



March 14, 2007

DEAR FELLOW SHAREHOLDER:

As we reflect on 2006, we can summarize the year in the following thoughts:

- The nature of the industries in which we compete is cyclical; 2006 was a down cycle period, and that is reflected in our results;
- Brunswick generates significant cash flow and in 2006, we returned substantial cash to our shareholders through dividends and stock repurchases; and
- We continue to make meaningful strides in executing our strategic initiatives.

I will expand on each of these thoughts later in this letter.

As we enter 2007, we remain leaders in each of our core industries – marine, fitness, bowling and billiards – all market positions that we have sustained for decades. We have an enviable stable of powerhouse brands, market-leading products, unmatched industry knowledge and particular strengths in the markets that we are embracing to execute a solid strategy to grow and prosper in both good times and those not so good.

2006 RESULTS

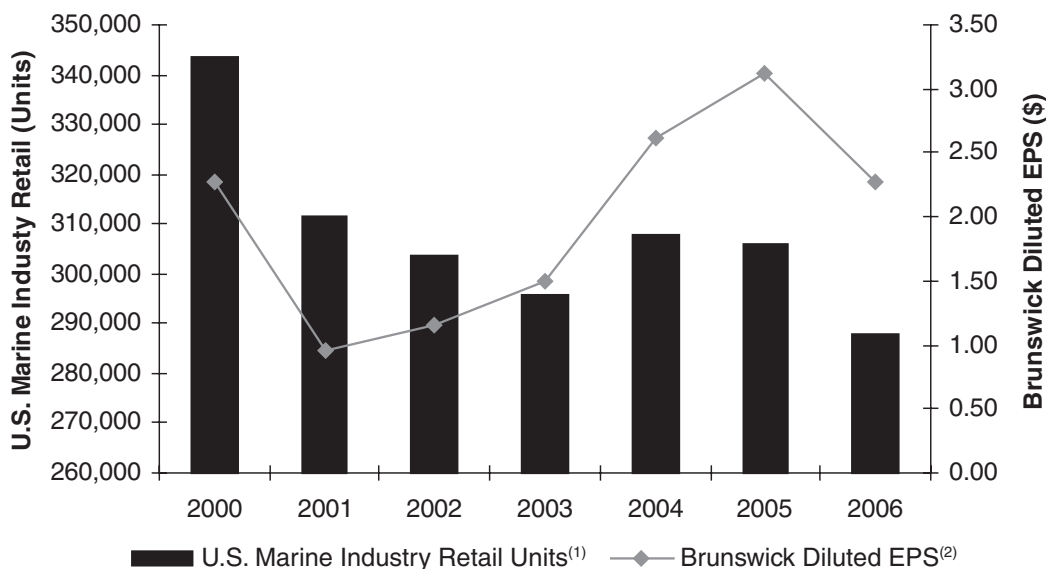
Net sales from continuing operations for 2006 were \$5.7 billion, compared with \$5.6 billion in 2005. We earned \$2.28 per diluted share from continuing operations in 2006, excluding tax benefits, down from \$3.13 per diluted share from continuing operations, excluding tax benefits and the gain on a sale of securities, in 2005. Our balance sheet remains healthy with debt-to-total capital of 28.0 percent at the end of 2006 compared with 26.8 percent at the end of 2005.

The difference in our 2006 results versus those in 2005 was primarily driven by the decline in the United States recreational marine markets, where we saw nearly double-digit declines at retail. As we look at our business, unit volume is the most important factor in determining our financial performance. When retail markets decline, it results in even greater reductions in unit volume for us and we work to manage the number of boats in our pipeline inventory. Several factors were at work in 2006 causing retail demand to decline. One important factor was disposable income. While disposable income on an absolute basis continues to increase, the rate of growth has slowed. More importantly, however, the dollars actually available to families for use in purchasing non-essential items decreased beginning in late 2005, and we believed this decrease continued during portions of 2006. The cost of gasoline, food, schooling, healthcare and housing, to name a few, ate into the income available for larger ticket consumer discretionary items.

A second important factor is the price of boats. Not surprisingly, boat price increases are inversely proportional to demand. The average price of powerboats continues to increase, depressing retail demand. Low-emission regulations for outboard engines and underlying inflationary pressures for components and key raw materials such as resins, aluminum and copper, contribute to increase the price of boats to the consumer. As discussed in more detail below, we believe our efforts to improve our cost position will help us address this issue.

But while we operate in cyclical segments and cannot control the cycles, we can continue to improve our business model. Our goal has been to produce ever increasing earnings versus the prior cycle at both the peak and at the trough. The chart below, which shows U.S. marine industry retail volumes as well as Brunswick's diluted earnings per share for the period 2000 to 2006, demonstrates that we are achieving our goal.

