BRUNSWICK CORP
Form 10-Q
May 07, 2015

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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 4, 2015

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-01043

Brunswick Corporation

(Exact name of registrant as specified in its charter)

Delaware	36-0848180
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 N. Field Court, Lake Forest, Illinois 60045-4811

(Address of principal executive offices, including zip code)

(847) 735-4700

(Registrant’s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares of Common Stock ($0.75 par value) of the registrant outstanding as of May 5, 2015 was 92,698,739.

BRUNSWICK CORPORATION
INDEX TO QUARTERLY REPORT ON FORM 10-Q
April 4, 2015

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

BRUNSWICK CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(in millions, except per share data)	Three Months Ended April 4, 2015	March 29, 2014
Net sales	$985.7	$894.9
Cost of sales	726.9	651.6
Selling, general and administrative expense	140.0	133.0
Research and development expense	30.1	28.4
Operating earnings	88.7	81.9
Equity earnings (loss)	1.0	(0.2)
Other income, net	1.7	1.1
Earnings before interest and income taxes	91.4	82.8
Interest expense	(7.0)	(7.9)
Interest income	0.5	0.2
Earnings before income taxes	84.9	75.1
Income tax provision	28.3	26.0
Net earnings from continuing operations	56.6	49.1
Discontinued operations:		
Earnings from discontinued operations, net of tax	0.4	7.9
Net earnings from discontinued operations, net of tax	0.4	7.9
Net earnings	$57.0	$57.0
Earnings per common share:		
Basic		
Earnings from continuing operations	$0.60	$0.53
Earnings from discontinued operations	0.01	0.08
Net earnings	$0.61	$0.61
Diluted		
Earnings from continuing operations	$0.59	$0.52
Earnings from discontinued operations	0.01	0.08
Net earnings	$0.60	$0.60
Weighted average shares used for computation of:		
Basic earnings per common share	93.8	93.3
Diluted earnings per common share	95.2	95.0
Comprehensive income	$45.7	$58.5
Cash dividends declared per share	$0.125	$0.10

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

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BRUNSWICK CORPORATION
Condensed Consolidated Balance Sheets
(unaudited)

(in millions)	April 4, 2015	December 31, 2014	March 29, 2014
Assets			
Current assets			
Cash and cash equivalents, at cost, which approximates fair value	$368.2	$ 552.7	$226.0
Short-term investments in marketable securities	57.8	83.2	0.8
Total cash, cash equivalents and short-term investments in marketable securities	426.0	635.9	226.8
Restricted cash	15.6	15.6	8.9
Accounts and notes receivable, less allowances of $16.2, $16.3 and $17.0	473.7	386.5	459.5
Inventories			
Finished goods	437.4	434.9	450.8
Work-in-process	98.5	82.1	83.8
Raw materials	143.9	135.3	126.9
Net inventories	679.8	652.3	661.5
Deferred income taxes	207.0	208.0	137.6
Prepaid expenses and other	40.9	39.5	27.2
Current assets held for sale	31.0	30.0	38.3
Current assets	1,874.0	1,967.8	1,559.8
Property			
Land	23.5	23.6	24.8
Buildings and improvements	333.8	335.6	324.9
Equipment	854.9	847.2	846.1
Total land, buildings and improvements and equipment	1,212.2	1,206.4	1,195.8
Accumulated depreciation	(847.3)	(844.1)	(860.0)
Net land, buildings and improvements and equipment	364.9	362.3	335.8
Unamortized product tooling costs	99.0	98.0	87.3
Net property	463.9	460.3	423.1
Other assets			
Goodwill	296.0	296.9	291.7
Other intangibles, net	44.2	45.5	34.9
Equity investments	25.1	19.0	43.9
Non-current deferred tax asset	272.4	290.9	352.9
Other long-term assets	46.3	41.4	38.2
Long-term assets held for sale	11.9	12.6	201.2
Other assets	695.9	706.3	962.8
Total assets	$3,033.8	$ 3,134.4	$2,945.7

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

BRUNSWICK CORPORATION
Condensed Consolidated Balance Sheets
(unaudited)

(in millions)	April 4, 2015	December 31, 2014	March 29, 2014
Liabilities and shareholders’ equity			
Current liabilities			
Short-term debt, including current maturities of long-term debt	$5.0	$ 5.5	$5.7
Accounts payable	347.4	317.4	360.5
Accrued expenses	477.4	561.5	450.0
Current liabilities held for sale	15.5	15.7	51.3
Current liabilities	845.3	900.1	867.5
Long-term liabilities			
Debt	452.6	450.2	453.5
Deferred income taxes	4.1	3.2	—
Postretirement benefits	333.7	398.2	336.6
Other	193.6	203.0	185.7
Long-term liabilities held for sale	7.3	8.2	9.1
Long-term liabilities	991.3	1,062.8	984.9
Shareholders’ equity			
Common stock; authorized: 200,000,000 shares, $0.75 par value; issued: 102,538,000 shares; outstanding: 92,716,000, 92,694,000 and 92,716,000 shares	76.9	76.9	76.9
Additional paid-in capital	392.9	395.0	387.2
Retained earnings	1,512.7	1,467.3	1,311.1
Treasury stock, at cost: 9,822,000, 9,844,000 and 9,822,000 shares	(293.5)	(287.2)	(281.9)
Accumulated other comprehensive loss, net of tax	(491.8)	(480.5)	(400.0)
Shareholders’ equity	1,197.2	1,171.5	1,093.3
Total liabilities and shareholders’ equity	$3,033.8	$ 3,134.4	$2,945.7

