

In 1886, Georges Seurat completed “A Sunday Afternoon on the Island of La Grande Jatte.” Brunswick Corporation was already 40 years old when Seurat unveiled his masterpiece. And more than a century later, there are still striking similarities between Brunswick and the French painter’s style of pointillism, a post-impressionist school of painting that is the application of paint in dots and brush strokes that blend together when seen from a distance.

Like Seurat, we at Brunswick have been painstakingly adding a dot of color here or a brush stroke there to our business canvas over recent years. With each stroke we are strengthening our Company, improving our operations and laying the groundwork for the future. The entirety of work is not necessarily apparent by looking at just a single segment of our business, but nevertheless, it is an image that is coming into crisper focus each day for our customers, consumers, the financial community and you, our shareholders.

Our excellent results in 2003 are evidence of the success of our drive for operations excellence, innovation and financial discipline. Net sales for the year totaled \$4.1 billion and operating earnings were \$221 million, compared with \$3.7 billion and \$197 million, respectively,



“We believe Brunswick has only just begun to fulfill its destiny.”

for 2002. The Company earned \$1.47 per diluted share, up from \$1.14 a year ago. Since 2001, diluted earnings per share are up more than 50 percent, and we are estimating another 33 percent gain on top of that in 2004. This is remarkable performance in what have been some of the most persistently difficult economic times in recent history.

We are pleased that every one of our stakeholders has benefited from this success, and it is our earnest intent to deliver more for them in the coming years. For all of the details on our financial results, you should read the Management’s Discussion and Analysis beginning on page 32.

Though it may sound strange in light of the advances we made in 2003, but after nearly 160 years in business, we believe Brunswick has only just begun to fulfill its destiny. We see an even stronger and much larger Brunswick emerging over the next three to five years. We see a company demonstrating sustained, and increasingly profitable, growth bolstered by our brand leadership, unprecedented scale in the industries in which we participate, financial strength, sophisticated manufacturing, innovative use of technology, market knowledge and industry know-how. Reaching across all of our operations, we are using these capabilities to propel the Company and our products to sustainable new levels of achievement.

As we have done to date, we will continue to invest in technologies and manufacturing processes that will protect and preserve the environment. These specifically include various low-emission manufacturing technologies for boats, low-emission engines and, where feasible, reductions in product-generated noise. In fact, our approach across all of our businesses is simply to do the right thing for our people, our customers and our shareholders alike. It is who we are and what we believe in. We will strive ever harder to offer the right product, at the right price, with the right distribution. These are tenets that guide our relentless efforts to strengthen Brunswick and advance the fortunes of our shareholders.

At Brunswick, we have always been able to see what many others can't. But it is more than our vision that sets us apart. It is our unique position within our industries and our ability to make the visions we see become a reality. And while a good strategy is needed to help a company see its way to the future, stellar execution is essential. It is what separates average companies from the very best companies. Over the past three to four years, we have focused on what we can control and have not been distracted by what we can't. Having done that, we are now well positioned to further advance our market leadership as the world economy improves. Demographics also favor us strongly in the long run. At Brunswick, we see a better tomorrow. In fact, we're counting on it.

Our Vision

What we have done to date are just the first steps on the journey, not the destination. We will continue to fully leverage the manufacturing, marketing and engineering capabilities we have throughout the entire organization to take Brunswick to a new level. Ultimately, Brunswick's objective is sustainable—and increasingly profitable—growth. This will be done through accelerated levels of organic growth, spurred on by our focus on innovation and efficiency improvements. Adding to this, we will also make select acquisitions to either fill in product and market white spaces or to add ones that provide international platforms for growth, as well as creating and seizing additional market opportunities adjacent to our core.

For example, our marine vision is to “cover the waterfront.” As part of that, we intend to have a strong presence all along the marine value chain. We intend to be in all sizes and types of recreational boats, in engines, in marine electronics and infotainment, in financing, in after-market parts, service and accessories, in product protection, and in offering quality products and services everywhere. It is not our intention to be in retail in any strong way, but through our “envelop the dealer” with services concept, we intend to build absolutely bullet-proof and loyal distribution.

Opportunities Abound

Brunswick today is a company with many strengths. We have an enviable stable of leading brands in our market segments, with an ever-expanding global presence. Our emphasis on financial discipline has produced a strong balance sheet along with healthy cash flows, and our efforts to maintain this are fueled daily by dedicated and passionate employees. When we look externally at industry characteristics, and then look internally at our entire product range as well as our financial and operational capabilities, we see tremendous opportunity to prosper and fundamentally and irrevocably change our industries for the better.

Brunswick continues to seize this unprecedented opportunity. Brush stroke by brush stroke, we are unleashing the full potential of one of America's oldest and finest companies. We are relentlessly bolstering every segment of our operations. We are leveraging the vast capabilities we have throughout the entire organization

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and, in the process, advancing our market leadership through better serving our customers and introducing new ideas and game-changing technologies and products. Game-changing plays exist and are being executed in each of our market segments.

Those who know Brunswick well will recognize the changes and improvements we've made over the past three to four years. We have focused on harnessing and deploying our capabilities across all our product lines to replace the silo mindset brought about by our former holding company structure with the open, cooperative, team approach of an operating company model. We leave nobody out in this venture—if we decide to own an asset, we should nurture it and invest in its future. We have larger and smaller segments, bigger and smaller divisions, but there are no “A” team and “B” team approaches at Brunswick.

We have fostered a cultural change among our more than 23,000 employees around the world that stresses operations excellence, growth, innovation and financial discipline. Equally important, and unlike what we experienced in former times, Brunswick has remained profitable during a very difficult downturn, with a laser-like focus on managing cash, profit, and return on invested capital.

But, in many ways these are simply the first steps necessary to form the foundation for what the next three years—and more—hold for Brunswick. Much of that prospect is due to the characteristics of the businesses in which we operate. Except for engines, all of our markets have low, or even no, barriers to entry and are therefore highly fragmented. For example, we compete globally against more than 1,000 boatbuilders, 200 fitness equipment manufacturers and 15,000 bowling centers. Most of our competitors are undercapitalized and lack the resources to invest in technology, growth and customer service.

That being stated, Brunswick is already the strongest and most able company in every single segment we serve, with the best market and financial position, whether that be in marine engines and electronics, boats, fitness equipment, bowling or billiards. And we have been painstakingly building talent, processes and capabilities throughout the entire organization to ultimately transform our industries for the betterment of all of our stakeholders. We will do this by following Brunswick's six competitive platforms that have served us so well in the past, and will continue to do so in the future.

Our Six Competitive Platforms

Cost We believe that cost will continue to be the ultimate competitive deadly weapon for any company in any industry. In 2003, we added potent weapons to our arsenal to attack costs. These included a Company-wide commitment to implement Lean Six Sigma, a statistical control process aimed at improving product quality by eliminating variability and reducing costs.

In the coming two years, our manufacturing footprint will change significantly as we further invest in low-cost manufacturing around the world to become even more competitive in opening price-point products. In 2004, we will add a second boat plant in Mexico, construct an outboard engine plant in China and expand engine capacity in Japan. This can often be an emotional and controversial subject, but we have no choice if we are to survive, let alone succeed, against world-class competition that is doing the same. But we will also invest in, and vigorously defend, our operations in the United States. Between Mercury's new range of Verado four-stroke outboard engines (previously called “Project X”) and Sea Ray's low-emission closed mold boat manufacturing process, we have invested around \$150 million in the U.S. for these two projects alone over the past few years. We think we have achieved good balance here.

All of this manufacturing change will be accompanied by dynamic development of our supply chain management capabilities around the world. With an annual purchase of more than \$2 billion of materials, global sourcing and supply chain management are key drivers in our cost

containment efforts. In turn, this cost saving and investment activity fundamentally ensures the underlying prosperity of our Company, providing security and career growth opportunities for all our employees. Prosperity allows us to invest in differentiating technology, in new plants, in new equipment, in acquisitions and in all of the things that provide growth and opportunity. Prosperity brings security, not the other way around.

