

Equity Research

Brunswick Corporation

BC: Upgrading to Outperform w/ \$14-\$16 Valuation--Adj. Est.
'11 EPS of \$0.81 Trough Earnings, Peak \$1.70-\$3.50 in '14

Outperform / V

Sector: Powersports
Market Weight

Rating Change

- Summary: Upgrading BC shares to Outperform as we believe (1) risks of further production cuts are largely behind ('10 production est. +85%), (2) new operating cost structure should allow for enhanced profitability at materially lower production levels, (3) BC is well positioned to gain domestic/international shr (low cost producer, relative financial strength, 44% int'l exposure) mitigating risks of a likely elongated U.S. recovery, and (4) potential peak '14 EPS of \$1.70-\$3.50.** Lowering '09 ests. to (\$6.70) from (\$4.02) on add'l restructuring/lower production, raising '10 to (\$0.92) from (\$2.09) on higher production, and initiating an '11 est. of \$0.81. Shares have recently retreated from their initial cycle bottom bounce highs and we believe offer an attractive return to our \$14-\$16 valuation (from \$4.00-\$4.50) based on our estimated cyclical trough EPS of \$0.81.
- Our wide \$1.70-\$3.50 range of potential peak cycle EPS (see pgs 3-7) reflects base case and optimistic case scenarios for demand recovery through 2014.** This wide variance is due to (1) Unprecedented recent cycle decline in the marine industry, (2) Severity of the U.S. economic downturn, and (3) Multiple consumer factors influencing the pace/degree of marine industry recovery. Assuming '14 approximates peak cyclical earnings and applying a 10-12x P/E multiple implies a peak equity valuation of ~\$17-\$42.
- Liquidity and debt maturities.** BC has (1) Cash ~\$625MM and undrawn credit facilities ~\$115MM at Q309, (2) Positive free cash flow (est'd slightly above breakeven in '09, over \$1/shr in '10 & '11), (3) No material debt maturities until 2013, and (4) A wholesale joint venture with GE.
- Upcoming data points/catalysts:** (1) MarineMax (HZO) BC's largest customer FYE'09 (Sept) results Nov 5th, (2) Collective tone from major boat shows in Ft. Lauderdale (now), New York (Jan), and Miami (Feb), and (3) BC YE'09 results late January.

Valuation Range: \$14.00 to \$16.00 from \$4.00 to \$4.50

Our \$14-\$16 valuation range assumes a trough P/E of 17.4-19.9x, 4.9-5.5x EV/EBITDA multiple, and 7.6-6.7% free cash flow yield to our '11 EPS, EBITDA and free cash flow per share estimates of \$0.81, \$3.53, and \$1.07 respectively. Risks to our valuation include: 1) A prolonged consumer and housing market downturn given the high correlation to U.S. boat industry unit sales, 2) Availability of credit, 3) Irrational actions by competitors, 4) Raw materials/component price increases, and 5) Adverse foreign exchange.

Investment Thesis:

Brunswick is well positioned as the leading global low cost manufacturer of recreational marine products with a diverse geographic sales base. Investors are yet to fully appreciate BC's 1) mitigated risk of further production cuts, 2) lower operating cost structure for enhanced profitability at materially lower production levels, 3) position to gain share throughout marine cycles, and 4) potential peak cyclical EPS of ~\$1.70-\$3.50.

Please see page 11 for rating definitions, important disclosures and required analyst certifications

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EPS	2008A		2009E		2010E
			Curr.	Prior	Curr. Prior
Q1 (Mar.)	\$0.12	(\$1.68)	A	NC	NE
Q2 (June)	(0.12)	(1.90)	A	(1.5)	NE
Q3 (Sep.)	(0.61)	(1.53)	A	(0.7)	NE
Q4 (Dec.)	(0.16)	(1.59)	(0.1)		NE
FY	(\$0.77)	(\$6.70)	(4.0)	(\$0.92)	(2.0)
CY	(\$0.77)	(\$6.70)			(\$0.92)
FY P/E	NM	NM			NM
Rev.(MM)	\$4,709	\$2,848			\$3,705

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters
NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful

Ticker	BC
Price (10/30/2009)	\$9.48
52-Week Range:	\$1-14
Shares Outstanding: (MM)	88.4
Market Cap.: (MM)	\$838.0
S&P 500:	1,036.19
Avg. Daily Vol.:	2
Dividend/Yield:	\$0.05/0.5%
LT Debt: (MM)	\$916.3
LT Debt/Total Cap.:	73.2%
ROE:	(92.0)%
3-5 Yr. Est. Growth Rate:	12.0%
CY 2009 Est. P/E-to-Growth:	NM
Last Reporting Date:	10/29/2009
	<i>Before Open</i>

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters

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Together we'll go far



Company Description:

(Lake Forest, Illinois) Brunswick Corporation is the world's largest recreational marine company and a global leader in indoor recreation. Key marine segment brands include Mercury and Mercruiser engines; Bayliner, Boston Whaler, Cabo Yachts, Crestliner, Hatteras, Lowe, Lund, Meridian, Princecraft, Sealine, Sea Ray, Triton, and Trophy, boats. Brunswick's indoor recreation segment includes bowling (equipment and recreational centers), billiards, and fitness (under the Life Fitness, Parabody, and Hammer Strength) equipment. See www.brunswick.com

Investment Thesis and Valuation

Our outperform rating and \$14.00-\$16.00 valuation range for Brunswick shares reflects:

