

BRUNSWICK

March 22, 2017

DEAR FELLOW SHAREHOLDERS:

As I prepared to write this letter, I realized how quickly my first year as Chairman and Chief Executive Officer of the Brunswick Corporation has passed. It has been a rewarding time leading our Company as we continue to deliver on our commitments to customers and shareholders.

2016 marked our seventh consecutive year of improvement in operating performance. We delivered all-time record earnings per share, as adjusted, of \$3.48 which exceeded our previous high of \$3.25, as adjusted, in 2005. We achieved this new record on sales revenue of approximately \$4.5 billion, which was approximately \$1.4 billion less than the amount we reported in 2005. In my judgement, we are stronger today than at any time in our history.

2016 BUSINESS RESULTS

We continued to successfully execute our strategy to grow both sales and earnings in 2016. In summary:

- Consolidated net sales increased 9 percent versus 2015; on a constant currency basis, net sales increased 10 percent; excluding the impact of acquisitions, sales on a constant currency basis increased 5 percent.
- Adjusted operating earnings were up 13 percent from 2015.
- Free cash flow was \$234 million, which improved by 21 percent versus 2015.

I invite you to review further details about our performance in the Annual Report on Form 10-K.

OUR STRATEGY

Approaching 175 years in business, Brunswick has proven it can anticipate and adapt to changes in the marketplace. We began in 1845 manufacturing billiards tables in Cincinnati, Ohio, and to this day we remain a predominately U.S. manufacturer. We are a net exporter of products, embracing market opportunities throughout the world.

Our core business strategy remains rooted in our three strategic pillars, which are:

- Product Leadership – We develop and introduce products, services and solutions that are intuitive, innovative and desired by consumers, through a process that is faster and more effective than that of our competitors,
- Be the Best Partner – We consistently deliver the best value to our business partners and stakeholders, and
- Have a Winning Culture – We attract, develop and retain the best team, with a passion for teamwork as we deliver on our plan.

While our strategy remains consistent, our standards and expectations continue evolving to meet the needs of a dynamic market and competitive environment so that we can maintain and widen our leadership position in our core marine and fitness markets.

Along with the growth in our core marine engine, boat and fitness businesses, we augment this platform by seeking opportunities in adjacent markets and through select acquisitions.

For example, during 2016 we acquired:

- Cybex, a leading manufacturer of commercial fitness equipment. Cybex offers a full line of cardiovascular and strength products. This acquisition is expanding the Fitness segment's participation in key markets, including commercial fitness, and adds to our manufacturing footprint to more effectively meet current and future demand. We are pleased with the rate of progress integrating Cybex into our Fitness Division.
- Indoor Cycling Group (ICG), a market leader specializing in the design of indoor cycling equipment, based in Nuremburg, Germany. The ICG acquisition is strengthening our position in indoor cycling and provides a strong foundation to expand in the growing group exercise market.
- Thunder Jet Boats, a leading designer and builder of heavy-gauge aluminum boats based in Clarkston, Washington. Thunder Jet, which historically has had good operating margins, adds breadth and depth to the Boat Group's overall product portfolio, including in the growing heavy-gauge aluminum market, and
- Payne's Marine Group, a leading wholesale distributor of marine parts and accessories based in Victoria, British Columbia. This acquisition broadens the reach of our marine parts and accessories distribution network in the Canadian market.

Our focus for future acquisitions remains primarily in the marine parts and accessories and fitness categories.

INVESTING FOR GROWTH

In addition to these acquisitions, we have also made significant strategic investments in research and development and capacity expansion that will enable our businesses to successfully capture growth opportunities and enhance product offerings. In recent years, we have expanded or upgraded nearly all of our 31 major manufacturing locations.

Capital expenditures along with healthy investment in research and development have on a continual basis averaged more than 6 percent of net sales over the past several years, with approximately 80 percent of that combined investment directed toward new product development, capacity expansion and cost reduction activities.

New product development is a key focus for Brunswick, supporting our strategic pillar of Product Leadership. In 2016, Brunswick spent approximately \$140 million on research and development across the Company, about 3 percent of our annual net sales and consistent with investment levels of recent years. Our efforts have contributed to share gains in many of our businesses as we continue to outpace our competition in the introduction of new products as well as securing patents on innovative technologies and features.

Brunswick had 73 patents granted during 2016, more than twice our 2015 total, and among the highest number achieved in the Company's nearly 175 years in business. In 2015, Brunswick was awarded 34 patents, earning the Company a spot among the top 25 Illinois companies receiving patents that year, according to *Crain's Chicago Business*.

OUTLOOK FOR 2017

Our outlook for 2017 is generally consistent with our three-year strategic plan for 2016-2018, and reflects another year of outstanding earnings growth, with excellent cash flow generation. Our recent results reflect the continued success of our strategy, and we believe we are well-positioned to continue generating sales and earnings growth consistent with our three-year plan, which we believe will result in 2018 EPS of \$4.55 to \$4.95.

We expect our marine businesses' top-line performance will benefit from the continuation of solid growth in the U.S. and Europe and improving market conditions in certain international markets, along with the success of new products. The Fitness segment is expected to benefit from growth in global commercial fitness markets, as well as contributions from new products, particularly in the second half of 2017. As a result, our plan reflects overall revenue growth rates in 2017 in the range of 6 percent to 8 percent, absent any global macro-economic disruptions.

For the full-year, we anticipate improvement in both gross margins and operating margins, as we plan to continue to benefit from volume leverage, cost reductions related to efficiency initiatives and modestly positive product mix factors. Operating expenses are estimated to increase in 2017 as we continue to fund incremental investments to support growth; however, on a percentage-of-sales basis, are expected to be at slightly lower levels than 2016. Our guidance for 2017 reflects a diluted EPS, as adjusted, range of \$3.90 to \$4.05.

Finally, for the full-year 2017, we expect to generate free cash flow in excess of \$250 million. This strong free cash flow, as well as our solid balance sheet, complement and support the execution of our strategy. We have a portfolio of leading brands continuing to earn greater share of the world's marine and fitness markets. To support this growth, we will continue to invest in capital projects, process improvements and research and development programs to continue product and innovation leadership in every segment.

OUR COMMITMENT

I am inspired by the hard work, dedication and commitment of my 14,400 Brunswick colleagues around the world. These talented individuals, who are continually coalescing as a team with a strong winning culture, are energized by the challenges and opportunities that lie ahead. It is a team that has proven that it has the discipline, knowledge and market savvy to execute and deliver on our commitments - to you our shareholders, to our customers, to our fellow employees and to the communities in which we operate and proudly call home. Thank you for placing your trust and confidence in us.

Sincerely,

A handwritten signature in cursive script, reading "Mark D. Schwabero".

Mark D. Schwabero
Chairman and Chief Executive Officer
Brunswick Corporation