Technology Brunswick believes in the power of differentiating technology, such as Mercury's new, high-horsepower range of outboard engines—the Verado—that debuted at the Miami Boat Show in February 2004. Verado is one of the most advanced internal combustion engines anywhere in the world, including automotive-based engines. In creating Verado, we have leapfrogged the competition. This new range of engines attracted overwhelming attention on its release.

But Verado is just one example as technology pervades Brunswick. Life Fitness also deployed technology to help launch more than 50 new products during 2003, such as its new Signature line of fitness equipment and “infotainment” packages geared to helping keep exercisers motivated. At Brunswick Bowling & Billiards, we continue to develop new and exciting software and other tools—such as our Time Pro labor management product—to help bowling centers better allocate resources, improving productivity and profit.

In 2003, we continued to expand our presence and capabilities in marine electronics with a significant investment in Navman, a New Zealand-based leader in global positioning systems (GPS) technologies. We are blessed with a wonderful and creative engineering team at Navman who join Northstar Technologies, MotoTron and other companies of Brunswick New Technologies in leading the way to better boating and to foster more comprehensive and seamless integration of boat and engine technologies.

Customer Service In the area of customer service, we are more intently focusing on areas that touch the consumer. For example, during 2003 we began to build a world-class boat parts and accessories (P&A) business with the acquisition of Land 'N' Sea and Attwood marine parts. We want a dealer to be able—with one communication to us—to order any part, component or system for any boat we build and receive those materials on the same or next day, while being assured the part will fit and function as needed. The fundamental goal is to be able to provide a unique service to the boating industry—that is an end-to-end, factory-backed warranty for the entire vessel we manufacture.

The bottom line of these initiatives is that our dealers will have the ability to provide an unsurpassed level of customer satisfaction. If there is a problem on one of our boats, the dealer can quickly and effectively get what it needs from us to fix the problem and get the consumer back on the water. We also expect to expand this concept internationally. The beauty of increasing our parts and accessories sales is that they are substantially counter-cyclic and largely recession proof. Over time, using this approach, we believe our brands, more than ever, will become the brands of choice for dealers and consumers alike.

Distribution Good distribution and the quality and achievement of the Brunswick dealer network are essential to our success. Foremost is our intent to “envelop our dealers” with the products and services that will make them financially successful and, in turn, make Brunswick successful. At its core, the quality of our dealers is important because customers meet us through our dealers, and our brands are represented, and to some extent defined, by our dealers. It's a partnership, and our goal is to provide our dealers with the tools to enhance their profitability, while delighting the consumer.

Brunswick already has the best marine, fitness, bowling and billiards distribution networks in the world. But we are working to enhance those networks by improving our products in ways that appeal to consumers and thus dealers. We have begun to emulate Sea Ray's





best-in-class distribution with our other brands, and Bayliner's successful small runabout models are flying out our dealers' doors.

Brand Management Brand management and marketing are Brunswick core strengths. The Company's collection of brands is the envy of both our competition and many other industries. But we do not rest on these laurels. For example, Boston Whaler, perhaps the most recognizable brand name in boating anywhere in the world, and already a leader in offshore fishing, has completed a major brand study and is refining its brand positioning to better leverage its global appeal. Our Billiards business has rebuilt its brand by turning to the rich and cherished heritage of Brunswick Corporation, ultimately leveraging that into the consumer buying experience with its greatly successful Pavilion retail concept. Brunswick Bowling & Billiards has aligned itself with powerful partners such as Crayola and Budweiser to better cater to bowling parties for children and adults, respectively. Brunswick also remains proud of its privileged partnership with Disney at its theme parks around the nation. We also intend to increase our global presence and, in due course, global boat brands will be added to our growing portfolio.

People Finally, people are what separate the very best companies from the rest. How we hire, develop, lead and motivate our people can be a truly distinct competitive advantage. Nothing in a company gets done without people. We have increasingly begun to recruit from the top business schools into our Financial Leadership Development Program to upgrade our talent pool and ensure that it is growing in both size and capability. We will soon establish a similar program in engineering. This is the future leadership group of our Company. We've bolstered these efforts with great processes such as Lean Six Sigma that we can use, over time, to deliver superior results. We are encouraged that Brunswick employees share our enthusiasm, demonstrated by dramatically increasing results from periodic employee surveys conducted by an independent firm.

We also intend to encourage and support diversity in our employee base to help us expand our horizons to see other points of view and to learn from cultures and approaches other than our own. We will increasingly focus on opening up the vistas of a stronger international presence, and this will be done mainly through new acquisitions. Since those markets are often, from a market share perspective, underdeveloped relative to the U.S., they offer us exciting new avenues of growth.

During the past few years we have also forged a management team that is talented and deep, providing confidence and flexibility. Managers have joined us from some of America's best companies such as Emerson Electric, General Electric, DuPont, General Motors, Ashland and many others. I am personally blessed by their competencies, their advice and their comradeship.

In 2003, Vicki Reich, after several years as Brunswick's Chief Financial Officer, took on a new role in a new position as President - Brunswick European Group, initially concentrating on a cohesive strategy to grow our various European marine businesses as well as to leverage shared services and expertise among all European operations. Having such leadership to focus on this important growth mission will add momentum to our efforts.

Pete Leemputte replaced Vicki as our Senior Vice President and Chief Financial Officer. He was promoted from the position of Vice President and Controller, where he strengthened the rigor and diligence of the control function, while providing excellent analysis and insights to improve the operations of the business. Also, Steve Wolpert, who has guided the renaissance at our US Marine operations, was promoted to President of that division.

Outlook

Going forward, our objective is increasingly profitable, above-market growth. As such, we will nurture and build on our core businesses, the foundation for growth, as well as in adjacent areas using, for example, acquisitions and joint ventures. Increasingly, Brunswick will become a technology and software enhancer of packaged integrated

“We believe our brands, more than ever, will become the brands of choice for dealers and consumers.”

products, mostly for recreation-oriented activities. We will remain solidly in our core markets, but we will also make adjacency plays where our skills allow it. All along, we will continue to beat the drum on operations excellence, innovation and financial discipline to guide us in the execution of our strategy.

How does all of this translate into financial results? Operating in a relatively flat marine industry with cyclic characteristics, Brunswick had historically been content to ride the cyclic waves, prospering in the good times and willing to sustain losses in the downturns. This was so, even though we had a number of non-cyclic businesses in our portfolio. Earnings, and consequently the stock price, tended to move up and down between the same horizontal bands.

That picture is something that is absolutely unacceptable to our current management team, and we are committed to changing that historical dynamic. Our goal is to produce a new economic picture where cyclic lows are always higher than previous ones and where cyclic highs are similarly greater than previous peaks. And while we can't completely eliminate the cyclic nature of our principal industry, we have already proven that Brunswick does not have to lose money in down cycles. The next piece of the puzzle is to show we can well surpass the cyclic highs of old. We are well on the way to doing that in 2004. Fundamentally, we aspire to continuously grow the value of Brunswick over future marine cycles.