- **Risks of further material production cuts appear to be largely behind Brunswick** and a few other industry manufacturers (e.g., Marine Products, Tracker). Dealer inventory levels for Brunswick and a few others should end calendar '09 ~ 50% of TTM retail sales due to material production cuts and aggressive promotions taken over the last two years. Even if '10 retail sales fall low double digits yr/yr, Brunswick will have to increase production ~ 80% to hold channel inventories near historic lows (going forward management's goal is for YE channel inventories to ~ 14K-15K units). NOTE: Q309 boat inventories stand at 21 weeks, the lowest comparable period low since 2003.
- **New emerging cost structure should allow for improved profitability at materially lower production levels.** Management has outlined restructurings and other initiatives that should produce \$420MM of annual operating cost savings (vs. '07 levels) by the end of '09 (exclusive of pension expense and variable compensation). Just initiated measures in the company's Mercury engine segment could produce an additional \$25-\$50MM of annualized operating savings once fully implemented by the end of '11. Currently, these savings are being overshadowed by (1) negative overhead absorption from low production levels, and (2) restructuring charges. We now believe BC's breakeven level of production equates to annualized industry retail sales of 145K-150K units and that the BC unit production equivalent to 200K units of industry sales will generate BC operating profits similar to when industry sales ~ 300K units.
- **BC is well positioned to gain domestic/international market share as the low cost producer with relative financial strength, and international exposure. This should help mitigate the effects of what will likely be a very elongated U.S. consumer recovery.** Admittedly, recovery in the domestic marine industry will be very gradual and elongated considering (1) the highly discretionary nature of boats, (2) unknown degree that "fire sale" industry clearance discounting in '08-'10 will pull forward demand, (3) likelihood of slower than normal income growth/higher taxes, and (4) need to delever/rebuild wealth among the industry's target demographics. However, based on the company's restructuring moves, we believe BC continues to further enhance its position as the industry low cost manufacturer. The company is also in a relatively strong financial condition (no material debt maturities until 2013, positive free cash flow, undrawn credit facilities, wholesale joint venture with GE) versus the industry. This should allow (1) BC to gain market share vs. weakened competitors (cost, quality, attracting the strongest dealers to its brands), and (2) take advantage of growing international economies (44% '08 sales international -- 50% Europe, 17% Canada, 15% Asia, 12% Latin America, and 6% Africa/Middle East) more quickly than its competitors.
- **Our '10/'11 EPS estimates of (\$0.92)/\$0.81 support our recommendation, but peak cycle earnings between ~ \$1.70 and \$3.50 by '14 could potentially offer additional meaningful upside based on a range of recovery scenarios.**

Our \$14-\$16 valuation range assumes a trough P/E of 17.4-19.9x, a 4.9-5.5x EV/EBITDA multiple, and 7.6-6.7% free cash flow yield to our '11 EPS, EBITDA and free cash flow per share estimates of \$0.81, \$3.53, and \$1.07 respectively. Considering our base case and optimistic case scenarios for demand recovery through 2014, we believe BC '14 EPS could range from \$1.70-\$3.50. This wide variance is due to (1) Unprecedented recent cycle decline in the marine industry, (2) Severity of the U.S. economic downturn, and (3) Multiple consumer factors influencing the pace/degree of marine industry recovery. Assuming '14 approximates peak cyclical earnings and applying a 10-12x P/E multiple implies a peak equity valuation of ~ \$17-\$42.

Investment Risks

- A prolonged consumer and housing market downturn given the high correlation of these metrics with U.S. boat industry unit sales (this correlation is also likely to a degree in international markets, although sufficient data is not available for definitive confirmation).

Brunswick Corporation

- Availability of consumer and corporate credit.
- Irrational actions (wholesale production/shipments, promotions) by competitors thereby negatively impacting Brunswick's sales/margins.
- Raw materials/component price increases that could negatively impact gross margins.
- Adverse foreign exchange movements (e.g., strengthening of the U.S. dollar).

Recovery Scenario Analysis

Our two recovery scenarios (to arrive at peak '14 earnings) are predicated on the following assumptions:

- Management's statement that BC annual ending channel inventories will ~ 14K-15K units. Therefore, with this as the annual ending point, expected retail sell-through will determine (1) production in our channel inventory projections, (2) boat and engine sales volumes, and (3) income results.
- '10 will likely see continued aggressive promotional activity from the majority of BC's competitors looking to normalize channel inventories. This will result in BC discounting new inventory ~ 20% from MSRP. Beyond '10, discounts from MSRP are assumed to range between 3-5%.
- BC's maximum '10 unit production increase will ~ 85% yr/yr due to ramp up constraints (1) calling back previously laid off skilled workers, (2) the learning curve involved given the significant reformation of BC's manufacturing footprint/process flow, and (3) quality control.
- Existing BC manufacturing will accommodate unit production equivalent to over a 200K unit annualized industry rate.
- Excess cash above a minimum comfort level (the definition of which depends on health of industry/financial markets) will likely be applied toward (1) debt repayment, and (2) pension funding.

Additionally, we would note that BC is making the following changes to its business model:

- Shifting solely to a build to order process for most larger boats (i.e., > \$150,000).
- Attempting to lead the industry away from the standard "normal" 5-8% discounting off of MSRP toward a lower firm price point.
- Utilizing technology more effectively (along with financial incentives) to facilitate visibility/ease of inventory transfer among dealers in various geographic regions.

	Brunswick Channel Inventory (units)						
	2008	2009E	2010E	2011E	2012E	2013E	2014E
Beg. Inventory	37,000	29,000	14,000	12,800	15,004	14,998	15,001
Production	37,000	15,000	27,750	34,049	35,820	39,411	42,504
Retail Sales	(45,000)	(30,000)	(28,950)	(31,845)	(35,826)	(39,408)	(42,758)
Ending Inventory	29,000	14,000	12,800	15,004	14,998	15,001	14,748
Yr/yr Production		-59.5%	85.0%	22.7%	5.2%	10.0%	7.9%
Yr/yr Retail Sales		-33.3%	-3.5%	10.0%	12.5%	10.0%	8.5%
BC Retail Unit Shr		22.2%	22.0%	22.0%	23.0%	24.0%	25.0%
Prod Implied Retail Mkt Size		67,507	126,136	154,769	155,738	164,211	170,018
Implied Retail Mkt Size		135,014	131,591	144,750	155,764	164,201	171,032

Source: Company reports and Wells Fargo Securities, LLC estimates

Note: BC mgt goal is for ending channel inv. to approximate 14-15K units although '10 may dip below this amount.