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

BRUNSWICK CORPORATION
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in millions)	Three Months Ended April 4, 2015	March 29, 2014
Cash flows from operating activities		
Net earnings	$57.0	$57.0
Less: net earnings from discontinued operations, net of tax	0.4	7.9
Net earnings from continuing operations	56.6	49.1
Depreciation and amortization	21.9	18.0
Pension (funding), net of expense	(58.0)	3.1
Deferred income taxes	19.4	21.0
Excess tax benefits from share-based compensation	(6.0)	(3.5)
Equity in (earnings) losses of unconsolidated affiliates, net of dividends	(1.0)	0.2
Changes in certain current assets and current liabilities	(160.6)	(209.9)
Income taxes	4.6	(0.9)
Other, net	(2.8)	(1.2)
Net cash (used for) operating activities of continuing operations	(125.9)	(124.1)
Net cash (used for) provided by operating activities of discontinued operations	(6.4)	16.3
Net cash (used for) operating activities	(132.3)	(107.8)
Cash flows from investing activities		
Capital expenditures	(33.8)	(21.0)
Purchases of marketable securities	(15.9)	—
Sales or maturities of marketable securities	41.3	11.9
Transfers to restricted cash	—	(2.4)
Investments	(5.3)	(4.2)
Proceeds from the sale of property, plant and equipment	1.0	0.1
Net cash used for investing activities of continuing operations	(12.7)	(15.6)
Net cash used for investing activities of discontinued operations	(0.2)	(0.9)
Net cash used for investing activities	(12.9)	(16.5)
Cash flows from financing activities		
Payments of long-term debt including current maturities	(0.1)	(0.3)
Common stock repurchases	(20.0)	—
Cash dividends paid	(11.6)	(9.3)
Excess tax benefits from share-based compensation	6.0	3.5
Proceeds from shared-based compensation activity	3.7	4.5
Tax withholding associated with shares issued for share-based compensation	(7.8)	(4.2)
Net cash used for financing activities of continuing operations	(29.8)	(5.8)
Net cash used for financing activities of discontinued operations	—	—
Net cash used for financing activities	(29.8)	(5.8)
Effect of exchange rate changes on cash and cash equivalents	(9.5)	(0.4)
Net decrease in cash and cash equivalents	(184.5)	(130.5)
Cash and cash equivalents at beginning of period	552.7	356.5
Cash and cash equivalents at end of period	$368.2	$226.0

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

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Significant Accounting Policies

Interim Financial Statements. The unaudited interim condensed consolidated financial statements of Brunswick Corporation (Brunswick or the Company) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Therefore, certain information and disclosures normally included in financial statements and related notes prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted. Certain previously reported amounts have been reclassified to conform to the current period presentation, including reclassifying certain prior year work-in-process inventory balances to raw materials. Additionally, certain prior year LIFO reserves have been reclassified from finished goods to work-in-process and raw materials to reflect a proportional allocation between inventory categories to conform to the current period presentation. The Company has also reclassified the effect of exchange rate changes on cash and cash equivalents from Other, net in operating activities in the Condensed Consolidated Statements of Cash Flows to conform to the current period presentation. As indicated in Note 2 – Discontinued Operations, Brunswick's results as discussed in the financial statements reflect continuing operations only, unless otherwise noted.

These financial statements should be read in conjunction with, and have been prepared in conformity with, the accounting principles reflected in the consolidated financial statements and related notes included in Brunswick’s 2014 Annual Report on Form 10-K for the year ended December 31, 2014 (the 2014 Form 10-K). These results include, in the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position of Brunswick as of April 4, 2015, December 31, 2014, and March 29, 2014, the results of operations for the three months ended April 4, 2015 and March 29, 2014, and the cash flows for the three months ended April 4, 2015 and March 29, 2014. Due to the seasonality of Brunswick’s businesses, the interim results are not necessarily indicative of the results that may be expected for the remainder of the year.

The Company maintains its financial records on the basis of a fiscal year ending on December 31, with the fiscal quarters spanning thirteen weeks, with the first quarter ending on the Saturday closest to the end of the first thirteen-week period. The first quarter of fiscal year 2015 ended on April 4, 2015, and the first quarter of fiscal year 2014 ended on March 29, 2014.

Recent Accounting Pronouncements. The Company evaluates the pronouncements of various authoritative accounting organizations, primarily the Financial Accounting Standards Board (FASB), the SEC, and the Emerging Issues Task Force, to determine the impact of new pronouncements on GAAP and the impact on the Company. The following are recent accounting pronouncements that have been adopted during the three months ended April 4, 2015, or will be adopted in future periods.

Debt Issuance Costs: In April 2015, the FASB amended the Accounting Standards Codification (ASC) to change the presentation of debt issuance costs. The amendment requires debt issuance costs be presented on the balance sheet as a direct reduction from the carrying amount of the related debt liability rather than as an asset. The amendment is to be applied retrospectively and is effective for fiscal years, and the interim periods thereafter, beginning after December 15, 2015, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASC amendment, but does not expect it will have a material effect on the Company's consolidated financial statements.

Consolidation: In February 2015, the FASB amended the ASC to update certain requirements for determining whether a variable interest entity must be consolidated. The amendment is effective for fiscal years, and the interim periods thereafter, beginning after December 15, 2015, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASC amendment, but does not expect it will have a material effect on the Company's

consolidated financial statements.

Going Concern: In August 2014, the FASB amended the ASC to provide guidance on determining when and how an entity must disclose going concern uncertainties in its financial statements. The amendment requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of an entity's financial statements. If there is substantial doubt about the entity's ability to continue as a going concern, an entity must provide certain footnote disclosures. The amendment is effective for fiscal years, and the interim periods thereafter, beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASC amendment, but does not expect it will have a material effect on the Company's consolidated financial statements.

Revenue Recognition: In May 2014, the FASB and International Accounting Standards Board jointly issued a final standard on revenue recognition which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This standard will supersede most current revenue recognition guidance. Under the new standard, entities are required to identify the contract with a customer; identify the separate performance obligations in the contract; determine

BRUNSWICK CORPORATION
Notes to Condensed Consolidated Financial Statements
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the transaction price; allocate the transaction price to the separate performance obligations in the contract; and recognize the appropriate amount of revenue when (or as) the entity satisfies each performance obligation. The standard is effective for fiscal years, and the interim periods within those years, beginning on or after January 1, 2017, however in April 2015, the FASB proposed a one year deferral of the effective date. Entities have the option of using either retrospective transition or a modified approach in applying the new standard. The Company is currently evaluating the approach it will use to apply the new standard and the impact that the adoption of the new standard will have on the Company’s consolidated financial statements.