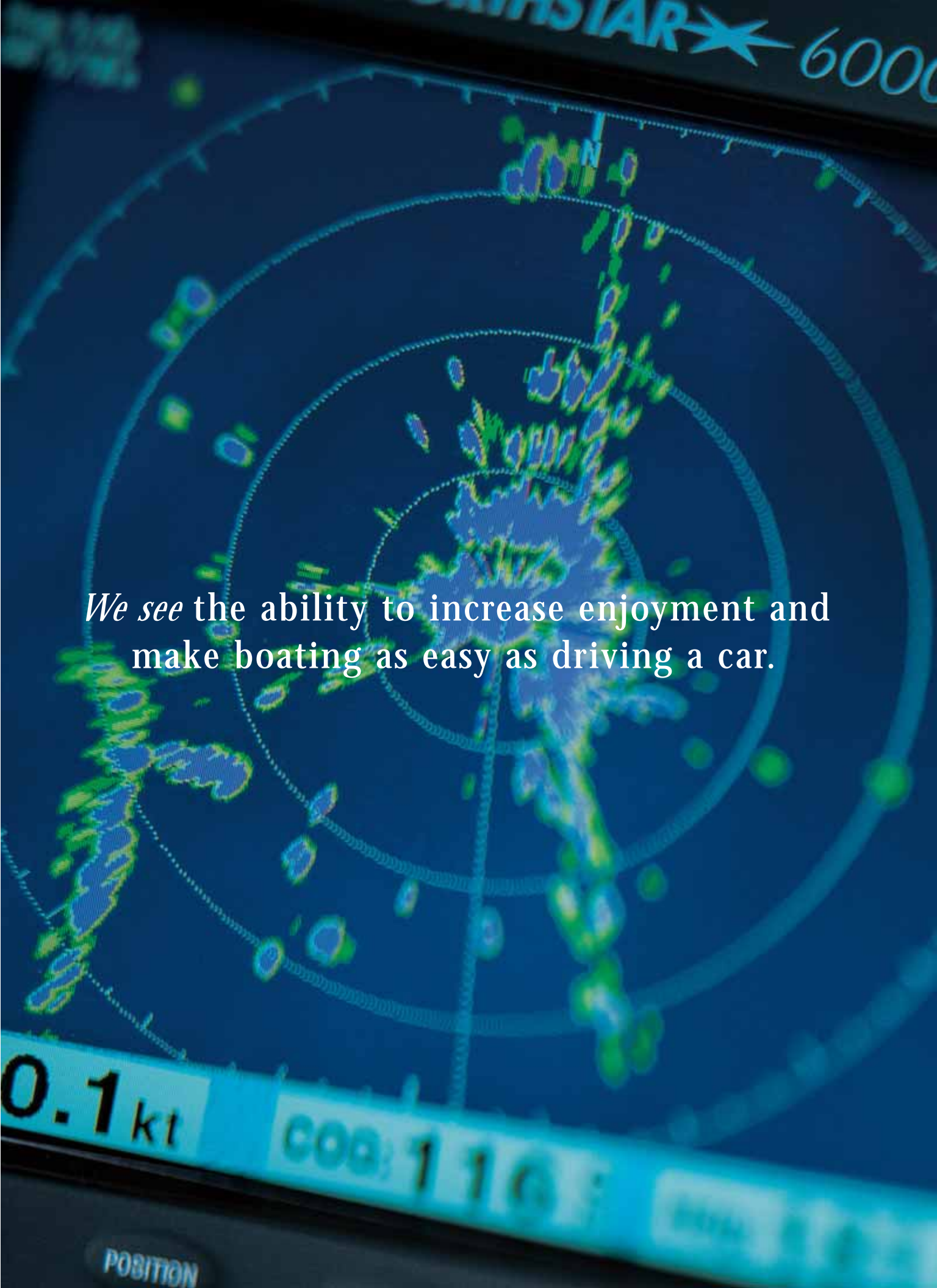
Like Seurat, the Brunswick canvas is enhanced and better defined with each passing day, each deliberate brush stroke. After reading this report, I hope you will have a clearer picture of what we are, who we intend to become, and how we will achieve our goals.

Sincerely,



George W. Buckley
Chairman and Chief Executive Officer
February 20, 2004





We see the ability to increase enjoyment and make boating as easy as driving a car.



You wouldn't hesitate to hop in your car and drive cross-country. Why should boating be any different? Yet some people think that boating is intimidating. It needn't be, and Brunswick is using new technologies to make boating less complicated.

To have a pleasant and safe boating experience, you need some fundamental capabilities. For example, you need to effectively operate your boat ... see where you are going, and know where you are on the water ... and communicate.

Our new Northstar 6000i navigation system can provide these capabilities with the touch of one key. Plotter, radar, sounder and video are all intuitively easy to use. With the 6000i, boating starts simple and stays simple, no matter how big the boat, like the 60-foot Hatteras sportfishing convertible shown here.

Along with its own widespread research and development efforts, the Brunswick Boat Group works with Mercury Marine and Brunswick New Technologies to better integrate boat, engine and marine electronics, to make boating more simple, more enjoyable and more intuitive.

A few years ago, Mercury Marine engineers started with a “clean sheet of paper” to make the world’s best four-stroke engine to eclipse the competition. In the process of developing the engine, Mercury built 194 test engines, spent 293,000 staff hours—the equivalent of 33 years of around-the-clock work—and invested millions of dollars. The result is Mercury’s Verado, a family of seven high-horsepower, four-stroke engines.

Verado is brutally powerful, besting the competition in acceleration and speed, yet so incredibly quiet that the engine is nearly silent at idle. Even at top speeds, you can carry on a conversation without having to shout.

Verado has a completely integrated propulsion system with highly responsive steer-by-wire and throttle-by-wire capabilities, and is the world’s first production engine to feature a supercharger, giving it remarkable torque and acceleration.

Mercury set out to make a four-stroke engine that beats two-stroke performance—Verado does that.



MERCURY MARINE
MERCURY MARINE
MERCURY MARINE

We see an environmentally friendly engine that has no equal in power, speed or style.



We see a scoring and management system making bowlers smile and bowling centers more productive.

wick[®]B



More than 70 million Americans bowled last year, making bowling America's largest participation sport for many reasons, including fellowship and just plain fun. Today, 67 percent of bowlers are younger than 35 years of age, with the fastest growing segments being children and families with children. With these demographics, you can see why our facilities are positioned as "Family Bowling Entertainment Centers." At these centers, including our popular and successful Brunswick Zone locations, we have focused on enriching the bowling experience. In our newly released Vector scoring and management system, even the bowling scoring graphics in our monitors are customized to appeal to specific customer segments.

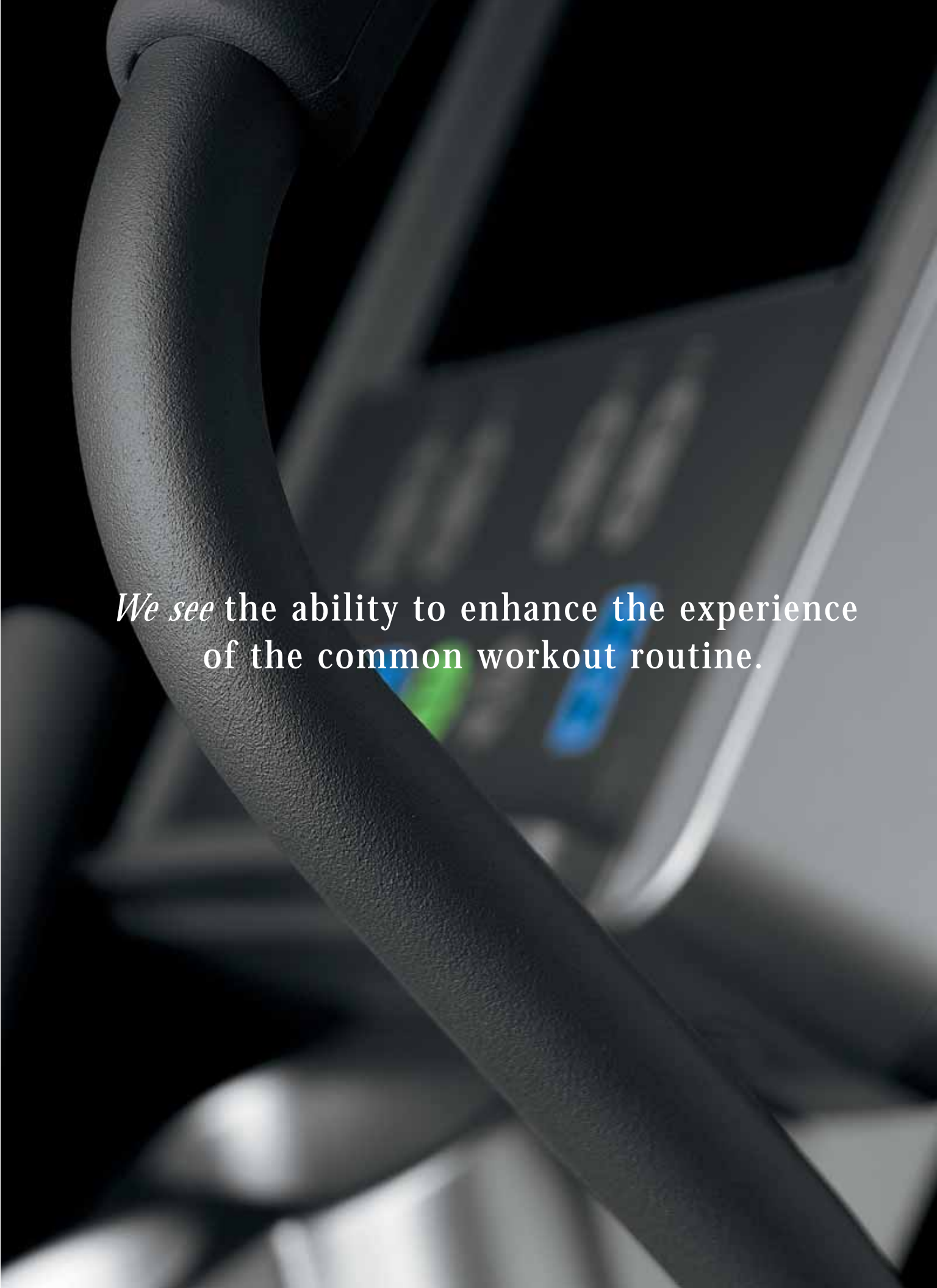
The Vector system provides a complete package of center management tools, including scoring, lane and cash controls as well as comprehensive league and tournament support programs. The system offers a choice of scoring components, an extensive library of animation, and a variety of score sheet styles and backgrounds to connect with all bowlers.