	Brunswick Channel Inventory (units) Optimistic Scenario						
	2008	2009E	2010E	2011E	2012E	2013E	2014E
Beg. Inventory	37,000	29,000	14,000	11,750	15,001	15,000	15,000
Production	37,000	15,000	27,750	37,751	41,399	47,610	52,121
Retail Sales	(45,000)	(30,000)	(30,000)	(34,500)	(41,400)	(47,610)	(52,371)
Ending Inventory	29,000	14,000	11,750	15,001	15,000	15,000	14,750
Yr/yr Production		-59.5%	85.0%	36.0%	9.7%	15.0%	9.5%
Yr/yr Retail Sales		-33.3%	0.0%	15.0%	20.0%	15.0%	10.0%
BC Retail Unit Shr		22.2%	22.0%	22.0%	23.0%	24.0%	25.0%
Prod Implied Retail Mkt Size		67,507	126,136	171,596	179,994	198,377	208,484
Implied Retail Mkt Size		135,014	136,364	156,818	180,000	198,375	209,484

Source: Company reports and Wells Fargo Securities, LLC estimates

Note: BC mgt goal is for ending channel inv. to approximate 14-15K units although '10 may dip below this amount.

Brunswick Corporation (BC) (Dollars in millions, except per share data)
Segment Revenue - Base Case
Updated: 10.30.09
Wells Fargo Securities, LLC

	Annual Segment Sales - Base Case Scenario													
	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E	2012E	2013E	2014E	
Segment Revenue														
Boats	\$1,405.3	\$1,629.3	\$2,285.0	\$2,783.4	\$2,864.4	\$2,367.5	\$1,719.5	\$668.1	\$1,122.5	\$1,364.5	\$1,431.9	\$1,566.3	\$1,685.3	
Engines	1,705.2	1,832.1	2,167.6	2,304.3	2,271.3	2,639.5	2,207.6	1,433.9	1,921.4	2,138.5	2,202.0	2,317.9	2,415.9	
Eliminations	(233.0)	(276.4)	(392.2)	(492.9)	(521.8)	(436.2)	(306.0)	(92.7)	(177.5)	(250.0)	(260.0)	(290.0)	(315.0)	
Total Marine Revenues	\$2,877.5	\$3,185.0	\$4,060.4	\$4,594.8	\$4,613.9	\$4,570.8	\$3,621.1	\$2,009.3	\$2,866.4	\$3,253.1	\$3,374.0	\$3,596.2	\$3,786.2	
Fitness Equipment	456.7	487.2	559.6	553.2	593.1	653.7	639.5	505.0	505.0	517.6	530.6	543.9	557.4	
Bowling / Billiards	377.7	392.4	442.4	464.5	458.3	446.9	448.3	334.0	334.0	334.4	340.8	344.2	347.6	
Total Recreation Revenues	\$834.4	\$879.6	\$1,002.0	\$1,017.7	\$1,051.4	\$1,100.6	\$1,087.8	\$839.1	\$839.1	\$855.0	\$871.3	\$888.0	\$905.1	
Corporate / Other	0.0	(1.0)	(4.3)	(5.6)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Net Company Revenue	\$3,711.9	\$4,063.6	\$5,058.1	\$5,606.9	\$5,665.0	\$5,671.2	\$4,708.7	\$2,848.3	\$3,705.3	\$4,108.0	\$4,245.2	\$4,484.1	\$4,691.2	
Percentage Change														
Boats	12.3%	15.9%	40.2%	21.8%	2.9%	-17.3%	-27.4%	-61.1%	68.0%	21.6%	4.9%	9.5%	7.5%	
Engines	9.2%	7.4%	18.3%	6.3%	-1.4%	16.2%	-16.4%	-35.0%	34.0%	11.3%	3.0%	5.3%	4.2%	
Total Marine Revenues	10.5%	10.7%	27.5%	13.2%	0.4%	-0.9%	-20.8%	-44.5%	42.7%	13.5%	3.7%	6.6%	5.3%	
Fitness Equipment	14.6%	6.7%	14.9%	-1.1%	7.2%	10.2%	-2.2%	-21.0%	0.0%	2.5%	2.5%	2.5%	2.5%	
Bowling / Billiards	2.8%	3.9%	12.7%	5.0%	-1.3%	-2.5%	0.3%	-25.5%	0.0%	1.0%	1.0%	1.0%	1.0%	
Total Recreation Revenues	9.0%	5.4%	13.9%	1.6%	3.3%	4.7%	-1.2%	-22.9%	0.0%	1.9%	1.9%	1.9%	1.9%	
Net Company Revenue	10.1%	9.5%	24.5%	10.8%	1.0%	0.1%	-17.0%	-39.5%	30.1%	10.9%	3.3%	5.6%	4.6%	
Percent of Period Revenue														
Boats	37.9%	40.1%	45.2%	49.6%	50.6%	41.7%	36.5%	23.5%	30.3%	33.2%	33.7%	35.0%	35.9%	
Engines	45.9%	45.1%	42.9%	41.1%	40.1%	46.5%	46.9%	50.3%	51.9%	52.1%	51.9%	51.7%	51.5%	
Eliminations	-6.3%	-6.8%	-7.8%	-8.8%	-9.2%	-7.7%	-6.5%	-3.3%	-4.8%	-6.1%	-6.1%	-6.5%	-6.7%	
Total Marine Revenues	77.5%	78.4%	80.3%	81.9%	81.4%	80.6%	76.9%	70.5%	77.4%	79.2%	79.5%	80.2%	80.7%	
Fitness Equipment	12.3%	12.0%	11.1%	9.9%	10.5%	11.5%	13.6%	17.7%	13.6%	12.6%	12.5%	12.1%	11.9%	
Bowling / Billiards	10.2%	9.7%	8.7%	8.3%	8.1%	7.9%	9.5%	11.7%	9.0%	8.2%	8.0%	7.7%	7.4%	
Total Recreation Revenues	22.5%	21.6%	19.8%	18.2%	18.6%	19.4%	23.1%	29.5%	22.6%	20.8%	20.5%	19.8%	19.3%	
NET COMPANY REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: Company reports and Wells Fargo Securities, LLC estimates