Discontinued Operations: In April 2014, the FASB amended the ASC to raise the threshold for a disposal to qualify as a discontinued operation. Under the new guidance, a discontinued operation represents a strategic shift that has or will have a major effect on an entity's operations and financial results. The guidance also expands the disclosures for discontinued operations, including new disclosures related to individually material disposals that do not meet the definition of a discontinued operation. The amendment is effective for fiscal years, and the interim periods within those years, beginning after December 15, 2014, with early adoption permitted only for disposals that have not been reported in financial statements previously issued. The Company adopted this amendment in 2015 and it did not have a material impact on the Company's consolidated financial statements.

Note 2 – Discontinued Operations

On July 17, 2014, the Company entered into an agreement to sell its retail bowling business to AMF Bowling Centers, Inc. In connection with its decision to sell its bowling centers, the Company also announced its intention to divest its bowling products business. As a result of these actions, these businesses, which were previously recorded in the Company's Bowling & Billiards segment are being reported as discontinued operations in the Condensed Consolidated Statements of Comprehensive Income for all periods presented. The Company does not have or anticipate having any significant continuing involvement or continuing cash flows associated with these businesses. The assets and liabilities of these businesses met the accounting criteria to be classified as held for sale and have been aggregated and reported on separate lines of the Condensed Consolidated Balance Sheets for all periods presented.

On September 18, 2014, the Company completed the sale of its retail bowling business to AMF Bowling Centers, Inc. as well as, in separate transactions, completed the sale of two retail bowling centers in California. The sales resulted in net cash proceeds of $264.3 million, subject to a working capital adjustment, and an after-tax gain of $52.6 million. In connection with the sale of its retail bowling business, the Company entered into a trademark licensing agreement allowing AMF Bowling Centers, Inc. to use the Company's bowling retail related trademarks and trade names over a five year period from the date of acquisition. As a result, the Company recorded deferred income of $20.7 million related to this agreement, which will be recognized as Other income in the Condensed Consolidated Statements of Comprehensive Income over five years. In connection with the sale of its retail bowling business, the Company has retained certain liabilities and provided guarantees on the leases of certain bowling centers.

The following table discloses the results of operations of the bowling products business reported as discontinued operations for the three months ended April 4, 2015 and for the retail bowling and bowling products businesses reported as discontinued operations for the three months ended March 29, 2014:

	Three Months Ended	
(in millions)	April 4, 2015	March 29, 2014
Net sales	$25.2	$74.3

Earnings from discontinued operations before income taxes	0.6	12.3
Income tax provision	0.2	4.4
Net earnings from discontinued operations, net of tax	$0.4	$7.9

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Notes to Condensed Consolidated Financial Statements
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The following table reflects the summary of assets and liabilities held for sale for the bowling products business as of April 4, 2015 and December 31, 2014 and for the retail bowling and bowling products businesses as of March 29, 2014:

(in millions)	April 4 2015	December 31, 2014	March 29 2014
Accounts and notes receivable, net	$13.6	$ 14.0	$16.9
Net inventory	16.8	15.3	18.6
Prepaid expenses and other	0.6	0.7	2.8
Current assets held for sale	31.0	30.0	38.3
Net property	8.6	8.8	194.7
Other long-term assets	3.3	3.8	6.5
Long-term assets held for sale	11.9	12.6	201.2
Assets held for sale	$42.9	$ 42.6	$239.5
Accounts payable	$5.7	$ 4.5	$22.9
Accrued expenses	9.8	11.2	28.4
Current liabilities held for sale	15.5	15.7	51.3
Other liabilities	7.3	8.2	9.1
Long-term liabilities held for sale	7.3	8.2	9.1
Liabilities held for sale	$22.8	$ 23.9	$60.4

Note 3 – Acquisitions

On July 31, 2014, the Company acquired 100 percent of privately held Bell Industries Recreational Products Group, Inc. (Bell), which is based in Eagan, Minnesota. Bell is a distributor of parts and accessories to the marine, recreational vehicle and powersports markets, serving primarily the Upper Midwest of the U.S. The Company believes this acquisition will allow the Company to solidify its footprint in the Upper Midwest with locations in Minnesota, Michigan and Wisconsin, enhance its growth of its parts and accessories businesses, expand the depth and breadth of its product portfolio and enable entry into attractive adjacent markets. Bell is managed as part of the Company’s marine service, parts and accessories businesses within the Marine Engine segment.
The net cash consideration paid by the Company to acquire Bell was $11.9 million. The assets acquired and liabilities assumed in the Bell acquisition have been measured at their fair values at the acquisition date, resulting in $2.0 million of identifiable intangible assets for customer relationships and $0.9 million of goodwill, which are both deductible for tax purposes. The amounts assigned to Bell's customer relationships will be amortized over the estimated useful life of 8 years.

On June 16, 2014, the Company acquired 100 percent of privately held Whale, which is based in Bangor, Northern Ireland, and is a manufacturer of water movement and heating systems for the marine, recreational vehicle, industrial and other markets. The Company believes this acquisition will allow the Company to more fully compete across a number of parts and accessories product categories, enable entry into attractive adjacent markets and expand the global presence of the marine service, parts and accessories businesses. Whale is managed as part of the Company's marine service, parts and accessories businesses within the Marine Engine segment.

The net cash consideration paid by the Company to acquire Whale was $29.6 million, which included payments at close of $10.0 million to retire acquiree debt. The assets acquired and liabilities assumed in the Whale acquisition have been measured at their fair values at the acquisition date, resulting in $11.9 million of identifiable intangible assets, including customer relationships, trade names and patents and proprietary technology for $6.1 million, $3.7 million and $2.1 million, respectively, and $7.9 million of goodwill, all of which are not deductible for tax purposes. The Company considers its trade names to be indefinite-lived intangible assets, whereas the amounts assigned to Whale's customer relationships and patent and proprietary technology will be amortized over the estimated useful lives of 14 years and 5 years, respectively.

These acquisitions were not and would not have been material to the Company's net sales, results of operations or total assets during any period presented. Accordingly, the Company's consolidated results from operations do not differ materially from historical performance as a result of these acquisitions, and therefore, pro-forma results are not presented.