The trouble with many workout routines is just that—they're routine. Life Fitness is out to change that perception by adding more features that will let exercisers better “interact” with the equipment.

Personal video screens, offering custom-select live TV, are one way to provide that interaction. An option on certain Life Fitness equipment, the screens provide programming choice to either motivate or inform, making exercise more enjoyable and productive both for the serious athlete, as well as those who have just begun a workout regimen.

Screens can be built into new machines or added to existing equipment, but the result is the same—they help keep exercisers entertained and motivated. It's the perfect combination of eye-catching entertainment and the most interactive exercise experience available.





We see the ability to enhance the experience
of the common workout routine.

How we make it happen.



At Brunswick Corporation in 2003, our story was of one of America's oldest and finest companies continuing to reinvent itself—demonstrating our uncanny ability to drive innovation in our products, lead our industries in change and seize opportunities to continually improve our performance and better serve our customers. In a nutshell, we are changing Brunswick from the ground up—from supply chain to engineering, from manufacturing to customer service, from dealer relations to quality. We are challenging our beliefs and refining our expertise in every segment of our operations to advance our market leadership and ultimately to become the pre-eminent and preferred brand in each space in which we compete—pleasure boats, marine engines and electronics, fitness equipment, bowling and billiards. Our efforts, illustrated in the following examples, are deliberate, widespread, reasoned and achievable.

Claus Brüestle

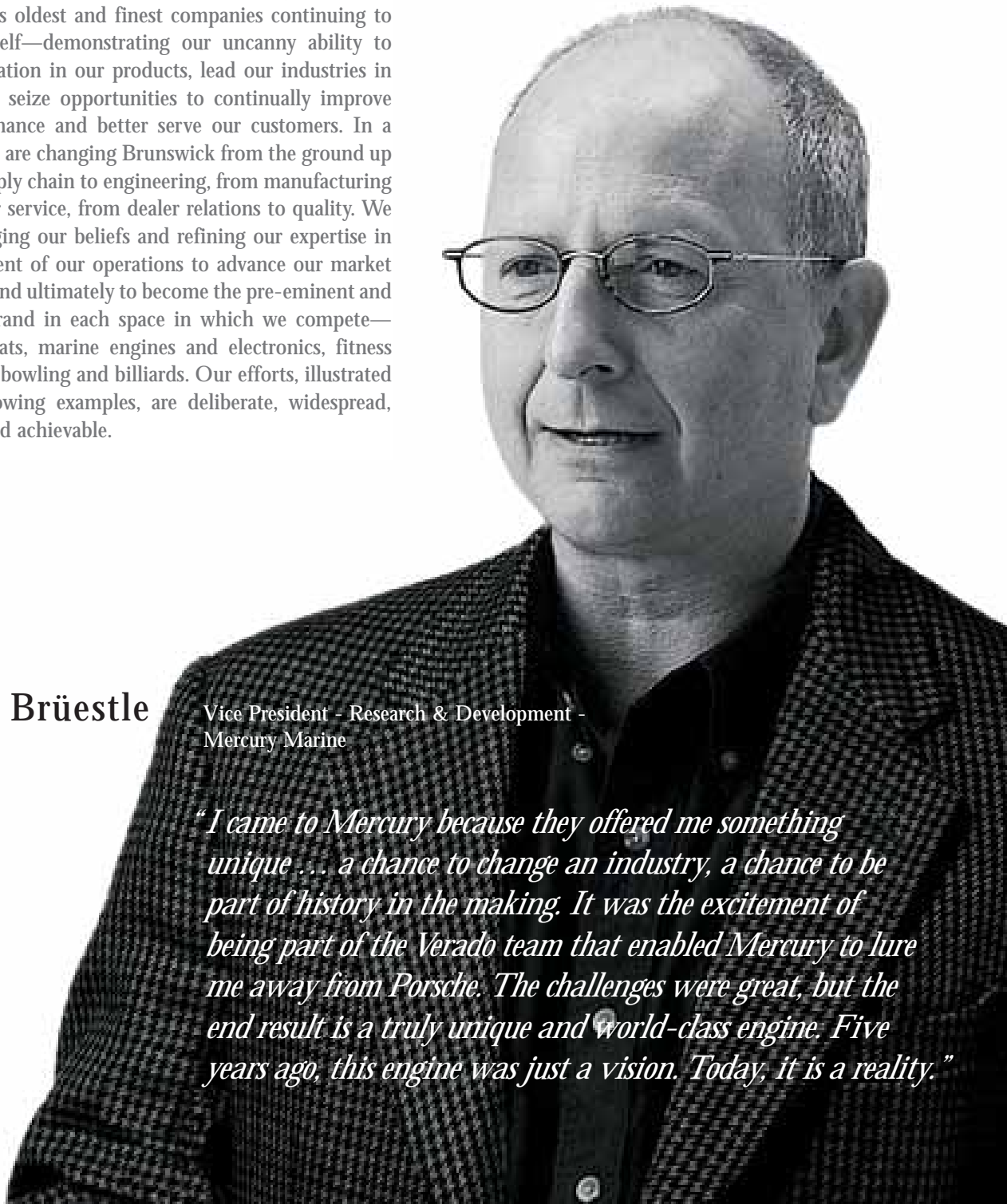
Vice President - Research & Development -
Mercury Marine

"I came to Mercury because they offered me something unique ... a chance to change an industry, a chance to be part of history in the making. It was the excitement of being part of the Verado team that enabled Mercury to lure me away from Porsche. The challenges were great, but the end result is a truly unique and world-class engine. Five years ago, this engine was just a vision. Today, it is a reality."

'Enveloping the Dealer'

Brunswick's marine products, which include pleasure boats along with marine engines and electronics, are the largest part of the business, accounting for nearly 80 percent of both net sales and operating earnings. Simply put, Brunswick's vision in marine is to "cover the waterfront" with everything our customers could want.

We have set about enhancing our dealer relationships, our gateway to the market. For example, dealers require a stable source of wholesale financing to purchase product on a year-round basis. In response, we launched Brunswick Acceptance Company in 2003. The purpose of this joint venture with Transamerica Commercial Finance Corporation is to provide our dealers with an





“Our international marine operations continue to grow at rates faster than those in the U.S. We’re working on many fronts to expand our global reach by ensuring that our products meet the needs of local consumers and local and regional boat builders. Whether that means opening a marina in the People’s Republic of China to foster pleasure boating in that large potential market, or local manufacturing, we’re leveraging the capabilities of Brunswick around the world.”