Brunswick Corporation (BC) (Dollars in millions, except per share data)
Segment Revenue - Optimistic Scenario
Updated: 10.30.09
Wells Fargo Securities, LLC

Annual Segment Sales - Optimistic Scenario

Segment Revenue	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E	2012E	2013E	2014E
Boats	\$1,405.3	\$1,629.3	\$2,285.0	\$2,783.4	\$2,864.4	\$2,367.5	\$1,719.5	\$668.1	\$1,122.5	\$1,506.8	\$1,645.1	\$1,803.4	\$1,940.7
Engines	1,705.2	1,832.1	2,167.6	2,304.3	2,271.3	2,639.5	2,207.6	1,433.9	1,921.4	2,259.9	2,375.0	2,501.1	2,608.8
Eliminations	(233.0)	(276.4)	(392.2)	(492.9)	(521.8)	(436.2)	(306.0)	(92.7)	(177.5)	(270.0)	(297.0)	(330.0)	(360.0)
Total Marine Revenues	\$2,877.5	\$3,185.0	\$4,060.4	\$4,594.8	\$4,613.9	\$4,570.8	\$3,621.1	\$2,009.3	\$2,866.4	\$3,496.7	\$3,723.0	\$3,974.5	\$4,189.6
Fitness Equipment	456.7	487.2	559.6	553.2	593.1	653.7	639.5	505.0	510.1	527.9	546.4	571.0	591.0
Bowling / Billiards	377.7	392.4	442.4	464.5	458.3	446.9	448.3	334.0	335.4	342.4	349.3	359.8	366.9
Total Recreation Revenues	\$834.4	\$879.6	\$1,002.0	\$1,017.7	\$1,051.4	\$1,100.6	\$1,087.8	\$839.1	\$845.8	\$870.3	\$895.7	\$930.7	\$957.9
Corporate / Other	0.0	(1.0)	(4.3)	(5.6)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net Company Revenue	\$3,711.9	\$4,063.6	\$5,058.1	\$5,606.9	\$5,665.0	\$5,671.2	\$4,708.7	\$2,848.3	\$3,712.1	\$4,367.0	\$4,618.6	\$4,905.2	\$5,147.4

Percentage Change

Boats	12.3%	15.9%	40.2%	21.8%	2.9%	-17.3%	-27.4%	-61.1%	68.0%	34.2%	9.2%	9.6%	7.6%
Engines	9.2%	7.4%	18.3%	6.3%	-1.4%	16.2%	-16.4%	-35.0%	34.0%	17.6%	5.1%	5.3%	4.3%
Total Marine Revenues	10.5%	10.7%	27.5%	13.2%	0.4%	-0.9%	-20.8%	-44.5%	42.7%	22.0%	14.4%	6.8%	5.4%
Fitness Equipment	14.6%	6.7%	14.9%	-1.1%	7.2%	10.2%	-2.2%	-21.0%	1.0%	3.5%	3.5%	4.5%	3.5%
Bowling / Billiards	2.8%	3.9%	12.7%	5.0%	-1.3%	-2.5%	0.3%	-25.5%	0.5%	2.0%	2.0%	3.0%	2.0%
Total Recreation Revenues	9.0%	5.4%	13.9%	1.6%	3.3%	4.7%	-1.2%	-22.9%	0.8%	2.9%	4.8%	3.9%	2.9%
Net Company Revenue	10.1%	9.5%	24.5%	10.8%	1.0%	0.1%	-17.0%	-39.5%	30.3%	17.6%	12.4%	6.2%	4.9%

Percent of Period Revenue

Boats	37.9%	40.1%	45.2%	49.6%	50.6%	41.7%	36.5%	23.5%	30.2%	34.5%	35.6%	36.8%	37.7%
Engines	45.9%	45.1%	42.9%	41.1%	40.1%	46.5%	46.9%	50.3%	51.8%	51.8%	51.4%	51.0%	50.7%
Eliminations	-6.3%	-6.8%	-7.8%	-8.8%	-9.2%	-7.7%	-6.5%	-3.3%	-4.8%	-6.2%	-6.4%	-6.7%	-7.0%
Total Marine Revenues	77.5%	78.4%	80.3%	81.9%	81.4%	80.6%	76.9%	70.5%	77.2%	80.1%	80.6%	81.0%	81.4%
Fitness Equipment	12.3%	12.0%	11.1%	9.9%	10.5%	11.5%	13.6%	17.7%	13.7%	12.1%	11.8%	11.6%	11.5%
Bowling / Billiards	10.2%	9.7%	8.7%	8.3%	8.1%	7.9%	9.5%	11.7%	9.0%	7.8%	7.6%	7.3%	7.1%
Total Recreation Revenues	22.5%	21.6%	19.8%	18.2%	18.6%	19.4%	23.1%	29.5%	22.8%	19.9%	19.4%	19.0%	18.6%
NET COMPANY REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company reports and Wells Fargo Securities, LLC estimates

Brunswick Corporation (BC) (Dollars in millions, except per share data)
Income Statement - Base Case
Updated: 10.30.09
Wells Fargo Securities, LLC