U.S. Marine Industry Retail Units vs. Brunswick Diluted EPS



(1) 2000 to 2005 industry data source: National Marine Manufacturers Association; 2006 industry data source: Brunswick estimate.

(2) Diluted earnings per share in 2006, 2005 and 2004 exclude tax-related benefits of \$47.0 million (\$0.50 per diluted share), \$30.8 million (\$0.31 per diluted share) and \$10.0 million (\$0.10 per diluted share), respectively. Diluted earnings per share in 2005 exclude a \$31.5 million (\$0.32 per diluted share) after-tax gain on the sale of securities.

Our unrelenting focus on our strategies, which are discussed below in detail, has enabled us to achieve the results shown above.

RETURNING CASH TO OUR SHAREHOLDERS

We ended 2006 with a cash balance of \$283 million. Free cash flow from continuing operations (defined as cash provided by operations less capital expenditures plus proceeds from sales) totaled \$153 million in 2006, and capital expenditures totaled \$205 million. These numbers are impressive when one considers the lower sales and earnings resulting from the down cycle affecting our businesses, the \$86 million we invested in acquisitions during 2006, our dividend and share repurchase program.

During 2006, we purchased more than 5.6 million shares, or about 6 percent of our outstanding shares, at a total cost of \$196 million. Our dividend totaled another \$55 million, bringing the total amount returned to shareholders to \$251 million. Investment in growth is always our highest priority, but we continue to view our stock as an excellent investment during times such as these. We will continue to be as aggressive as possible with our share repurchase program during 2007.

For more detailed information on our financial results, I encourage you to read Management's Discussion and Analysis in the Annual Report on Form 10-K that follows this letter.

OUR STRATEGY IS SOUND AND STRAIGHTFORWARD

Whether it's building the perfect boat or providing a family friendly atmosphere at our bowling centers, all Brunswick businesses adhere to a straightforward strategy and approach based upon five pillars. These include:

- **Get the product right.** Introduce the highest quality product at the best price with the most innovative technology and styling at a rate faster than our competitors;
- **Get the distribution right.** Distribute products through a distribution model that brings unparalleled profit opportunities to our distribution channel and service to consumers;
- **Be best cost in our industries.** Develop and maintain low-cost manufacturing; continually improve productivity and efficiency;
- **Be global.** Treat the world as our market; manufacture and distribute products globally with local and regional styling; and
- **Attract and retain talent.** Find, train and challenge the best and brightest people who represent and connect with our consumers – blending cultures, languages and ethnic backgrounds.

CONSUMERS WANT WHAT WE MAKE

While our products are not necessities, they are aspirational. People want to stay in shape, so they seek out our fitness equipment. People are looking for fun ways to spend time with family and friends. A night at one of our bowling centers, or a game of billiards with friends to share some time and stories provides that opportunity. A day on the water has nearly mythological powers for those who desire to reconnect with others, as well as themselves. For boaters, the allure often runs deep. Many have grown up boating, while still others simply feel the pull of the water. The decision to buy our products, then, is often part emotional and part financial, not necessity. We are constantly looking for ways to remove potential hurdles to the sale, by providing improved quality and durability, ensuring easy access to product and parts, better financing and warranty options. We also work on many levels to *Get the Product Right*, but also to tap into a consumer's emotions. We accomplish all of this with great processes, people and investments.

Some of our efforts and investments in 2006 that were aimed at improving products, included:

- Life Fitness, which unveiled a newly renovated research and development lab at its Franklin Park, Ill., facility. The 38,000-square-foot facility includes space and equipment dedicated to biomechanical, electromagnetic, environmental and mechanical research and development. From high-speed cameras to usage simulation equipment, the state-of-the-art lab helps Life Fitness drive innovation, allowing tremendous improvements in product time-to-market, as well as increases in our products' already excellent quality and reliability. The results of such efforts will be seen in 2007 as Life Fitness introduces a number of new products for both the home and commercial markets. Life Fitness has already scored a major coup with its recent announcement of being the first in its industry to seamlessly integrate its fitness equipment and Apple Computer's popular iPod, blending two of the leading products used by exercise enthusiasts.
- In bowling, product quality extends beyond the physical attributes of a bowling ball or other piece of equipment, to the experience offered to the bowler. Our retail bowling center operation has answered by expanding its very popular Brunswick Zone concept with even greater size and offerings with the Brunswick Zone XL. During 2006, we opened our fifth Zone XL just outside of Chicago, featuring over 60,000 square feet of entertainment, including 48 lanes of bowling, laser tag, bumper cars, a fun-filled video game arcade, Brunswick billiards tables, a fireside lounge, spacious meeting rooms and much more. All of this, in a family friendly, smoke-free environment, which is becoming more common throughout Brunswick locations. Nearly 80 percent of Brunswick bowling centers' lanes are now smoke-free. Brunswick Bowling plans to add four Zone XL locations during 2007.
- At the 2007 Miami International Boat Show, Mercury Marine highlighted its revolutionary Zeus propulsion system. Developed by our Cummins-MerCruiser diesel joint venture in conjunction with our MotoTron unit, the highly advanced propulsion system uses rear-facing pod drives that independently articulate. Zeus is safer, more fuel efficient and is highly maneuverable with advanced joystick docking controls.
- At the same boat show, Mercury also introduced the Project Apollo, which is an engine control system for independently articulating stern drives. Like Zeus, Apollo also uses a joystick control enabling the operator of the vessel to do such things as slide a 36-foot boat sideways into a 38-foot space. We also will soon debut a joystick control system that harmonizes the interaction of inboard shaft drives and bow and stern thrusters, bringing the same maneuverability to those boats as is available in the Zeus and Apollo systems. The apprehension many face in maneuvering boats will soon be a thing of the past.
- Finally, the spirit of innovation continues to thrive within our Brunswick Boat Group, which will launch 47 new boats in model year 2008, beginning in July 2007.