Theo Wiggill

President - International and Managing Director -
Australia Asia Pacific - Mercury Marine



affordable, committed and dedicated source of wholesale financing. Dealers also need a readily available competitive source of financing for retail consumers, and in 2003, Brunswick formed a relationship with KeyBank USA to provide targeted and creative financing for retail consumers through our dealerships. In another step aimed at further extending and complementing our offering of financial services, Brunswick recently agreed to purchase the assets of Marine Innovations Warranty Corporation. In all cases, Brunswick has partnered with leading financial service providers with expert industry knowledge to ensure that our dealers have the resources to win in the marketplace.

Also, the better our dealers function as businesses, the more profitable they will be, and the better they will perform against the competition. At Sea Ray and Boston Whaler, we have a Master Dealer program that offers extensive business process, product, service, and other training as well as certification. Master Dealers are the best performing dealers for these brands, and we are committed to upgrading and expanding this effort. For example, Bayliner, Maxum, Trophy and Meridian have all begun to roll out a similar program called Pro Dealer.

Our mission is to offer our dealers and our international distributors a wide range of products and strong brands, well marketed, that pull consumers to their store, are sold at a margin that will lead to financial success and that offer breadth and scope to negate the need to carry any other than a Brunswick brand. We intend to do this with a balanced manufacturer-dealer relationship that creates a sense of security, predictability and loyalty that ensures their future along with ours. We also intend to partner much more closely with our suppliers as a means of unleashing their creativity in product development along with ours.

A Boat Parts and Accessories Business

Surpassing our dealers' and consumers' expectations is also behind our investing money, time and talent to develop a strong parts and accessories business for the Brunswick Boat Group. As part of our "enveloping the dealer" concept, we want to be a one-stop shop for marine products and support. During 2003, we completed a pair of acquisitions aimed at achieving that goal.

Land 'N' Sea, with its 11 distribution centers, is the largest distributor of marine parts in the U.S. and provides the platform to move parts quickly and accurately to dealers, repair shops and the do-it-yourself consumer. Attwood is one of the best marine product development organizations in the world with strong engineering capabilities. As we combine Attwood with the Brunswick Boat Group's inherently solid product development functions, we significantly advance our capabilities in this arena.

From this base, we will develop common systems and processes across all of our engineering activities within the Brunswick Boat Group, allowing us to begin engineering our boats on a platform and common system basis, with the same never-wavering quality standards. Of course, design of our boats will always remain a brand-specific activity to ensure the continued individuality and identity of our brands. However, with common engineering and quality processes and standards, we can develop both proprietary and branded parts for our boats.

In addition to the capabilities that both Land 'N' Sea and Attwood bring to our core marine operations, we believe these businesses will flourish and grow even more with Brunswick's marine focus. They are also inherently more profitable, and our parts and accessories ventures





provide margins that are generally higher than those for designing, building and selling boats, and are a good example of how we continue to increase effectiveness and productivity across our businesses.

Competing on a World Scale

Strong dealer support, coupled with great products, makes the Brunswick Boat Group a formidable force in the marketplace. The group's efforts led to significant gains in net sales, operating earnings and share gains in key segments during 2003. Of particular note was the strength of smaller-boat sales, led by such outstanding boats as the Bayliner 175 (an entry-level boat, engine and trailer package with a suggested retail price of \$9,995) and the Bayliner 185. Both boats are manufactured at a state-of-the-art facility in Reynosa, Mexico. We announced in January 2004 that we will be building a second boat plant in Reynosa, which will expand our capacity to about 16,000 boats annually.

In 2003, we also grew our global manufacturing footprint with a new plant in Hungary to manufacture strength equipment. This facility helps us better serve the growing European market by reducing shipping time and freight costs as well as by taking advantage of lower raw material costs. Mercury Marine will pursue a similar strategy in 2004, concentrating larger engine production at its Fond du Lac, Wisconsin, facility while migrating some lower horsepower engine production to a new plant in China.

At Brunswick, we are always looking to improve not only the products we make, but also the way we make them. For example, we continued to lead the way in

boat manufacturing such as Sea Ray's award-winning RIMFIRE process, which robotically applies dry chopped fiberglass reinforcement directly into the closed molding process, eliminating many set-up and labor costs. It also shortens the manufacturing cycle time and lowers capital investment compared to competing closed mold technologies.

These closed mold technologies are the shape of boat manufacturing in the future. They reduce emission of volatile organic compounds, labor content and waste in the manufacturing process, while producing predictable and repeatable weights and, ultimately, a product of higher integrity. They change our basic hull material into an engineered composite making it amenable to all the advanced engineering analyses common in other structures. Over time, this will inevitably change the buying preferences of boating consumers.

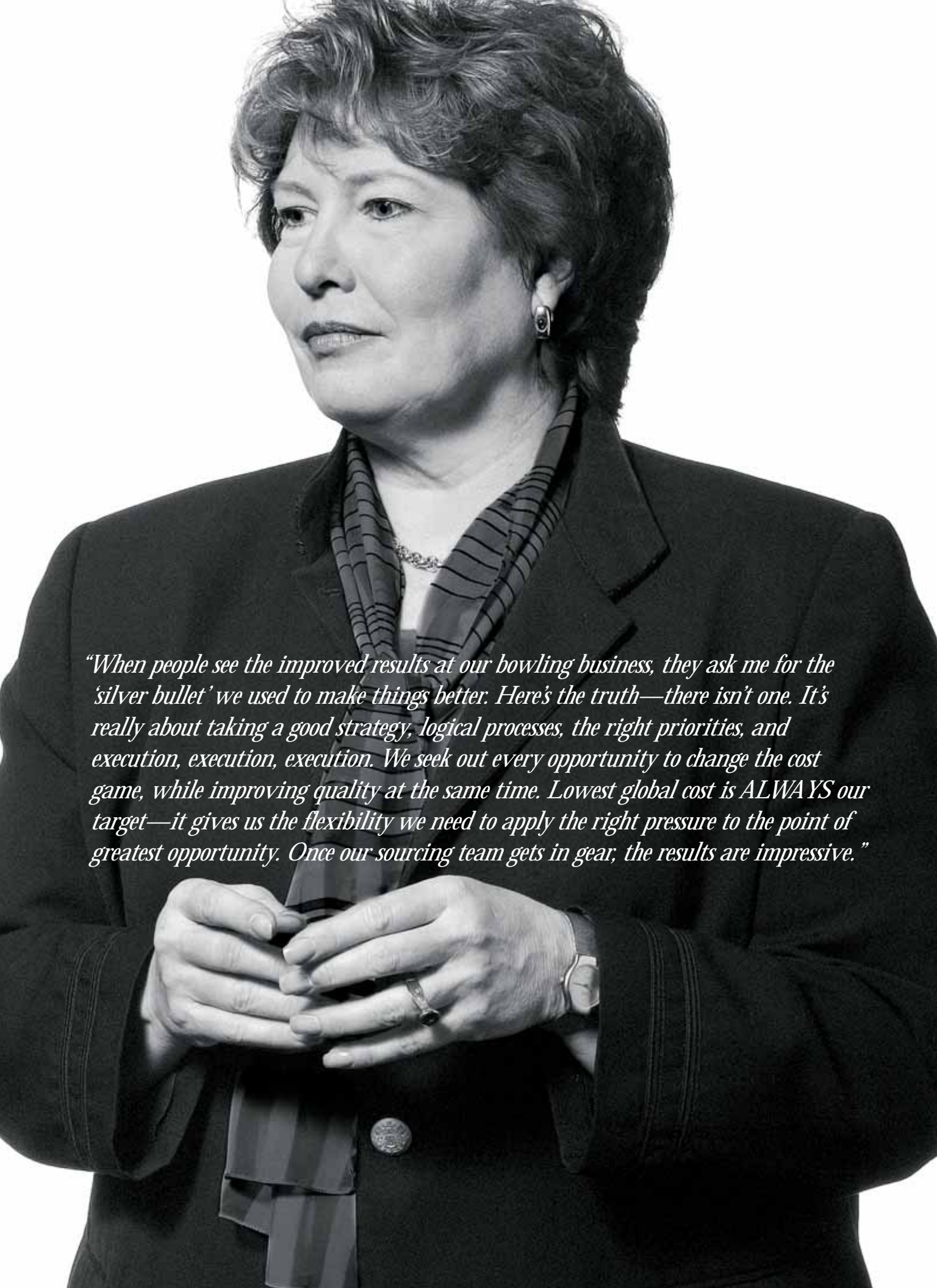
Integrating Boat and Engine

We will also continue to distinguish ourselves and products through continued integration of boat and engine functions. Brunswick is the only marine company that is uniquely positioned and able to make this vision a reality. We are moving to a model that makes certain that all engine, navigation, communication, entertainment and special-use electronic componentry on each boat we sell will work as an integrated, reliable system.

