of 25 percent per year over the first four years of the 10-year option term, except that Mr. Hamilton's grant on November 3, 2008, vests 100 percent at the end of three years from the date of grant.
- (2) RSU grants vest 100 percent on the third anniversary of the date of grant. The market value of shares or units of stock that have not vested reflects a stock price of \$18.06, the closing stock price on December 30, 2011.

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- (3) Messrs. McCoy, Hamilton and Lockridge's 2011 grants were fully vested on February 8, 2012, as they met the Rule of 70 or Age 62 at date of grant.

## 2011 OPTION EXERCISES AND STOCK VESTED

| Name                 | Option Awards                   |                               | Stock Awards <sup>(1,2,3)</sup>            |                              |
|----------------------|---------------------------------|-------------------------------|--|------------------------------|
|                      | Number of Shares<br>Acquired On | Value Realized on<br>Exercise | Number of Shares<br>Acquired<br>on Vesting | Value Realized<br>on Vesting |
| Dustan E. McCoy      | -                               | \$ -                          | 57,813                                     | \$1,169,755                  |
| Peter B. Hamilton    | 90,000                          | \$ 44,298                     | 12,004                                     | \$ 242,855                   |
| Andrew E. Graves     | -                               | \$ -                          | 10,567                                     | \$ 243,350                   |
| Mark D. Schwabero    | -                               | \$ -                          | -  | -                            |
| B. Russell Lockridge | -                               | \$ -                          | 6,384                                      | \$ 129,208                   |

(1) Includes the following number of vested RSUs awarded on February 26, 2007, and vesting on February 28, 2011, using a market price of \$23.03 per share:

|        | McCoy | Hamilton | Graves    | Schwabero | Lockridge |
|--------|-------|----------|-----------|-----------|-----------|
| Shares | -     | -        | 10,567    | -         | -         |
| Value  | \$ -  | \$ -     | \$243,350 | \$ -      | \$ -      |

(2) Includes the following number of vested RSUs awarded on February 8, 2011, and vesting on November 30, 2011 (due to the application of the retirement provision described in the Equity Compensation Plan Information Awards section above), using a market price of \$18.62 per share:

|        | McCoy     | Hamilton  | Graves | Schwabero | Lockridge |
|--------|-----------|-----------|--------|-----------|-----------|
| Shares | 44,116    | 9,164     | -      | -         | 4,866     |
| Value  | \$821,440 | \$170,634 | \$ -   | \$ -      | \$90,605  |

(3) Includes the following number of vested RSUs awarded on February 9, 2010, and vesting on February 8, 2011 (due to the application of the retirement provision described in the Equity Compensation Plan Information Awards section above), using a market price of \$25.43 per share:

|        | McCoy     | Hamilton | Graves | Schwabero | Lockridge |
|--------|-----------|----------|--------|-----------|-----------|
| Shares | 13,697    | 2,840    | -      | -         | 1,518     |
| Value  | \$348,315 | \$72,221 | \$ -   | \$ -      | \$38,603  |



## 2011 PENSION BENEFITS

| Name <sup>(1)</sup> | Plan Name                 | Number of<br>Years<br>Credited<br>Service<br><sup>(2,3)</sup> | Present Value<br>of<br>Accumulated<br>Benefit | Payments During Last<br>Fiscal Year |
|---------------------|---------------------------|---|---|-------------------------------------|
| Peter B. Hamilton   | Salaried Pension Plan     | 11.17   | \$1,113,692                                   | \$88,093                            |
|                     | Supplemental Pension Plan | 23.67   | \$3,841,637                                   | \$303,874                           |

- (1) Mr. Hamilton is the only NEO who is a participant in the Salaried Pension Plan and/or the Supplemental Pension Plan.
- (2) Upon rejoining Brunswick on September 15, 2008, Mr. Hamilton began participation in the Brunswick Rewards defined contribution plan and ceased accruing a benefit under the defined benefit pension plan.
- (3) Under an agreement with Brunswick, Mr. Hamilton's years of service credited under the Supplemental Pension Plan include credit for 12.5 years of service with a previous employer. Mr. Hamilton's pension under this plan is reduced by the pension he receives from that employer. The values shown in the above table include this reduction.