	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E	2012E	2013E	2014E	ZOT14E
Net Revenues	\$3,711.9	\$4,063.6	\$5,058.1	\$5,606.9	\$5,665.0	\$5,671.2	\$4,708.7	\$2,848.3	\$3,705.3	\$4,108.0	\$4,245.2	\$4,484.1	\$4,691.2	
Cost of Sales	(2,852.0)	(3,089.6)	(3,809.6)	(4,285.3)	(4,439.3)	(4,513.4)	(3,841.4)	(2,544.0)	(3,019.9)	(3,122.1)	(3,194.5)	(3,363.1)	(3,503.6)	
Gross Profit	859.9	973.8	1,248.5	1,321.6	1,225.7	1,157.8	867.3	304.3	685.5	985.9	1,050.7	1,121.0	1,187.5	
Operating Expenses	(663.3)	(725.2)	(853.7)	(884.5)	(984.2)	(970.4)	(795.5)	(491.3)	(575.0)	(823.1)	(874.5)	(893.5)	(903.0)	
Operating Profit	\$196.6	\$248.6	\$394.8	\$468.7	\$341.2	\$173.6	(\$103.1)	(\$491.3)	\$28.5	\$162.8	\$176.2	\$227.6	\$281.5	
Equity Earnings	-	-	-	18.1	14.9	21.3	6.5	(15.6)	(7.0)	-	6.5	14.5	22.0	
Other Income/(Expense)	8.3	10.0	13.6	(1.5)	(1.8)	7.8	(0.5)	(1.8)	-	-	-	-	-	
EBIT Adjusted	204.9	288.6	408.4	485.3	354.3	202.7	(\$7.1)	(\$08.7)	21.5	162.8	182.7	242.1	303.5	
Interest Expense	(43.3)	(29.6)	(35.1)	(48.3)	(60.5)	(52.3)	(86.0)	(66.2)	(105.9)	(95.0)	(95.0)	(85.0)	(75.0)	
Interest Income	0.0	0.0	-	10.1	16.0	8.7	6.7	3.4	3.5	4.0	4.0	4.0	4.0	
Income (Loss) Before Taxes	161.6	259.0	373.3	447.1	309.8	159.1	(\$14.6)	(\$91.9)	(\$0.9)	71.8	91.7	161.1	232.5	
Taxes	(58.1)	(76.0)	(119.5)	(138.0)	(93.7)	(47.9)	77.0	(0.8)	-	-	(27.5)	(52.3)	(75.6)	
Accounting Change	(25.1)													
Net Income	\$103.5	\$163.1	\$253.8	\$309.1	\$216.1	\$111.2	(\$67.6)	(\$592.7)	(\$80.9)	\$71.8	\$64.2	\$108.7	\$156.9	
EPS - Diluted	\$1.14	\$1.66	\$2.61	\$3.13	\$2.28	\$1.23	(\$0.77)	(\$6.70)	(\$0.92)	\$0.81	\$0.71	\$1.19	\$1.68	
Dividends	\$0.50	\$0.50	\$0.60	\$0.60	\$0.60	\$0.60	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	
EBITDA	\$345.0	\$396.0	\$550.1	\$625.0	\$508.5	\$353.7	\$74.1	(\$336.3)	\$176.0	\$312.8	\$326.2	\$382.6	\$441.5	
EBITDAShare	\$3.80	\$4.31	\$5.65	\$6.32	\$5.37	\$3.92	\$0.84	(\$3.80)	\$1.99	\$3.53	\$3.66	\$4.24	\$4.79	
Average Shares - Basic	89,975	91,200	95,625	97,625	93,950	89,850	88,275	88,400	88,400	88,400	89,150	90,150	92,150	
Average Shares - Diluted	90,675	91,925	97,325	98,825	94,700	90,150	88,300	88,400	88,400	89,150	90,050	91,150	93,350	
YOY % Change														
Net Revenue	10.1%	9.5%	24.5%	10.8%	1.0%	0.1%	-17.0%	-39.6%	30.1%	10.9%	3.3%	5.6%	4.6%	