Note 4 – Financial Instruments

The Company operates globally with manufacturing and sales facilities in various locations around the world. Due to the Company's global operations, the Company engages in activities involving both financial and market risks. The Company utilizes normal operating and financing activities, along with derivative financial instruments, to minimize these risks.

Derivative Financial Instruments. The Company uses derivative financial instruments to manage its risks associated with movements in foreign currency exchange rates, interest rates and commodity prices. Derivative instruments are not used for trading or speculative purposes. For certain derivative contracts, on the date a derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction (cash flow hedge). The Company formally documents its hedge relationships, including identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges to specific forecasted transactions. The Company also assesses, both at the hedge's inception and monthly thereafter, whether the derivatives used in hedging transactions are highly effective in offsetting the changes in the anticipated cash flows of the hedged item. If the hedging relationship ceases to be highly effective, or it becomes probable that a forecasted transaction is no longer expected to occur, gains and losses on the derivative are recorded in Cost of sales or Interest expense as appropriate. There were no material adjustments as a result of ineffectiveness to the results of operations for the three months ended April 4, 2015 and March 29, 2014. The fair value of derivative financial instruments is determined through market-based valuations and may not be representative of the actual gains or losses that will be recorded when these instruments mature due to future fluctuations in the markets in which they are traded. The effects of derivative and financial instruments are not expected to be material to the Company's financial position or results of operations when considered together with the underlying exposure being hedged. Use of derivative financial instruments exposes the Company to credit risk with its counterparties when the fair value of a derivative contract is an asset. The Company mitigates this risk by entering into derivative contracts with highly rated counterparties. The maximum amount of loss due to counterparty credit risk is limited to the asset value of derivative financial instruments.

Cash Flow Hedges. The Company enters into certain derivative instruments that are designated and qualify as cash flow hedges. The Company executes both forward and option contracts, based on forecasted transactions, to manage foreign exchange exposure mainly related to inventory purchase and sales transactions. The Company also enters into commodity swap agreements, based on anticipated purchases of aluminum, copper and natural gas, to manage risk related to price changes. From time-to-time, the Company enters into forward starting interest rate swaps to hedge the interest rate risk associated with the anticipated issuance of debt.

A cash flow hedge requires that as changes in the fair value of derivatives occur, the portion of the change deemed to be effective is recorded temporarily in Accumulated other comprehensive loss, an equity account, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. As of April 4, 2015, the term of derivative instruments hedging forecasted transactions ranged from one to 21 months.

Fair Value Hedges. From time-to-time, the Company enters into fixed-to-floating interest rate swaps to convert a portion of the Company's long-term debt from fixed to floating rate debt. An interest rate swap is entered into with the expectation that the change in the fair value of the interest rate swap will offset the change in the fair value of the debt instrument attributable to changes in the benchmark interest rate. Each period, the change in the fair value of the

interest rate swap asset or liability is recorded in debt.

Other Hedging Activity. The Company has entered into certain foreign currency forward contracts that have not been designated as a hedge for accounting purposes. These contracts are used to manage foreign currency exposure related to changes in the value of assets or liabilities caused by changes in foreign exchange rates. The change in the fair value of the foreign currency derivative contract and the corresponding change in the fair value of the asset or liability of the Company are both recorded through earnings, each period as incurred.

Foreign Currency. The Company enters into forward and option contracts to manage foreign exchange exposure related to forecasted transactions and assets and liabilities that are subject to risk from foreign currency rate changes. These exposures include: product costs; revenues and expenses; associated receivables and payables; intercompany obligations and receivables; and other related cash flows.

Forward exchange contracts outstanding at April 4, 2015, December 31, 2014 and March 29, 2014 had notional contract values of $148.0 million, $153.5 million and $154.7 million, respectively. Option contracts outstanding at April 4, 2015, December 31, 2014 and March 29, 2014 had notional contract values of $70.1 million, $87.0 million and $62.7 million, respectively. The forward

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Notes to Condensed Consolidated Financial Statements
(unaudited)

and options contracts outstanding at April 4, 2015 mature during 2015 and 2016 and mainly relate to the Euro, Canadian dollar, Japanese yen, Brazilian real, British pound, Australian dollar, Swedish krona, Mexican peso, Norwegian krone, and New Zealand dollar. As of April 4, 2015, the Company estimates that during the next 12 months, it will reclassify approximately $9.5 million of net gains (based on current rates) from Accumulated other comprehensive loss to Cost of sales.

Interest Rate. In the second quarter of 2014, the Company entered into fixed-to-floating interest rate swaps to convert a portion of the Company's long-term debt from fixed to floating rate debt. As of both April 4, 2015 and December 31, 2014, the outstanding swaps had notional contract values of $200.0 million, of which $150.0 million correspond to the Company's 4.625 percent Senior notes due 2021 and $50.0 million correspond to the Company's 7.375 percent Debentures due 2023. There were no fixed-to-floating interest rate swaps outstanding as of March 29, 2014. These instruments have been designated as fair value hedges, with the fair value recorded in long-term debt as discussed in Note 16 – Debt.

The Company also enters into forward starting interest rate swaps from time-to-time to hedge the interest rate risk associated with anticipated debt issuances. There were no forward starting interest rate swaps outstanding at April 4, 2015, December 31, 2014 or March 29, 2014.

As of April 4, 2015, December 31, 2014 and March 29, 2014, the Company had $5.2 million, $5.2 million and $5.3 million, respectively, of net deferred losses associated with all forward starting interest rate swaps, which were included in Accumulated other comprehensive loss. These amounts include gains deferred on forward starting interest rate swaps terminated in July 2006, net of losses deferred on forward starting swaps terminated in August 2008 and the forward starting swaps terminated in May 2013. As of April 4, 2015, the Company estimates that during the next 12 months, it will reclassify approximately $0.1 million of net losses resulting from settled forward starting interest rate swaps from Accumulated other comprehensive loss to Interest expense.