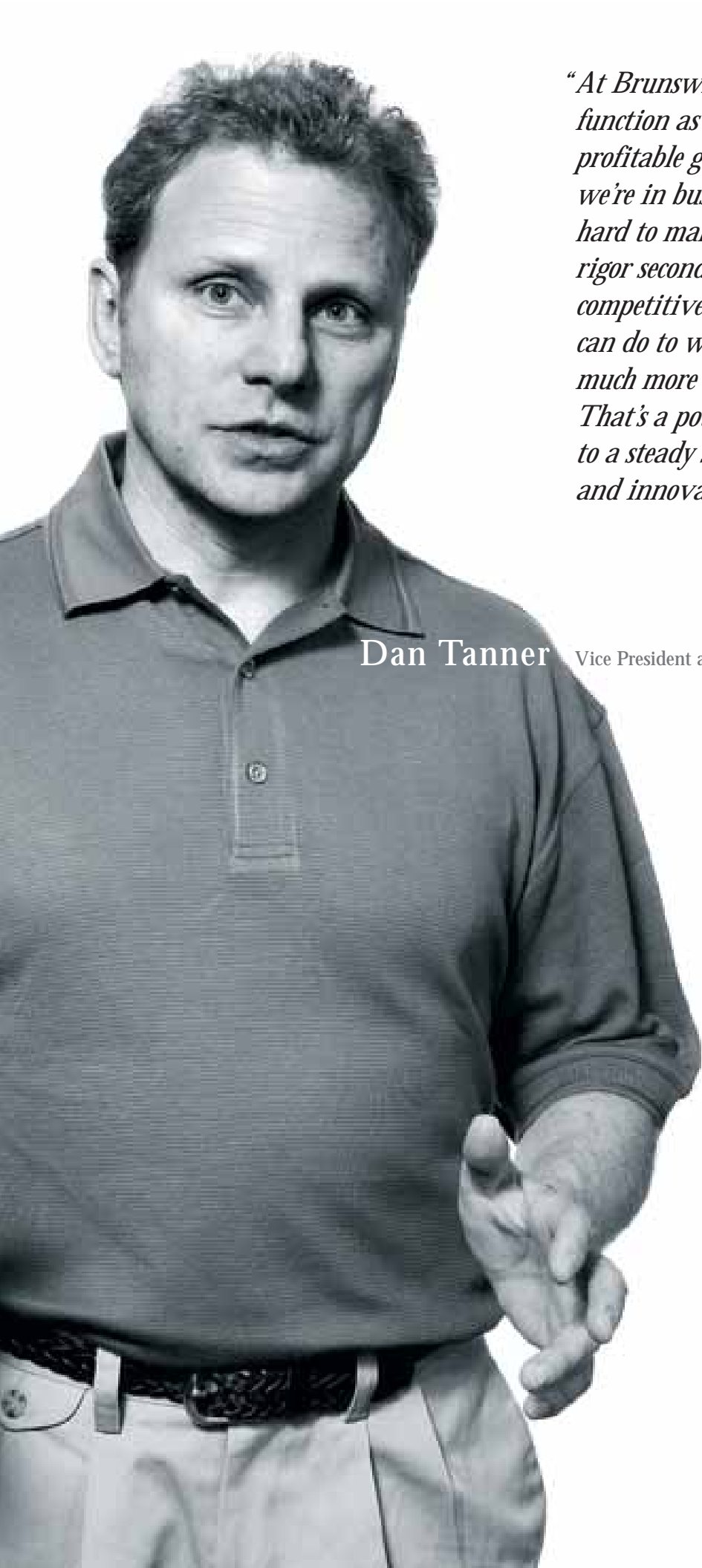


Ann Wasserberger

Vice President, After-Market & Supply Chain -
Brunswick Bowling & Billiards



“When people see the improved results at our bowling business, they ask me for the ‘silver bullet’ we used to make things better. Here’s the truth—there isn’t one. It’s really about taking a good strategy, logical processes, the right priorities, and execution, execution, execution. We seek out every opportunity to change the cost game, while improving quality at the same time. Lowest global cost is ALWAYS our target—it gives us the flexibility we need to apply the right pressure to the point of greatest opportunity. Once our sourcing team gets in gear, the results are impressive.”



“At Brunswick, we view the finance function as a key component of driving profitable growth. After all, that’s why we’re in business. Everyone has worked hard to make financial discipline and rigor second nature. Given our highly competitive markets, anything we can do to wring out costs gives us that much more of a competitive edge. That’s a potent dynamic when added to a steady stream of new products and innovation.”

Dan Tanner

Vice President and Chief Financial Officer - Life Fitness



Boats are incredibly complex products, more like floating houses or cities with many sophisticated systems and parts. Boats also function in hostile elements more akin to those in which aircraft operate. Integrated, reliable systems will permit boaters to more easily, comfortably and safely move about and navigate in any weather or water conditions.

Much like today's automobile, boats can harness computer power to improve the product and enhance the experience. Marine electronics are the metaphorical glue that unites the boat with the engine, enabling integration. Until now, the marine industry has been poorly equipped to handle the ever-increasing technology shift to the more highly complex and sophisticated functions sought by boaters. A typical electronics system has been a hodgepodge of incompatible subsystems supplied by a multitude of manufacturers. To make matters worse, most systems on board are fitted by a specialized marine electronics dealer, usually different from a boat dealer, and usually lacking certification by the boat manufacturer.

The need for better integration within boats and their complex array of electronics is the driving force behind Brunswick's move into marine electronics, spearheaded by Brunswick New Technologies. Simply put, Brunswick intends to make a better, safer and more user-friendly boat that offers less hassle, and is easier—almost intuitive—to pilot. Brunswick is the only company that can lead this change, because of our resources, financial strength and unique position as both a boat and engine maker.

Here again, acquisitions have played a key role in developing Brunswick's infrastructure. In 2003, Brunswick acquired a 70 percent interest in Navman NZ Ltd., a New Zealand-based leader in global positioning systems (GPS) technologies. Along with Northstar, acquired in 2002, Navman provides truly outstanding capabilities in navigation, chart, radar and

GPS technologies. Working arm-in-arm with the Brunswick Boat Group and the Mercury Marine Group, enhanced electronics' capabilities will permit Brunswick to bring boats and engines into the marketplace that function as one integrated unit. The electronics will be designed with the boat and will be factory installed. These efforts will finally provide a more car-like experience for boaters. Consumers want ease of use, higher quality and reliability, and better status monitoring of the boat's key operations. Electronic integration is the key to increasing enjoyment and reducing the intimidation factor of boating.

Verado Debuts

In 2004, we launched the much anticipated Verado, our high-horsepower, supercharged four-stroke outboard engine from Mercury Marine. Our challenge was to produce a four-stroke engine, which is inherently friendlier to the environment, with the performance characteristics of the traditional two-stroke engine. Only Mercury, with its 65 years of experience, could have tackled such a daunting task.

The Verado has a totally new design in which the only "old" part is the propeller nut. It is also designed on a common platform, using 95 percent common parts across an all-new family of seven engines, ranging from 135 to 275 horsepower, each manufactured to have bulletproof reliability and quality. As customers are discovering, this engine has incredible performance, while remaining emission-compliant well into the future. The Verado line goes a step further on the environmental front, with the lowest emitted noise of any large outboard engine. Noise is the next great environmental frontier, and we intend to address it head-on as we have done with emissions.