Cost of Sales	10.2%	8.3%	23.3%	12.5%	3.6%	1.7%	-14.9%	-33.8%	18.7%	3.4%	2.3%	5.3%	4.3%	
Gross Profit	9.8%	13.2%	28.2%	5.9%	-7.3%	-5.5%	-25.1%	-64.9%	125.3%	43.8%	6.6%	6.7%	5.7%	
Operating Expenses	12.0%	9.3%	17.7%	-0.1%	3.7%	11.3%	-1.4%	-18.0%	-17.4%	25.3%	6.2%	2.2%	1.1%	
Operating Profit	2.9%	26.4%	58.8%	18.7%	-27.2%	-49.1%	-159.4%	376.7%	-105.8%	472.0%	8.2%	29.2%	23.7%	
EPS	18.7%	45.9%	56.6%	19.9%	-27.0%	-45.9%	-162.1%	775.7%	-86.4%	77.3%	-11.5%	67.4%	40.9%	
EBTIDAShare	-4.6%	13.2%	31.2%	11.9%	-15.1%	-26.9%	-78.6%	-553.1%	0.0%	0.8%	3.7%	16.0%	12.9%	
Average Shares - Diluted	2.9%	1.4%	5.9%	1.5%	-4.2%	-4.8%	-2.1%	0.1%	0.0%	0.8%	1.0%	1.2%	2.4%	
Margin Analysis														
Cost of Goods Sold (%)	76.83	76.04	75.32	76.43	78.36	79.58	81.58	89.32	81.50	76.00	75.25	75.00	74.75	
Operating Expenses (%)	17.87	17.85	18.88	15.21	15.61	17.35	20.61	27.93	17.73	20.04	20.60	19.93	19.25	
Interest Expense, net (%)	1.17	0.73	0.69	1.04	1.35	1.08	1.29	3.16	2.95	2.41	2.33	1.98	1.68	
Effective Tax Rate (%)	35.95	33.17	32.01	30.87	30.25	30.11	53.24	-0.13	0.00	0.00	30.00	32.50	32.50	
Gross Margin (%)	23.17	23.96	24.68	23.57	21.64	20.42	18.42	10.68	18.50	24.00	24.75	25.00	25.25	
Operating Margin (%)	5.30	6.12	7.81	8.36	6.02	3.06	-2.19	-11.25	0.77	3.96	4.15	5.08	6.00	
EBITDA Margin (%)	9.29	9.75	10.88	11.15	8.98	6.24	1.57	7.81	4.75	7.81	7.68	8.53	9.41	
Pretax Margin (%)	4.35	5.64	7.38	7.97	5.47	2.81	-3.07	-20.78	-2.18	1.75	2.16	3.59	4.96	
Net Margin (%)	2.79	3.77	5.02	5.51	3.81	1.96	-1.44	-20.81	-2.18	1.75	1.51	2.42	3.34	
Return on Sales (Net Income/Sales) x	2.8%	3.8%	5.0%	5.5%	3.8%	2.0%	-1.4%	-20.8%	-2.2%	1.7%	1.7%	2.5%	3.4%	
Asset Turnover (Sales/Avg. Assets) =	114.7%	117.5%	127.3%	125.0%	124.9%	128.7%	124.1%	94.9%	131.9%	145.5%	145.5%	145.5%	145.5%	
Return on Avg. Assets (%)	3.2%	4.4%	6.4%	6.9%	4.8%	2.5%	-1.8%	-19.7%	-2.9%	2.5%	2.5%	3.5%	4.8%	
Financial Leverage (Avg. Assets/Avg. Equity) =	292.5%	285.3%	261.9%	243.0%	235.6%	234.2%	289.4%	652.0%	1890.9%	2023.6%	2023.6%	2023.6%	2023.6%	
TTM Return on Avg. Equity (%)	9.4%	12.6%	16.7%	16.7%	11.2%	5.9%	-5.2%	-128.7%	-54.5%	51.5%	51.5%	51.5%	51.5%	
Return on Avg. Invested Capital (%)	6.0%	8.4%	11.6%	12.0%	8.1%	4.3%	-3.3%	-46.1%	-7.8%	7.8%	7.8%	9.9%	12.9%	
Cash Return on Avg. Invested Capital (%)	14.7%	10.4%	9.4%	5.4%	3.4%	3.2%	-5.8%	0.1%	9.0%	9.9%	9.9%	12.9%	12.9%	