Commodity Price. The Company uses commodity swaps to hedge anticipated purchases of aluminum, copper and natural gas. Commodity swap contracts outstanding at April 4, 2015, December 31, 2014 and March 29, 2014 had notional contract values of $23.9 million, $22.9 million and $32.7 million, respectively. The contracts outstanding mature through 2016. The amount of gain or loss associated with the change in fair value of these instruments is deferred in Accumulated other comprehensive loss and recognized in Cost of sales in the same period or periods during which the hedged transaction affects earnings. As of April 4, 2015, the Company estimates that during the next 12 months it will reclassify approximately $0.2 million in net gains (based on current prices) from Accumulated other comprehensive loss to Cost of sales.

As of April 4, 2015, the fair values of the Company’s derivative instruments were:
(in millions)

	Derivative Assets		Derivative Liabilities	
Instrument	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives Designated as Cash Flow Hedges				
Foreign exchange contracts	Prepaid expenses and other	$6.9	Accrued expenses	$0.9
Commodity contracts	Prepaid expenses and other	—	Accrued expenses	2.5
Total		$6.9		$3.4

Derivatives Designated as Fair Value Hedges				
Interest rate contracts	Prepaid expenses and other	$3.0	Accrued expenses	$1.7
Interest rate contracts	Other long-term assets	4.9	Other long-term liabilities	—
Total		$7.9		$1.7
Other Hedging Activity				
Foreign exchange contracts	Prepaid expenses and other	$1.0	Accrued expenses	$0.0
Total		$1.0		$0.0

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As of December 31, 2014, the fair values of the Company's derivative instruments were:
(in millions)

	Derivative Assets		Derivative Liabilities	
Instrument	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives Designated as Cash Flow Hedges				
Foreign exchange contracts	Prepaid expenses and other	$5.9	Accrued expenses	$1.5
Commodity contracts	Prepaid expenses and other	0.3	Accrued expenses	0.7
Total		$6.2		$2.2
Derivatives Designated as Fair Value Hedges				
Interest rate contracts	Prepaid expenses and other	$3.9	Accrued expenses	$1.3
Total		$3.9		$1.3
Other Hedging Activity				
Foreign exchange contracts	Prepaid expenses and other	$1.0	Accrued expenses	$0.1
Total		$1.0		$0.1

As of March 29, 2014, the fair values of the Company's derivative instruments were:
(in millions)

	Derivative Assets		Derivative Liabilities	
Instrument	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives Designated as Cash Flow Hedges				
Foreign exchange contracts	Prepaid expenses and other	$2.0	Accrued expenses	$1.5
Commodity contracts	Prepaid expenses and other	0.0	Accrued expenses	1.5
Total		$2.0		$3.0
Other Hedging Activity				
Foreign exchange contracts	Prepaid expenses and other	$0.2	Accrued expenses	$0.1
Total		$0.2		$0.1

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The effect of derivative instruments on the Condensed Consolidated Statements of Comprehensive Income for the three months ended April 4, 2015 was:
(in millions)

Derivatives Designated as Cash Flow Hedging Instruments	Amount of Gain (Loss) on Derivatives Recognized in Accumulated Other Comprehensive Loss (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)
Interest rate contracts	$—	Interest expense	$0.0
Foreign exchange contracts	6.7	Cost of sales	2.6
Commodity contracts	(2.7)	Cost of sales	(1.8)
Total	$4.0		$0.8

Derivatives Designated as Fair Value Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Earnings	Amount of Gain (Loss) on Derivatives Recognized in Earnings
Interest rate contracts	Interest expense	$1.1
Total		$1.1

Other Hedging Activity	Location of Gain (Loss) on Derivatives Recognized in Earnings	Amount of Gain (Loss) on Derivatives Recognized in Earnings
Foreign exchange contracts	Cost of sales	$6.2
Foreign exchange contracts	Other income, net	0.7
Total		$6.9

The effect of derivative instruments on the Condensed Consolidated Statements of Comprehensive Income for the three months ended March 29, 2014 was:
(in millions)

Derivatives Designated as Cash Flow Hedging Instruments	Amount of Gain (Loss) on Derivatives Recognized in Accumulated Other Comprehensive Loss (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)
Foreign exchange contracts	$0.0	Cost of sales	$(0.4)
Commodity contracts	(1.1)	Cost of sales	(2.2)
Total	$(1.1)		$(2.6)

Other Hedging Activity	Location of Gain (Loss) on Derivatives Recognized in Earnings	Amount of Gain (Loss) on Derivatives Recognized in Earnings
Foreign exchange contracts	Cost of sales	$(0.5)

Foreign exchange contracts	Other income, net	(0.1)
Total		$(0.6)

Concentration of Credit Risk. The Company enters into financial instruments and invests a portion of its cash reserves in marketable debt securities with banks and investment firms with which the Company has business relationships, and regularly monitors the credit ratings of its counterparties. The Company sells a broad range of recreational products to a worldwide customer base and extends credit to its customers based upon an ongoing credit evaluation program. The Company's business units maintain credit organizations to manage financial exposure and perform credit risk assessments on an individual account basis. Accounts are not aggregated into categories for credit risk determinations. There are no concentrations of credit risk resulting from accounts receivable that are considered material to the Company's financial position. Refer to Note 9 – Financing Receivables for more information.

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Fair Value of Other Financial Instruments. The carrying values of the Company's short-term financial instruments, including cash and cash equivalents, accounts and notes receivable and short-term debt, including current maturities of long-term debt, approximate their fair values because of the short maturity of these instruments. At April 4, 2015, December 31, 2014 and March 29, 2014, the fair value of the Company's long-term debt was approximately $470.7 million, $460.2 million and $468.9 million, respectively, and was determined using Level 1 and Level 2 inputs described in Note 5 – Fair Value Measurements, including quoted market prices or discounted cash flows based on quoted market rates for similar types of debt. The carrying value of long-term debt, including current maturities, was $457.6 million, $455.7 million and $459.2 million as of April 4, 2015, December 31, 2014 and March 29, 2014, respectively.

Note 5 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable.

- Level 1 - Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets or liabilities.

- Level 2 - Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from readily available pricing sources for comparable instruments.