IF OUR DEALERS WIN, EVERYONE WINS

As for our second strategic tenet – *Get the Distribution Right* – we have made numerous strides. Our goal is to bring unparalleled profit opportunities to our dealers, who comprise our industry-leading distribution channel, and offer unsurpassed service to consumers. So our dealers can better focus on their customers' needs, we offer a wide variety of boats and brands. Since 2000, for example, we've added 14 new brands to our boat line-up. Our dealers are thus able to both attract and serve a breadth of boaters, while partnering with only one manufacturer – Brunswick. We have also established the industry's largest, fastest and most reliable parts and accessories delivery service for both boats and engines to ensure that our dealers – and the consumers they serve – have the right parts when and where they need them. We do so to get boaters back on the water.

In early 2007, we introduced Brunswick Dealer Advantage, our most comprehensive effort to date aimed at forging closer and more mutually beneficial relations with our marine dealers. Making our dealers more profitable is a significant element of our strategy. We believe that more profitable dealers do a better job for their consumers and our brands and are able to reinvest in their businesses, which improves the financial health of their dealership. Brunswick Dealer Advantage changes the way we do business with our dealers and provides them with enhanced profit opportunities not available from other manufacturers. Rather than the traditional dealer-manufacturer relationship, we intend to build a business partnership in which both parties win long term. Brunswick Dealer Advantage is a set of valuable tools, products and services that enable dealers to enhance revenue and reduce costs, develop and retain their valuable employees, and provide a one-stop shop for certain customer services and products. These include business insurance, payroll administration and purchasing programs that reduce costs for services such as package shipping, office supplies, computers and wireless products. Dealers also will have access to retirement plans for their employees and scholarships for their employees' children. Other services include retail financing and insurance and extended warranty coverage right from the showroom floor, making it convenient for consumers. We developed Dealer Advantage in response to conversations with our dealers about their business "pain points," then set out to help relieve those pains. As a result, we have focused on areas where we can offer a better solution than what has traditionally been in place.

PRODUCING SAVINGS, WITHOUT CUTTING CORNERS

In the arena of *Be Best Cost*, during 2006 we continued to harness the power of Lean Six Sigma principles to improve our manufacturing and back-office processes. We also employ a global perspective in selecting suppliers, as well as sites for new construction or expansion of our manufacturing operations, with an eye not only on quality, but costs as well. For example, we will complete the move of both our bowling ball production and Valley-Dynamo's commercial billiards and game-table manufacturing to Mexico in 2007. The operations will reside in Reynosa, where we already operate the world's largest boat manufacturing facility, home to the popular and very affordable Bayliner 175. We also completed the ramp up of Mercury Marine's new engine plant in China, as well as a new manufacturing facility in Japan for a joint venture Mercury operates with Tohatsu Corporation. These plants focus on production of four-stroke outboard engines at 60 horsepower and below for use throughout the world.

Late in the year, we took a series of actions to cut costs, create a flatter and faster organization, better utilize overall capacity and improve operating efficiencies. This was done after a thorough review of our entire manufacturing footprint, as well as carefully scrutinizing all processes and activities throughout our organization to determine how we perform our tasks and the benefit of the tasks performed. In doing so, we took advantage of the more productive work processes we have introduced and employed in the past few years, along with ongoing integration efforts, to improve operations across the entire organization. We consolidated certain boat manufacturing facilities, sales offices and distribution warehouses, while reducing our global work force. Efforts such as these will continue in 2007.

