BRUNSWICK

March 25, 2009

Dear Fellow Shareholders:

Roughly a year ago when I composed my last letter to you, I noted a murky outlook for 2008 citing "consumer uneasiness, the housing market, tightening credit availability, and regional economic variances in many of the key boating markets" as areas of concern. Ultimately, those concerns, along with other economic factors that developed during the year, yielded another difficult year for Brunswick Corporation, our employees, our dealers, our suppliers and you, our shareholders.

The crisis that eventually engulfed the world's economies did have an effect on every segment of our entire enterprise, with our marine businesses, which account for 77 percent of our total revenues, hit the hardest. As measured by industry retail powerboat sales, marine demand in the United States, the world's largest market, decreased by approximately 27 percent during 2008, reaching its lowest levels in more than 40 years.

Total revenues for 2008 were down 17 percent to $4,708.7 million, compared with $5,671.2 million in 2007. Sales outside the United States, which accounted for 44 percent of total revenue, were up 2 percent for the year, but were not enough to fully mitigate the effect of a 27 percent reduction in sales in the United States.

For the year, we reported a loss of $8.93 per diluted share from continuing operations. These results reflect the extremely difficult marketplace and its effect on our businesses as well as the actions that were necessary to maintain prudent levels of liquidity, resize our businesses and ultimately position ourselves to prosper when market conditions stabilize and inevitably improve. This amount includes substantial non-cash charges for such items as trade name impairments and the write-down of goodwill and special tax items, as well as restructuring charges. These items are further explained in the accompanying Annual Report on Form 10-K. Excluding these items, we earned $0.54 per diluted share.

When we look at 2008, it was a tale of contrasting economic influences and results for each half of the year. During the first half of the year, our top-line was down 3 percent from 2007 levels, with our marine segments down a modest 5 percent and our recreational segments – Fitness and Bowling & Billiards – up 6 percent. In the second half of 2008, however, economic conditions significantly deteriorated, affecting demand for our products, especially during the fourth quarter. Total revenue in the second half of 2008 was down 32 percent from comparable periods in 2007, with our boat and marine engine businesses down 39 percent. During that time, our recreational businesses were down 7 percent, despite the fourth quarter traditionally being the strongest for our Fitness sales and our historically recession-resistant retail bowling business uncharacteristically slowing while consumers further tightened their belts.

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This harsh operating economic environment required us to take a number of actions during the year to react to market demand, with the overarching goals of reducing costs and maintaining a prudent level of liquidity. These actions included the following:

- *Rationalizing our manufacturing footprint* to remove excess capacity and more quickly facilitate our strategy of producing similar boats, regardless of brand, in common facilities. This was accomplished through the closing or mothballing of 11 boat manufacturing plants in 2008. Since 2006, we have cut the number of our North American plants in half to 14. Even with these actions, we still have sufficient capacity to accommodate a substantial upswing in the market;
- *Exiting brands and models*, to sharpen our focus in the market and reduce complexity for the consumer and our operations;
- *Selling non-strategic assets*, freeing up capital and allowing our managers to focus on core operations;
- *Reducing cash outflows.* Spending and other investments have been carefully scrutinized during 2008, and we also made the difficult, but necessary, decision to reduce the annual dividend to conserve cash; and
- *Reducing headcount* by almost a third throughout the Company. In our marine and corporate work forces, the reduction was nearly half, including actions taken in early 2009. Additionally, our employees significantly contributed to our cash position through salary actions, periodic unpaid furloughs, and other measures which directly affected their pay and benefits.

In all, these decisive actions helped drive $160 million of costs out of our 2008 operating expenses and fixed manufacturing cost base. In addition, we expect to achieve $200 million of net cost reductions resulting from the full-year effect of activities taken in 2008 and further cost reduction activities implemented and planned in 2009.

As challenging as the year was on our earnings, we were able to maintain strong liquidity. We ended the year with cash on hand of $317 million, compared with $331 million at year-end 2007. We also enhanced our liquidity and financial flexibility by completing an amendment to our revolving credit facility in the fourth quarter of 2008.

We cannot assume that 2009 will provide any relief from these extreme and worsening global business conditions. To ensure our continued health in this difficult economic climate, we remain focused on three principles:

- **Maintain strong liquidity.** Liquidity remains important, and although our earnings will be down significantly, we believe we can maintain a healthy cash position throughout 2009. This net result will be reflective of our continued focus on managing our businesses for cash, which includes vigorous working capital management plans, primarily centered on reducing our overall inventory levels.
- **Take actions necessary to maintain dealer health.** We will continue to partner closely with our dealers, striving to provide them with one of the industry's most comprehensive set of tools, products and services to help them succeed. Further, in light of the difficult economic climate for retail activity, we plan to proactively work with our distribution network to maintain healthy and current inventories on dealers' showroom floors. We intend to continue to reduce our production rates in order to accomplish this goal. In 2008, this effort resulted in reducing the dealer pipeline by 22 percent.
- **Position our businesses to emerge from the global economic crisis stronger than before.** We expect continued execution against a comprehensive set of plans to reduce our manufacturing footprint, reduce brands and models, reduce headcount, consolidate functional activities across businesses, reduce fixed costs, improve

our sourcing and logistics effectiveness, reduce layers of management, consolidate businesses, and a myriad of other actions to improve our costs, productivity and effectiveness in the future.

And while we are planning for another challenging year, we also know better times are ultimately ahead. The actions described above position Brunswick to exit this global economic crisis with a significantly improved cost structure, a more agile operating model and an increased focus on the most profitable segments of our business.

Furthermore, we continue to advance in our industries and maintain our market leadership through a steady drumbeat of product and technical innovation as well as world-class quality. Our Fitness and Bowling & Billiards segments remain vital parts of the Company, providing solid earnings and cash flow. Life Fitness is the only manufacturer to offer compatibility with Apple's popular iPod® technology and it continues to win awards for product design and function. Bowling & Billiards, through its family-oriented centers, continues to offer consumers a uniquely satisfying entertainment experience. And the honors earned by our Boat and Marine Engine segments have been frequent throughout 2008 and early 2009. Such accomplishments include:

- Sea Ray again won J.D. Power Awards for quality, while Brunswick boat brands also won 24 Customer Satisfaction Index honors across boat segments from the National Marine Manufacturers Association, more than any other manufacturer;
- The Sea Ray 43 Sundancer and Mercury Skyhook Electronic Anchor feature were both 'Best of the Year' as chosen by *MotorBoating Magazine*;
- The Sea Ray 270 Sundancer and 230 Sundeck won for 'Excellence in Design' from *Trailer Boats Magazine*, while *Boating Magazine* chose the Sea Ray 230 Fission and Bayliner 185 as 'Best Bets;' and
- Mercury MerCruiser's revolutionary Axius propulsion system with joystick docking won 'Innovation of Year' at the respected Dusseldorf boat show.

Finally, I wish to thank each of our employees for their unshakable commitment throughout 2008. As has been the case since Brunswick was founded in 1845, it is our employees' hard work and dedication that have ensured not only our survival in these difficult conditions, but also our long-term health. Further, it will be their efforts and your continued support as shareholders that will sustain Brunswick as we position ourselves to prosper when economic conditions improve.

Sincerely,

Dustan E. McCoy
Chairman and Chief Executive Officer