**Narrative to Pension Benefits Table***Salaried Pension Plan*

The Salaried Pension Plan is a non-contributory plan providing for benefits following retirement under a formula based upon age, years of participation in the plan up to 30 years and the average of the three highest consecutive years' earnings (salaries, annual BPP and commissions, but excluding payouts under the Strategic Incentive Plan, which has been eliminated). Mr. Hamilton is already of retirement age and, due to his previous retirement from the Company in 2007, is currently receiving benefits under this plan. Participation in the salaried pension plan is frozen, with no new participants being added after April 1, 1999. Effective December 31, 2009, all benefit accruals were frozen and all remaining salaried pension plan participants became eligible for the Company's primary defined contribution plan, the Rewards Plan, as of January 1, 2010.

Assumptions used in determining the present value of the accumulated benefit are as follows:

Pre- and Post-Retirement Mortality according to the RP2000 Generational Combined White-Collar Adjustment Table for annuity benefits; and

4.50 percent discount rate for annuity benefits.

*Supplemental Pension Plan*

There are approximately 19 active employees with non-qualified defined benefit retirement benefits. Effective December 31, 2009, the Company froze the Supplemental Pension Plan and ceased all benefit accruals. Participation thereafter in any supplemental pension plan has been through the Brunswick Restoration Plan.

The Supplemental Pension Plan ensures that employees with covered compensation or pension benefits above IRS qualified defined benefit plan limits receive the full amount of their intended pension benefits. Under the Supplemental Pension Plan, the Company pays the difference between an employee's earned defined benefit pension and that permissible by IRS qualified limits on a non-qualified tax basis and this amount is subject to the claims of creditors. The Supplemental Pension Plan provides a retirement benefit that is consistent with those who are not affected by the IRS compensation and benefit limits and reflects an individual's full career and covered pay earned.

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The formula for determining benefits under the Supplemental Pension Plan is the same formula as used for the Salaried Pension Plan as described above.

**2011 NON-QUALIFIED DEFERRED COMPENSATION****Restoration Plan**

| Name                 | Executive Contributions in Last FY <sup>(1)</sup> | Company Contributions in Last FY <sup>(2)</sup> | Earnings in Last FY <sup>(3)</sup> | Aggregate Withdrawals / Distributions | Aggregate Balance at Last FYE <sup>(4)</sup> |
|----------------------|---|---|------------------------------------|---------------------------------------|--|
| Dustan E. McCoy      | \$107,658   | \$213,326                                       | \$(48,388)                         | \$ -                                  | \$3,287,686                                  |
| Peter B. Hamilton    | 48,483  | 96,314  | 9,210                              | -                                     | 295,994                                      |
| Andrew E. Graves     | 31,028  | 59,881  | (9,075)                            | -                                     | 432,120                                      |
| Mark D. Schwabero    | 29,394  | 56,815  | (53,419)                           | -                                     | 1,638,450                                    |
| B. Russell Lockridge | 26,010  | 50,334  | 345,684                            | -                                     | 3,003,610                                    |

**2005 Elective Deferred Incentive Compensation Plan**

| Name                 | Executive Contributions in Last FY <sup>(1)</sup> | Company Contributions in Last FY <sup>(2)</sup> | Earnings in Last FY <sup>(3)</sup> | Aggregate Withdrawals / Distributions | Aggregate Balance at Last FYE <sup>(4)</sup> |
|----------------------|---|---|------------------------------------|---------------------------------------|--|
| Dustan E. McCoy      | \$ -  | \$ -  | \$(10,898)                         | \$ -                                  | \$701,414                                    |
| Peter B. Hamilton    | -   | -   | -                                  | -                                     | -  |
| Andrew E. Graves     | -   | -   | -                                  | -                                     | -  |
| Mark D. Schwabero    | -   | -   | (9,701)                            | -                                     | 250,829                                      |
| B. Russell Lockridge | -   | -   | 108,627                            | -                                     | 911,288                                      |

**2005 Automatic Deferred Compensation Plan**

| Name              | Executive Contributions in Last FY <sup>(1)</sup> | Company Contributions in Last FY <sup>(2)</sup> | Earnings in Last FY <sup>(3)</sup> | Aggregate Withdrawals / Distributions | Aggregate Balance at Last FYE <sup>(4)</sup> |
|-------------------|---|---|------------------------------------|---------------------------------------|--|
| Dustan E. McCoy   | \$916,874   | \$ -  | \$179,398                          | \$ -                                  | \$5,623,598                                  |
| Peter B. Hamilton | -   | -   | -                                  | -                                     | -  |
| Andrew E. Graves  | -   | -   | -                                  | -                                     | -  |