Source: Company reports and Wells Fargo Securities, LLC estimates

Brunswick Corporation (BC) (Dollars in millions, except per share data)
Income Statement - Optimistic Scenario
Updated: 10.30.09
Wells Fargo Securities, LLC

	Annual Income Statement - Optimistic Scenario												
	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E	2012E	2013E	2014E
Net Revenues	\$3,711.9	\$4,063.6	\$5,058.1	\$5,606.9	\$5,665.0	\$5,671.2	\$4,708.7	\$2,848.3	\$3,712.1	\$4,367.0	\$4,618.6	\$4,905.2	\$5,147.4
Cost of Sales	(2,852.0)	(3,089.8)	(3,909.6)	(4,285.3)	(4,439.3)	(4,513.4)	(3,841.4)	(2,544.0)	(3,025.3)	(3,318.9)	(3,475.5)	(3,678.9)	(3,847.7)
Gross Profit	859.9	973.8	1,248.5	1,321.6	1,225.7	1,157.8	867.3	304.3	686.7	1,048.1	1,143.1	1,226.3	1,299.7
Operating Expenses	(663.3)	(725.2)	(853.7)	(884.5)	(884.5)	(984.2)	(970.4)	(795.5)	(653.3)	(786.1)	(808.3)	(809.4)	(785.0)
Operating Profit	\$196.6	\$248.6	\$394.8	\$468.7	\$341.2	\$173.6	(\$103.1)	(\$491.3)	\$33.4	\$262.0	\$334.9	\$416.9	\$514.7
Equity Earnings	-	-	-	18.1	14.9	21.3	6.5	(15.6)	(7.0)	-	15.0	21.0	28.0
Other Income/(Expense)	8.3	10.0	13.6	(1.5)	(1.8)	7.8	(0.5)	(1.8)	-	-	-	-	-
EBIT Adjusted	204.9	258.6	408.4	485.3	354.3	202.7	(97.1)	(508.7)	26.4	262.0	349.9	437.9	542.7
Interest Expense	(43.3)	(29.6)	(35.1)	(48.3)	(60.5)	(52.3)	(54.2)	(86.7)	(105.9)	(95.0)	(85.0)	(65.0)	(45.0)
Interest Income	0.0	0.0	-	-	16.0	8.7	6.7	3.4	-	-	-	-	-
Income (Loss) Before Taxes	161.6	229.0	373.3	447.1	309.8	159.1	(144.6)	(591.9)	(75.9)	171.0	268.9	376.9	501.7
Taxes	(58.1)	(76.0)	(119.5)	(136.0)	(93.7)	(47.9)	77.0	(0.8)	-	-	(80.7)	(122.5)	(163.1)
Accounting Change	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	\$103.5	\$153.1	\$253.8	\$309.1	\$216.1	\$111.2	(\$67.6)	(\$592.7)	(\$75.9)	\$171.0	\$188.2	\$254.4	\$338.7
EPS - Diluted	\$1.14	\$1.66	\$2.61	\$3.13	\$2.28	\$1.23	(\$0.77)	(\$6.70)	(\$0.85)	\$1.91	\$2.08	\$2.75	\$3.50
Dividends	\$0.50	\$0.50	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.75	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
EBITDA	\$345.0	\$396.0	\$500.1	\$625.0	\$508.5	\$353.7	\$74.1	(\$336.3)	\$180.9	\$412.0	\$484.9	\$571.9	\$674.7
EBITDA/Share	\$3.80	\$4.31	\$5.65	\$6.32	\$5.37	\$3.92	\$0.84	(\$3.80)	\$2.05	\$4.63	\$5.42	\$6.26	\$7.07
Average Shares - Basic	89,975	91,200	95,625	97,625	93,950	89,850	88,275	88,400	88,400	88,900	89,400	91,400	95,400
Average Shares - Diluted	90,675	91,925	97,325	98,825	94,700	90,150	88,300	88,400	88,900	89,650	90,300	92,500	96,700
YoY % Change													
Net Revenue	10.1%	9.5%	24.5%	10.8%	1.0%	0.1%	-17.0%	-39.5%	30.3%	17.6%	24.4%	6.2%	4.9%
Cost of Sales	10.2%	8.3%	23.3%	12.5%	3.6%	1.7%	-14.9%	-33.8%	18.9%	9.7%	14.9%	5.9%	4.6%
Gross Profit	9.8%	13.2%	28.2%	5.9%	-7.3%	-5.5%	-25.1%	-64.9%	125.7%	52.6%	66.5%	7.3%	6.0%
Operating Expenses	12.0%	9.3%	17.7%	-0.1%	3.7%	11.3%	-1.4%	-18.0%	-17.9%	20.3%	23.7%	0.1%	-3.0%
Operating Profit	2.9%	26.4%	58.8%	18.7%	-27.2%	-49.1%	-159.4%	376.7%	-106.8%	684.3%	902.3%	24.5%	23.5%
EPS	18.7%	45.9%	56.6%	19.9%	-27.0%	-45.9%	-162.1%	775.7%	-87.3%	-323.3%	-344.0%	32.0%	27.3%
EBTDA/Share	-4.6%	13.2%	31.2%	11.9%	-15.1%	-26.9%	-78.6%	-553.1%	-153.8%	126.5%	165.0%	15.4%	13.0%
Average Shares - Diluted	2.9%	1.4%	5.9%	1.5%	-4.2%	-4.8%	-2.1%	0.1%	0.6%	0.8%	1.6%	2.4%	4.5%
Margin Analysis													
Cost of Goods Sold (%)	76.83	76.04	75.32	76.43	78.36	79.58	81.58	89.32	81.50	76.00	75.25	75.00	74.75
Operating Expenses (%)	17.87	17.85	16.88	15.21	15.61	17.35	20.61	27.93	17.60	18.00	17.50	16.50	15.25
Interest Expense, net (%)	1.17	0.73	0.69	1.04	1.35	1.08	1.29	3.16	2.95	2.27	1.93	1.41	0.95
Effective Tax Rate (%)	35.95	33.17	32.01	30.87	30.25	30.11	53.24	-0.13	0.00	0.00	30.00	32.50	32.50
Gross Margin (%)	23.17	23.96	24.68	23.57	21.64	20.42	18.42	10.68	18.50	24.00	24.75	25.00	25.25
Operating Margin (%)	5.30	6.12	7.81	8.36	6.02	3.06	-2.19	-17.25	0.90	6.00	7.25	8.50	10.00
EBITDA Margin (%)	9.29	9.75	10.88	11.15	8.98	6.24	1.57	-11.81	4.87	9.43	10.50	11.66	13.11
Pretax Margin (%)	4.35	5.64	7.38	7.97	5.47	2.81	-3.07	-20.78	-2.05	3.92	5.82	7.68	9.75
Net Margin (%)	2.79	3.77	5.02	5.51	3.81	1.96	-1.44	-20.81	-2.05	3.92	4.07	5.19	6.58

Source: Company reports and Wells Fargo Securities, LLC estimates

Leisure

Brunswick Corporation (BC) (Dollars in millions, except per share data)