- Level 3 - Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The following table summarizes Brunswick's financial assets and liabilities measured at fair value on a recurring basis as of April 4, 2015:

(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$111.3	$34.5	$—	$145.8
Short-term investments in marketable securities	0.8	57.0	—	57.8
Restricted cash	15.6	—	—	15.6
Derivatives	—	15.8	—	15.8
Total assets	$127.7	$107.3	$—	$235.0
Liabilities:				
Derivatives	$—	$5.1	$—	$5.1
Other	7.0	47.2	—	54.2
Total liabilities	$7.0	$52.3	$—	$59.3

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The following table summarizes Brunswick's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2014:

(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$130.7	$126.8	$—	$257.5
Short-term investments in marketable securities	9.7	73.5	—	83.2
Restricted cash	15.6	—	—	15.6
Derivatives	—	11.1	—	11.1
Total assets	$156.0	$211.4	$—	$367.4
Liabilities:				
Derivatives	$—	$3.6	$—	$3.6
Other	4.0	48.8	—	52.8
Total liabilities	$4.0	$52.4	$—	$56.4

The following table summarizes Brunswick's financial assets and liabilities measured at fair value on a recurring basis as of March 29, 2014:

(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$68.8	$1.0	$—	$69.8
Short-term investments in marketable securities	0.8	—	—	0.8
Restricted cash	8.9	—	—	8.9
Derivatives	—	2.2	—	2.2
Total assets	$78.5	$3.2	$—	$81.7
Liabilities:				
Derivatives	$—	$3.1	$—	$3.1
Other	4.3	44.7	—	49.0
Total liabilities	$4.3	$47.8	$—	$52.1

Refer to Note 4 – Financial Instruments for additional information related to the fair value of derivative assets and liabilities by class. Other liabilities shown in the tables above include certain deferred compensation plans of the Company. In addition to the items shown in the tables above, refer to Note 17 in the 2014 Form 10-K for further discussion regarding the fair value measurements associated with the Company's postretirement benefit plans.

Note 6 – Share-Based Compensation

Under the Brunswick Corporation 2014 Stock Incentive Plan (Plan), the Company may grant stock options, stock appreciation rights (SARs), non-vested stock awards and performance awards to executives, other employees and non-employee directors, with 5.0 million shares from treasury shares and from authorized, but unissued, shares of common stock initially available for grant, in addition to any shares reacquired by the Company through the forfeiture of past awards, or settlement of such awards in cash. As of April 4, 2015, 5.3 million shares remained available for grant.

Stock Options and SARs

Through 2004, the Company issued stock options, and between 2005 and 2012, the Company issued stock-settled SARs. The Company has not issued SARs since 2012. In the three months ended April 4, 2015 and March 29, 2014, there was $0.1 million and $0.3 million, respectively, of total expense after adjusting for forfeitures, due to amortization of SARs previously granted.

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Non-vested stock awards

The Company grants both stock-settled and cash-settled non-vested stock units and awards to key employees as determined by the Human Resources and Compensation Committee. The Company granted 0.2 million and 0.3 million of stock awards during the three months ended April 4, 2015 and March 29, 2014, respectively. The Company recognizes the cost of non-vested stock units and awards on a straight-line basis over the requisite service period. Additionally, cash-settled non-vested stock units and awards are recorded as a liability in the balance sheet and adjusted to fair value each reporting period through stock compensation expense. During the three months ended April 4, 2015 and March 29, 2014, $3.6 million and $2.2 million, respectively, was charged to compensation expense for non-vested stock awards.

As of April 4, 2015, the Company had $15.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. The Company expects this cost to be recognized over a weighted average period of 1.5 years.

Performance Awards

In the first quarter of 2015 and 2014, the Company granted 0.1 million performance shares to certain senior executives. The 2015 share awards are based on three performance measures--a cash flow return on investment (CFROI) measure, an operating margin (OM) measure and a total shareholder return (TSR) modifier. The 2014 share awards are based on a CFROI measure and a TSR modifier. Performance shares are earned based on a three-year performance period and a one-year performance period, commencing at the beginning of the calendar year of each grant, for the 2015 and 2014 share grants, respectively. The performance shares are then subject to a TSR modifier based on stock returns measured against stock returns of a predefined comparator group over a three-year performance period which starts at the beginning of the calendar year of each grant. Additionally, in February 2015 and 2014, the Company granted 22,990 and 24,600 performance shares, respectively, to certain officers and certain senior managers based on the respective measures and performance periods described above but excluding a TSR modifier. Based on projections of probable attainment of the CFROI and OM measures and the projected TSR modifier used to determine the performance awards, $1.2 million and $1.6 million was charged to compensation expense for the three months ended April 4, 2015 and March 29, 2014, respectively.

The fair values of the senior executives' performance share award grants with a TSR modifier at the grant date in 2015 and 2014 were $56.17 and $41.38, respectively, which were estimated using the Monte Carlo valuation model, and incorporated the following assumptions:

	2015		2014	
Risk-free interest rate	1.0	%	0.6	%
Dividend yield	0.9	%	1.0	%
Volatility factor	39.2	%	43.7	%
Expected life of award	2.9 years		2.9 years	

The fair value of the certain officers and certain senior managers' performance awards granted that were not subject to a TSR modifier was $52.39 and $40.44, which was based on the stock price on the date of grant in 2015 and 2014, respectively.

As of April 4, 2015, the Company had $7.4 million of total unrecognized compensation cost related to performance awards. The Company expects this cost to be recognized over a weighted average period of 1.2 years.

Director Awards

The Company issues stock awards to non-employee directors in accordance with the terms and conditions determined by the Nominating and Corporate Governance Committee of the Board of Directors. A portion of each director’s annual fee is paid in Brunswick common stock, the receipt of which may be deferred until a director retires from the Board of Directors. Each director may elect to have the remaining portion paid in cash, in Brunswick common stock distributed at the time of the award, or in deferred Brunswick common stock units with a 20 percent premium.

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Note 7 – Earnings per Common Share

Basic earnings per common share is calculated by dividing Net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is calculated similarly, except that the calculation includes the dilutive effect of stock-settled SARs and stock options (collectively "options"), non-vested stock awards and performance awards.