Also by utilizing Mercury-developed SmartCraft, Verado's electronic capabilities for ease of use and better performance are unmatched in the industry. As promised, Brunswick has created something revolutionary and truly exciting in marine propulsion. Because Verado is more than just an engine—it is a system—and requires a very advanced manufacturing plant and technologies to make it, we believe this puts Mercury years ahead of the competition.





We have created an engine that successfully brings together the advantages of both four-stroke and two-stroke engine technologies. Indeed, Verado overcomes the “disadvantages” usually characteristic of high-horsepower four-strokes, such as the lack of that “kick in the pants” acceleration a two-stroke provides. Verado performs better than the competition, far better than anything on the market today. It leaves the competition in the dust, if this is possible on the water. Verado joins Mercury’s already potent line-up, the widest breadth of engines and horsepower in the industry, including the popular and environmentally friendly OptiMax engines.

New Products Our Lifeblood

As you can tell from these examples, new products and innovation continue to be very important to Brunswick. This is particularly true for fitness equipment, where Life Fitness has responded with 90 new products during the past two years, 50 of which were introduced in 2003 alone. From the introduction of the revolutionary Lifecycle exercise bike more than 30 years ago, Life Fitness has led the industry in innovation.

All this innovation stems from Life Fitness’ industry-leading knowledge and expertise. In 2003, Life Fitness introduced two new liquid crystal display (LCD) solutions—an Integrated LCD Console and Attachable LCD Entertainment System—based on user feedback that placed a high value on exercise entertainment as a motivator. Sophisticated technologies allow exercisers to custom-select live TV programming and navigate among program options and workout data just by using touch-screen controls.

At a major fitness trade show in early 2004, Life Fitness showcased a new wireless networking technology developed by Brunswick New Technologies that recognizes individual users. It will change the way club owners do business and how club members interact with their machines and exercise regimens. Life Fitness is joining with various parts of our Brunswick New Technologies unit to provide a wide range of electronic solutions in fitness. Navman also has developed heart monitors and watch bands that use radio frequency to track the progress of the user against pre-set programs.

Building on its core strengths, Life Fitness continues to invest heavily in new product development to deliver products that are easy to use, meet rigorous usage demands, offer excellent durability and reliability, deliver the lowest cost of ownership, and are fun to use.

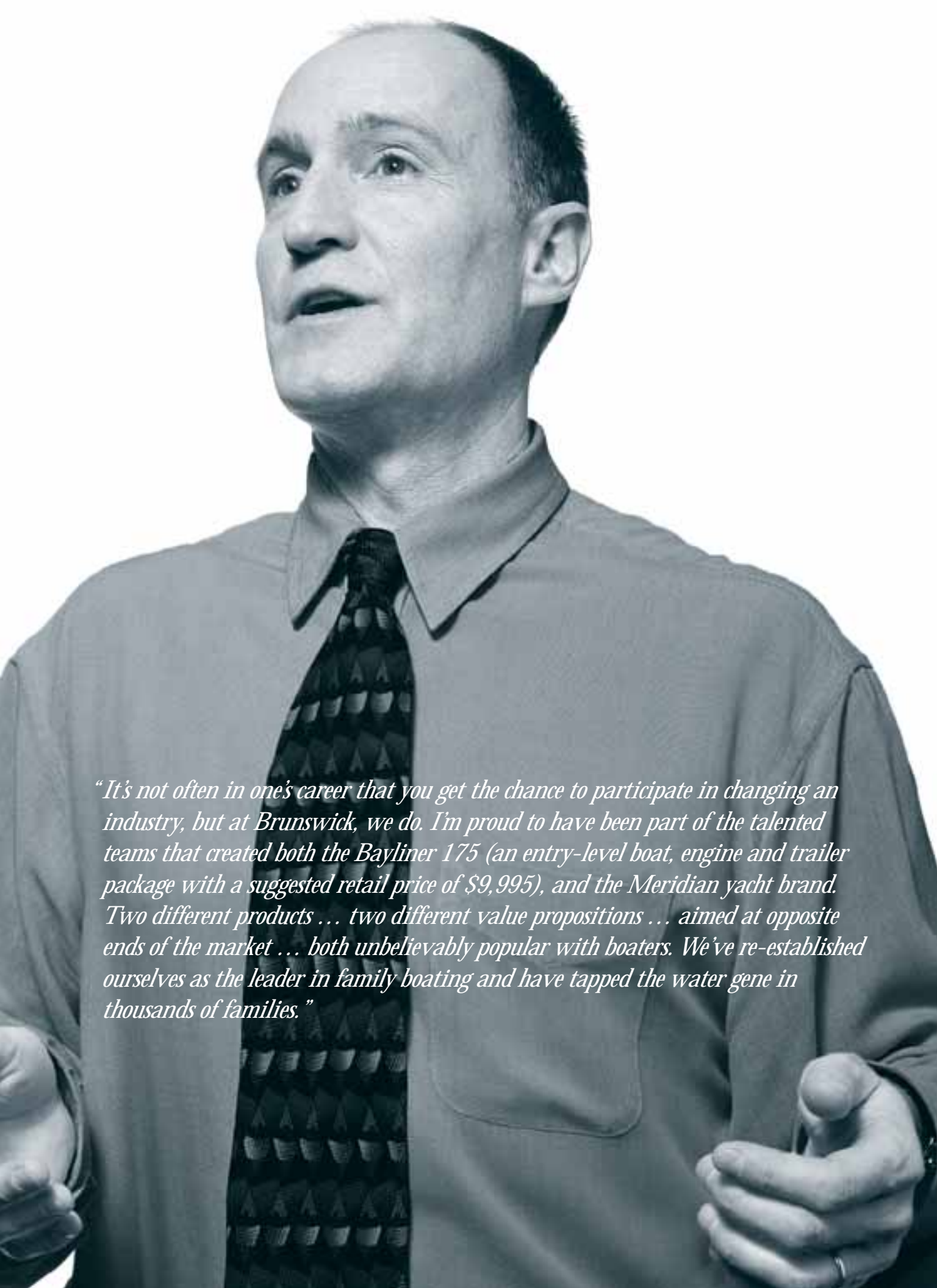
On the manufacturing front, we have increasingly used high-energy laser cutting of metal tubing and sheets to facilitate the design of more ergonomically useful and biomechanically effective products. They also reduce waste. Increasingly, metal parts are welded with robots, improving quality and reducing direct labor content.

With leading products such as the most successful total-body elliptical cross trainer on the market, Life Fitness is well positioned in a growing market—a market that is the beneficiary of such favorable demographics as an aging population, rising health care costs and a general desire to be healthier through fitness. Life Fitness’ focus is to further its leadership in the commercial and institutional markets, as well as continue to build its share in the high-end home fitness segment.