TO BE GLOBAL, YOU REALLY NEED LOCAL KNOWLEDGE

Brunswick continues to *Be More Global*. Sales outside the U.S. are growing at rates faster than in the U.S., and based on continuing operations, are becoming a larger portion of our total sales, accounting for nearly 32 percent of sales during 2006, up from 22 percent in 2000. Operations, such as ours in Europe, Asia and Latin America, also expose us to developing and quick-growing markets. These operations not only increase sales, but help to mitigate the cyclicity of the U.S. marine market, which is the world's largest.

Every day, Brunswick is becoming a more global company, not just a U.S.-based company that merely sells its products abroad. We manufacture around the world. We have people on the ground working directly in the markets with local suppliers, dealers and consumers, learning and satisfying their particular desires and expectations for product use, performance and styling. We believe that building global business is all about knowing local tastes.

MANAGEMENT AND TEAMWORK THE KEYS

It is our employees – the people who know the business and those who are close to their local markets, customers and consumers – who truly make the difference at Brunswick. Every day our people around the world use their skills, ideas and ingenuity to create and make products that excite our customers, deliver both quality and the latest in technology, and offer innovative features and styling. Let me thank my fellow 28,000 Brunswick colleagues for a solid performance under difficult conditions. It is their commitment to executing against our strategic initiatives and adapting to changing market conditions that makes this possible.

Leading the charge to further break the mold, I believe Brunswick has the finest management group in our industries. Our team is seasoned, accomplished, established and tested. We have been working together for several years, allowing Brunswick to stay on course, quickly spot opportunities and move deftly to exploit our competitive advantages. It is a prime example of our fifth strategic tenet to *Attract and Retain Talented People*.

We further support this ideal throughout our organization with training and educational opportunities designed to prepare, expand and stretch our employees to achieve their potential. Brunswick has an active management development program to nurture and mentor our frontline and emerging management corps. We work hard each day to create an environment in which our businesses and all of our people can excel.

SALE OF BRUNSWICK NEW TECHNOLOGIES

We are constantly evaluating the businesses and markets in which we participate to ensure that they are a strategic fit and provide value. In 2006, we made the decision to sell essentially all of Brunswick New Technologies (BNT) as it was inconsistent with our long-term strategic objectives. We did not believe that, under our ownership, it could achieve its potential in its global markets. We recently announced the sale of the marine electronics and portable navigation device segments of this unit. At this writing, efforts to sell the fleet navigation, the last segment for sale, continue. Certain BNT businesses, however, are important to us for strategic reasons and will remain a part of our portfolio. We retained IDS, which is a dealer management systems provider to the marine and recreational vehicle markets, and is important for our distribution strategy. We are also keeping MotoTron, which is an engine control technology provider, and is important to our product strategy. Finally, we will keep the engineering talent and skills necessary for us to find the best electronic technologies available for our products and to integrate those technologies into our engines, boats and fitness and bowling equipment.

IN CLOSING

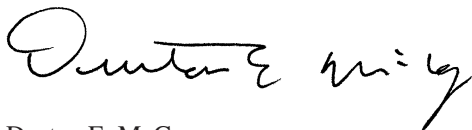
We take our responsibility to enhance shareholder value very seriously. For more than 160 years, we have successfully assessed the strategic headroom in our businesses to determine whether or not to acquire companies, divest operations or create opportunities with existing assets. Our shareholders have supported and believed in us since 1925, when Brunswick Corporation stock was first listed on the New York Stock Exchange, and we intend to continually create value for our investors.

We own the premier brands in each of our industries, and we know how to manage these businesses. No company has Brunswick's breadth and scope in the marine industry. No company equals Brunswick's quality and innovation in fitness equipment. No company possesses Brunswick's knowledge and heritage in bowling and billiards.

We can't change the fact that we operate in a cyclical industry, but we can be the best at managing a cyclical business. Our challenge is to determine how to break the mold to influence the industries in which we operate and to grow Brunswick at even a faster pace. We are prudent in looking forward, remaining vigilant on controlling costs and cutting waste. We continue to get closer to consumers and to invest in research and development to produce new products that spur demand. We seek new markets for growth and opportunity, while continuing to nurture and bolster established markets to improve performance. We seek closer, more mutually beneficial relationships with our dealer network as we stress communication, service and partnership. Finally, we continue to relentlessly execute against our strategy to create value.

Every day, Brunswick's 28,000 employees around the world help accomplish these goals using fresh thinking and good old-fashioned hard work as the backdrop. Our dealers and distributors help accomplish these goals by flawlessly facilitating the sale of our products and providing world-class service. And consumers who buy and use our products help accomplish these goals by continually inspiring us to create innovative and best-in-class products and features. With the support of our employees, our partners and our customers, we will continue to be a vibrant and profitable company for decades to come.

Sincerely,

A handwritten signature in black ink, reading "Dustan E. McCoy". The signature is written in a cursive, flowing style.

Dustan E. McCoy
Chairman and Chief Executive Officer