Basic and diluted earnings per common share for the three months ended April 4, 2015 and March 29, 2014, were calculated as follows:

(in millions, except per share data)	April 4, 2015	March 29, 2014
Net earnings from continuing operations	$56.6	$49.1
Net earnings from discontinued operations, net of tax	0.4	7.9
Net earnings	$57.0	$57.0
Weighted average outstanding shares – basic	93.8	93.3
Dilutive effect of common stock equivalents	1.4	1.7
Weighted average outstanding shares – diluted	95.2	95.0
Basic earnings per common share:		
Continuing operations	$0.60	$0.53
Discontinued operations	0.01	0.08
Net earnings	$0.61	$0.61
Diluted earnings per common share:		
Continuing operations	$0.59	$0.52
Discontinued operations	0.01	0.08
Net earnings	$0.60	$0.60

As of April 4, 2015, the Company had 2.3 million options outstanding, of which 2.2 million were exercisable. This compares with 3.5 million options outstanding, of which 3.0 million were exercisable, as of March 29, 2014. During the three months ended April 4, 2015 and March 29, 2014, there were 0.0 million and 0.3 million average shares of options outstanding, respectively, for which the exercise price was greater than the average market price of the Company's shares for the period then ended. These options were not included in the computation of diluted earnings per common share because the effect would have been anti-dilutive. Changes in average outstanding basic shares from March 29, 2014 to April 4, 2015, reflect the impact of options exercised and the vesting of stock and performance awards since the beginning of 2014, net of the impact of common stock repurchases during the fourth quarter of 2014 and first quarter of 2015.

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Note 8 – Commitments and Contingencies

Financial Commitments

The Company has entered into guarantees of indebtedness of third parties, primarily in connection with customer financing programs. Under these arrangements, the Company has guaranteed customer obligations to the financial institutions in the event of customer default, generally subject to a maximum amount that is less than total obligations outstanding. The Company has also extended guarantees to third parties that have purchased customer receivables from Brunswick and, in certain instances, has guaranteed secured term financing of its customers. Potential payments in connection with these customer financing arrangements generally extend over several years. The potential cash obligations associated with these customer financing arrangements as of April 4, 2015, December 31, 2014 and March 29, 2014 were:

	Single Year Obligation			Maximum Obligation		
(in millions)	April 4, 2015	December 31, 2014	March 29, 2014	April 4, 2015	December 31, 2014	March 29, 2014
Marine Engine	$2.5	$2.6	$8.9	$2.5	$2.6	$8.9
Boat	3.9	3.7	2.7	3.9	3.7	2.7
Fitness	22.9	24.6	25.7	27.9	29.5	29.6
Total	$29.3	$30.9	$37.3	$34.3	$35.8	$41.2

In most instances, upon repurchase of the receivable or note, the Company receives rights to the collateral securing the financing. The Company's risk under these arrangements is partially mitigated by the value of the collateral that secures the financing. The Company had $1.1 million, $1.2 million and $1.6 million accrued for potential losses related to recourse exposure at April 4, 2015, December 31, 2014 and March 29, 2014, respectively.

The Company has also entered into arrangements with third-party lenders where it has agreed, in the event of a default by the customer, to repurchase from the third-party lender those Brunswick products repossessed from the customer. These arrangements are typically subject to a maximum repurchase amount. The potential cash payments the Company could be required to make to repurchase collateral as of April 4, 2015, December 31, 2014 and March 29, 2014 were:

	Single Year Obligation			Maximum Obligation		
(in millions)	April 4, 2015	December 31, 2014	March 29, 2014	April 4, 2015	December 31, 2014	March 29, 2014
Total	$58.2	$56.8	$64.0	$58.2	$56.8	$64.0

The Company's risk under these repurchase arrangements is partially mitigated by the value of the products repurchased as part of the transaction. The Company had $1.0 million, $1.2 million and $1.6 million accrued for potential losses related to repurchase exposure at April 4, 2015, December 31, 2014 and March 29, 2014, respectively. The Company's repurchase accrual represents the expected losses that could result from obligations to repurchase products, after giving effect to proceeds anticipated to be received from the resale of those products to alternative dealers.

The Company has recorded its estimated net liability associated with losses from these guarantee and repurchase obligations on its Condensed Consolidated Balance Sheets based on historical experience and current facts and circumstances. Historical cash requirements and losses associated with these obligations have not been significant, but could increase if dealer defaults exceed current expectations.

The Company has accounts receivable sale arrangements with third parties which are included in the guarantee arrangements discussed above. The Company treats the sale of receivables in which the Company retains an interest as a secured obligation as the transfers of the receivables under these arrangements do not meet the requirements of a "true sale." Accordingly, the current portion of receivables underlying these arrangements of $21.6 million, $23.7 million and $33.5 million was recorded in Accounts and notes receivable and Accrued expenses as of April 4, 2015, December 31, 2014 and March 29, 2014, respectively. Further, the long-term portion of these arrangements of $20.1 million, $19.6 million and $18.9 million as of April 4, 2015, December 31, 2014 and March 29, 2014, was recorded in Other long-term assets and Other long-term liabilities.

Financial institutions have issued standby letters of credit and surety bonds conditionally guaranteeing obligations on behalf of the Company totaling $7.9 million and $15.2 million, respectively, as of April 4, 2015. A large portion of these standby letters of credit and surety bonds are related to the Company's self-insured workers' compensation program as required by its insurance companies and various state agencies. The Company has recorded reserves to cover the anticipated liabilities associated with

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these programs. Under certain circumstances, such as an event of default under the Company's revolving credit facility, or, in the case of surety bonds, a ratings downgrade, the Company could be required to post collateral to support the outstanding letters of credit and surety bonds. The Company was not required to post letters of credit as collateral against surety bonds as of April 4, 2015.

The Company has a collateral trust arrangement with insurance carriers and a trustee bank. The trust is owned by the Company, but the assets are pledged as collateral against workers' compensation related obligations in lieu of other forms of collateral including letters of credit. In connection with this arrangement, the Company had $15.6 million, $15.6 million and $8.9 million of cash in the trust as of April 4, 2015, December 31, 2014 and March 29, 2014, respectively, which was classified as Restricted cash in the Company's Condensed Consolidated Balance Sheets. In 2014, the Company made net transfers to the trust related to a net increase in annual collateral requirements for the policy years covered by the trust.