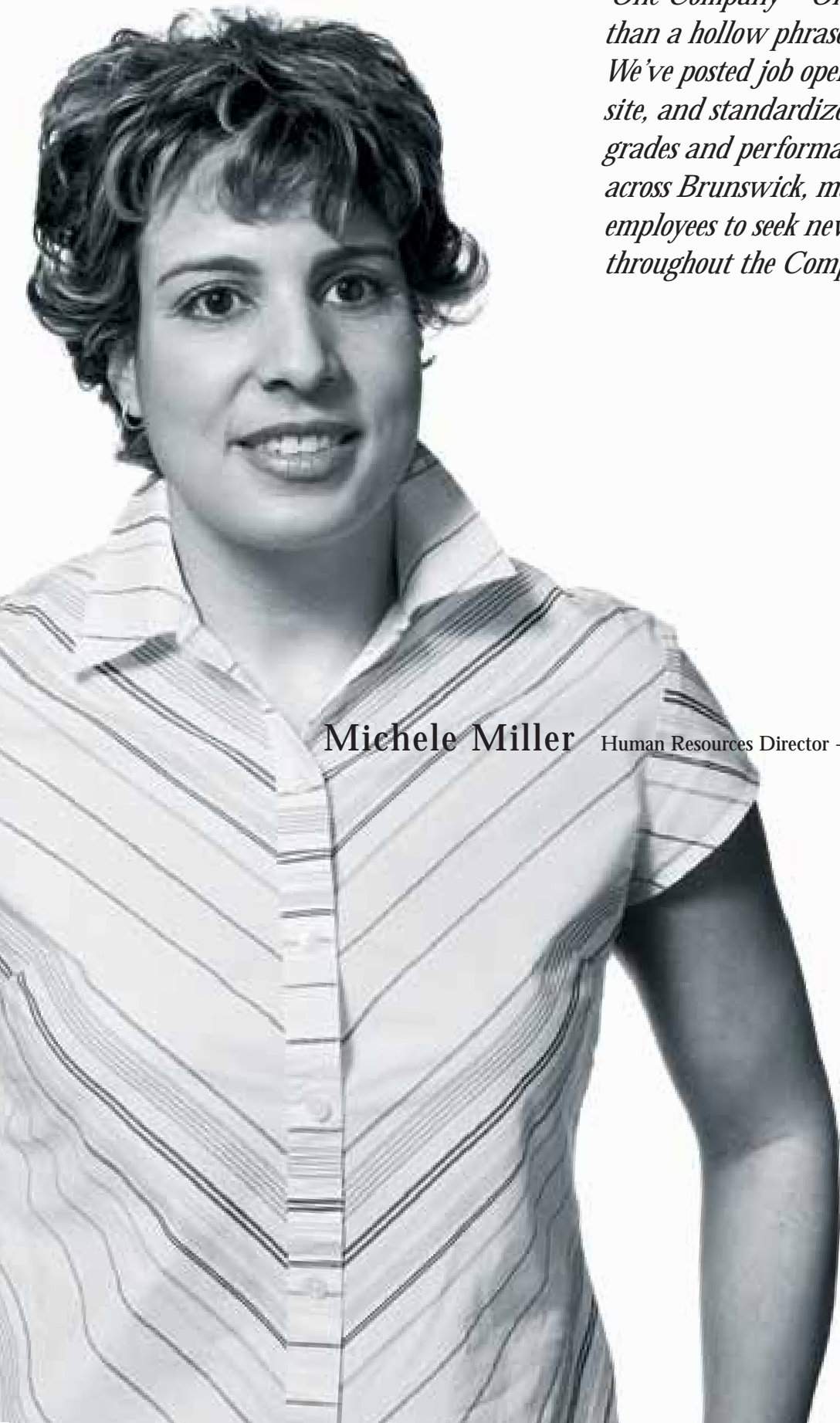


Dave Taylor

Senior Vice President of Sales and Marketing -
US Marine



"It's not often in one's career that you get the chance to participate in changing an industry, but at Brunswick, we do. I'm proud to have been part of the talented teams that created both the Bayliner 175 (an entry-level boat, engine and trailer package with a suggested retail price of \$9,995), and the Meridian yacht brand. Two different products ... two different value propositions ... aimed at opposite ends of the market ... both unbelievably popular with boaters. We've re-established ourselves as the leader in family boating and have tapped the water gene in thousands of families."



“At most companies, they talk about sharing ideas across divisions and working together, but at Brunswick, ‘One Company—One Culture’ is more than a hollow phrase—it’s a way of life. We’ve posted job openings on our Web site, and standardized benefits, pay grades and performance management across Brunswick, making it easier for employees to seek new opportunities throughout the Company.”

Michele Miller Human Resources Director - Brunswick New Technologies



New Markets and Distribution

Brunswick Billiards, which over the years has provided tables to such luminaries as Abraham Lincoln, Theodore Roosevelt, Mark Twain, Babe Ruth and even Jesse James, expanded with its acquisition of Valley-Dynamo in 2003. This acquisition now gives Brunswick, which has leveraged the timelessness and heritage of its business, the number-one brands in high-quality home and coin-operated pool, foosball and Air Hockey. Sharing Brunswick's philosophy for quality performance, Valley-Dynamo's products are built to withstand highly active use in the sometimes hostile environment of the local tavern or the home recreation room, where foosball and Air Hockey border on contact sports.

For the locations where these coin-operated tables are placed, the steady cash flow is a welcome contribution to their business. For Brunswick Billiards, the addition of this lucrative, coin-operated segment gives us a presence in a related market where we previously did not compete. Valley-Dynamo almost doubles our billiards business revenue, while offering new avenues for sales. Billiards also continues to look for ways to expand sales on its traditional base—home billiards. In another step to get closer to our consumers, Brunswick Billiards opened its first—and only—company store, Brunswick Home & Billiard, in the Chicago suburbs. The store, a combination of beautiful billiards tables and home entertaining products, will also be a laboratory for testing numerous concepts before passing them along to Brunswick's billiards dealers.

Meanwhile, bowling continues to be a solid and exciting part of the Brunswick family, continuing to improve operations during 2003. The bowling business has evolved; today, league and open play revenue are about equal. Also, bowling centers are generating an increasing proportion of revenue from activities such as game rooms, sports bars, corporate and family events.

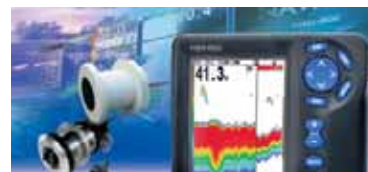
In designing and producing bowling equipment, our pursuit of innovation and quality begins with our largest and most demanding customer—Brunswick retail centers. Because of its scale relative to other bowling enterprises, Brunswick retail has extensive business needs and opportunities that our bowling products business is uniquely qualified to fulfill. In return, our retail business is an instrumental partner in the design, testing, and even selling of Brunswick bowling equipment to third-party proprietors.

In this sense, our retail bowling centers serve several purposes. They indeed produce retail revenues, but because the central entertainment feature always comes back to bowling, they are also a laboratory for our bowling products business. The critical factor in delivering that entertainment value is the bowling equipment itself. The complex interaction of furniture, scoring, lights and sound, lanes, and pinsetters defines the bowling experience for the bowler, and powerfully influences profitability for the center owner.

A good example of this is the new Vector system. Bowlers see new scoring screens, with a variety of entertaining graphics and animation, helping to make bowling more fun. Center operators get a full complement of behind-the-scenes management tools and control systems to improve productivity and profitability.

Movement on Every Front

For nearly 160 years, the story of Brunswick Corporation has been one of leadership, adaptability and vision. Those characteristics have never been more evident than in 2003 as we continued to focus on harnessing and leveraging our capabilities across product lines. We have fostered a cultural change among our more than 23,000 employees around the world that stresses operations excellence and financial discipline, while honing an infrastructure that will ultimately transform our industries and advance our Company's fortunes.



“By demanding the highest levels of professionalism and integrity throughout the organization, Brunswick serves its many and varied constituencies in the best manner possible.”

It is the job of every management team to create and sustain a work environment that not only encourages the best from its employees, but also allows them to conduct their affairs in an effective, ethical and legal manner. At Brunswick, we are relentless in seeking to fulfill this commitment and obligation. By demanding the highest levels of professionalism and integrity throughout the organization, Brunswick serves its many and varied constituencies in the best manner possible.

Brunswick’s position on this issue is straightforward. We will comply with the law and with high ethical standards because that is the way we do business and the way we endeavor to conduct our lives. Brunswick is committed to ethical conduct and will accept nothing less from its employees.

Brunswick has a rigorous and actively enforced code of ethics for all directors, officers and employees. This effort has the commitment of Company leadership, and includes training and communications as well as a safe haven for asking questions and reporting suspected abuses and violations, which are investigated and handled through effective case management.

The Brunswick Guide to Conduct in the Workplace is both a statement of the Company’s values as well as a guideline for employee actions. The responsibility and accountability of the effort reside with Brunswick employees around the world, and they are given ongoing support and guidance in this endeavor.

The Guide embraces a comprehensive and direct approach to helping Brunswick employees to recognize and take responsibility for following ethical and legal business principles and practices. The Guide has been widely distributed and continually reinforced and refreshed through training and other educational efforts among all of Brunswick’s 23,000 employees worldwide. It has been translated into seven languages and is posted on our corporate Web site.

The Company continues to comply with the corporate governance guidelines set by both the Securities and Exchange Commission and the New York Stock Exchange, along with adopting a comprehensive Principles and Practices for its Board of Directors, which is also posted on the Company’s Web site—www.brunswick.com.