Product Warranties

The Company records a liability for product warranties at the time revenue is recognized. The liability is estimated using historical warranty experience, projected claim rates and expected costs per claim. The Company adjusts its liability for specific warranty matters when they become known and the exposure can be estimated. The Company's warranty liabilities are affected by product failure rates as well as material usage and labor costs incurred in correcting a product failure. If actual costs differ from estimated costs, the Company must make a revision to the warranty liability. Changes in the Company's warranty liabilities due to improvements in the Company's experience and adjustments related to changes in estimates are included as Aggregate changes for preexisting warranties presented in the table below and prior year amounts have been reclassified to conform to the current period presentation.

The following activity related to product warranty liabilities was recorded in Accrued expenses during the three months ended April 4, 2015 and March 29, 2014:

(in millions)	April 4, 2015	March 29, 2014
Balance at beginning of period	$110.6	$119.6
Payments made	(12.7)	(11.2)
Provisions/additions for contracts issued/sold	17.5	15.7
Aggregate changes for preexisting warranties	(4.3)	(8.1)
Foreign currency translation	(2.4)	(0.2)
Balance at end of period	$108.7	$115.8

Additionally, end users of the Company's Marine Engine, Boat and Fitness segments' products may purchase a contract from the Company that extends product warranty beyond the standard period. For certain extended warranty contracts in which the Company retains the warranty or administration obligation, a deferred liability is recorded based on the aggregate sales price for contracts sold. The deferred liability is reduced and revenue is recognized on a straight-line basis over the contract period during which costs are expected to be incurred. Deferred revenue associated with contracts sold by the Company that extend product protection beyond the standard product warranty period, not included in the table above, was $72.6 million and $57.6 million at April 4, 2015 and March 29, 2014, respectively, and is recorded in Accrued expenses and Other long-term liabilities.

Legal and Environmental

The Company accrues for litigation exposure when it is probable that future costs will be incurred and such costs can be reasonably estimated. Adjustments to estimates are recorded in the period the adjustments are identified. Management does not believe that there is a reasonable possibility that a material loss exceeding the amounts already recognized for the Company's litigation claims and matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. As such, our financial condition and results of operations could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

There were no significant changes during the three months ended April 4, 2015, to the legal and environmental commitments that were discussed in Note 13 to the consolidated financial statements in the 2014 Form 10-K.

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Note 9 – Financing Receivables

The Company has recorded financing receivables, which are defined as a contractual right to receive money, as assets on its Condensed Consolidated Balance Sheets as of April 4, 2015, December 31, 2014 and March 29, 2014. Substantially all of the Company's financing receivables are for commercial customers. The Company classifies its financing receivables into three categories: receivables repurchased under recourse provisions (Recourse Receivables); receivables sold to third-party finance companies (Third-Party Receivables); and customer notes and other (Other Receivables). Recourse Receivables are the result of the contingent recourse arrangements discussed in Note 8 – Commitments and Contingencies. Third-Party Receivables are accounts that have been sold to third-party finance companies, but do not meet the definition of a true sale, and are therefore recorded as an asset with an offsetting balance recorded as a secured obligation in Accrued expenses and Other long-term liabilities as discussed in Note 8 – Commitments and Contingencies. Other Receivables are mostly comprised of notes from customers, which are originated by the Company in the normal course of business. Financing receivables are carried at their face amounts less an allowance for doubtful accounts.

The Company sells a broad range of recreational products to a worldwide customer base and extends credit to its customers based upon an ongoing credit evaluation program. The Company's business units maintain credit organizations to manage financial exposure and perform credit risk assessments on an individual account basis. Accounts are not aggregated into categories for credit risk determinations. Due to the composition of the account portfolio, the Company does not believe that the credit risk posed by the Company's financing receivables is significant to its operations, financial condition or cash flows. There were no significant troubled debt restructurings during the three months ended April 4, 2015 and March 29, 2014.

The following are the Company's financing receivables, excluding trade accounts receivable contractually due within one year, by segment as of April 4, 2015:

(in millions)	Marine Engine	Boat	Fitness	Corporate	Total
Recourse Receivables:					
Short-term	$—	$—	$0.5	$2.7	$3.2
Long-term	—	—	0.1	0.8	0.9
Allowance for doubtful accounts	—	—	(0.3)	(2.9)	(3.2)
Total	—	—	0.3	0.6	0.9
Third-Party Receivables:					
Short-term	2.9	3.3	15.4	—	21.6
Long-term	—	—	20.1	—	20.1
Allowance for doubtful accounts	—	—	—	—	—
Total	2.9	3.3	35.5	—	41.7
Other Receivables:					
Short-term	7.2	0.2	0.9	4.0	12.3
Long-term	0.5	0.1	0.2	1.3	2.1
Allowance for doubtful accounts	—	(0.2)	—	—	(0.2)
Total	7.7	0.1	1.1	5.3	14.2
Total Financing Receivables	$10.6	$3.4	$36.9	$5.9	$56.8

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The following are the Company's financing receivables, excluding trade accounts receivable contractually due within one year, by segment as of December 31, 2014:

(in millions)	Marine Engine	Boat	Fitness	Corporate[(A)]	Total
Recourse Receivables:					
Short-term	$—	$—	$0.3	$2.7	$3.0
Long-term	—	—	0.2	0.8	1.0
Allowance for doubtful accounts	—	—	(0.3)	(2.9)	(3.2)
Total	—	—	0.2	0.6	0.8
Third-Party Receivables:					
Short-term	2.6	4.5	16.6	—	23.7
Long-term	—	—	19.6	—	19.6
Allowance for doubtful accounts	—	—	—	—	—
Total	2.6	4.5	36.2	—	43.3
Other Receivables:					
Short-term	7.1	0.2	0.6	4.0	11.9
Long-term	0.6	0.1	0.3	1.3	2.3
Allowance for doubtful accounts	—	(0.2)	—	—	(0.2)
Total					