Balance Sheet

Updated: 10.30.09

Wells Fargo Securities, LLC

Annual Balance Sheet										
	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E
Cash & Equivalents	\$351.4	\$345.9	\$499.8	\$487.7	\$283.4	\$331.4	\$317.5	\$516.0	\$543.5	\$484.3
Accounts Receivable, Net	401.4	357.9	439.0	471.6	492.3	572.4	444.8	390.3	400.2	443.7
Inventories, Net	546.9	605.4	749.4	816.9	861.9	906.7	811.7	488.8	574.3	636.7
Other Current Assets	360.5	405.9	410.5	458.8	440.8	303.8	162.9	87.5	113.9	126.3
Total Current Assets	\$1,660.2	\$1,715.1	\$2,098.7	\$2,235.0	\$2,078.4	\$2,114.3	\$1,736.9	\$1,482.6	\$1,631.9	\$1,691.0
Prop., Plant & Equip., Net	792.7	821.4	865.4	953.3	1,014.9	1,052.8	917.6	776.5	694.0	624.0
Invest & Other LT Assets	291.5	403.3	503.2	484.0	370.8	274.0	191.9	154.0	154.0	154.0
Goodwill & Intangibles	570.3	662.7	879.1	949.2	986.2	924.5	377.5	368.0	355.7	343.9
Total Assets	\$3,314.7	\$3,602.5	\$4,346.4	\$4,621.5	\$4,450.3	\$4,365.6	\$3,223.9	\$2,781.1	\$2,835.7	\$2,812.8
Current Maturities LT Debt	\$28.9	\$23.8	\$10.7	\$1.1	\$0.7	\$0.8	\$3.2	\$11.5	\$11.5	\$11.5
Accounts Payable	291.2	306.7	371.2	431.7	448.6	437.3	301.3	255.3	315.0	349.2
Other Accrued Expenses	685.5	749.8	839.6	803.8	748.9	858.1	696.7	620.1	722.5	760.0
Taxes Payable	0.0	26.3	32.3	68.6	95.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	\$1,005.6	\$1,106.6	\$1,253.8	\$1,305.2	\$1,293.2	\$1,296.2	\$1,001.2	\$886.9	\$1,049.0	\$1,120.7
Long-Term Debt	589.5	583.8	731.9	729.4	734.4	727.4	728.5	904.8	839.8	689.8
Deferred Items	617.8	589.1	648.4	608.1	550.9	449.1	764.3	798.2	841.0	829.1
Total Liabilities	\$2,212.9	\$2,279.5	\$2,634.1	\$2,642.7	\$2,578.5	\$2,472.7	\$2,494.0	\$2,589.9	\$2,729.8	\$2,639.6
Shareholders' Equity	\$1,101.8	\$1,323.0	\$1,712.3	\$1,978.8	\$1,871.8	\$1,892.9	\$729.9	\$191.2	\$105.9	\$173.3
Tot. Liab. & Shr. Equity	\$3,314.7	\$3,602.5	\$4,346.4	\$4,621.5	\$4,450.3	\$4,365.6	\$3,223.9	\$2,781.1	\$2,835.7	\$2,812.8
FG Inventory	\$272.5	\$322.1	\$374.2	\$384.3	\$410.4	\$446.7	\$457.7			
Book Value/Share	\$12.15	\$14.39	\$17.59	\$20.02	\$19.77	\$21.00	\$8.27	\$2.16	\$1.20	\$1.94
Tang. Book Value/Share	\$5.86	\$7.18	\$8.56	\$10.42	\$9.35	\$10.74	\$3.99	(\$2.00)	(\$2.83)	(\$1.91)
Cash/Share	\$3.88	\$3.76	\$5.14	\$4.93	\$2.99	\$3.68	\$3.60	\$5.84	\$6.15	\$5.43
Percent of Sales:										
Accounts Receivable, Net	10.8%	8.8%	8.7%	8.4%	8.7%	10.1%	9.4%	13.7%	10.8%	10.8%
Inventories	14.7%	14.9%	14.8%	14.6%	15.2%	16.0%	17.2%	17.2%	15.5%	15.5%
Other Current Assets	9.7%	10.0%	8.1%	8.2%	7.8%	5.4%	3.5%	3.1%	3.1%	3.1%
Accounts Payable	7.8%	7.5%	7.3%	7.7%	7.9%	7.7%	6.4%	9.0%	8.5%	8.5%
Other Accrued Expenses	18.5%	18.5%	16.6%	14.3%	13.2%	15.1%	14.8%	21.8%	19.5%	18.5%
Taxes Payable	0.0%	0.6%	0.6%	1.2%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity/Solvency:										
Current Ratio	1.7 x	1.5 x	1.7 x	1.7 x	1.6 x	1.6 x	1.7 x	1.7 x	1.6 x	1.5 x
Quick Ratio	0.7 x	0.6 x	0.7 x	0.7 x	0.6 x	0.7 x	0.8 x	1.0 x	0.9 x	0.8 x
Cash Collection Cycle	74.7	66.6	61.5	61.8	63.4	69.3	83.9	99.7	68.7	69.3
Interest Coverage	8.0 x	13.4 x	15.7 x	12.9 x	8.4 x	6.8 x	1.4 x	-3.9 x	1.7 x	3.3 x
Leverage:										
LT Debt/Total Capital	34.3%	30.2%	29.8%	26.9%	28.2%	27.8%	49.8%	81.7%	87.7%	78.9%
Total Debt/Capitalization	35.9%	31.5%	30.2%	27.0%	28.2%	27.8%	50.1%	82.7%	88.9%	80.2%
Asset Efficiency:										
Avg. Days Receivables	37.0	33.6	28.4	29.2	30.6	33.8	38.9	52.8	38.4	37.0
Avg. Days Inventory	69.7	67.1	64.0	65.8	68.1	70.5	80.5	92.0	63.4	69.8
Avg. Days Payables	32.0	34.2	30.9	33.2	35.3	35.0	35.5	45.1	33.1	37.5
FG Inventory/Total Inventory	49.8%	53.2%	49.9%	47.0%	47.6%	49.3%	56.4%			

Source: Company reports and Wells Fargo Securities, LLC estimates

Brunswick Corporation (BC) (Dollars in millions, except per share data)

Consolidated Cash Flow

Updated: 10.30.09

Wells Fargo Securities, LLC

	Annual Cash Flow Statement									
	2002	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E
Net Income	\$103.5	\$153.1	255.5	309.1	216.1	\$111.2	(\$67.6)	(\$592.7)	(\$80.9)	\$71.8
Depreciation & Amortization	148.4	147.4	155.3	156.3	167.3	180.1	177.2	155.0	147.5	150.0
Working Capital	90.8	154.0	(8.7)	(53.6)	(92.8)	3.5	(100.0)	314.3	40.3	(46.6)
Income taxes	70.3	(12.6)	44.0	(3.1)	(25.5)	6.4	163.7	105.5	-	-
Other	-	(0.0)	30.0	(20.2)	85.9	42.5	(238.6)	8.1	55.0	-
Restructuring/Litigation/Other Charges	-	(59.7)	(46.1)	33.1	-	0.4	53.2	49.5	-	-
Operating Cash Flow	\$413.0	\$382.2	\$430.0	\$421.6	\$351.0	\$344.1	(\$12.1)	\$39.8	\$161.9	\$175.2
Capital Expenditures	(112.6)	(146.0)	(165.8)	(223.8)	(205.1)	(207.7)	(102.0)	(33.5)	(65.0)	(80.0)
Acquisitions	(21.2)	(10.3)	(264.6)	(130.3)	(86.2)	(6.2)	-	-	-	-
Net Investments	(8.9)	(46.3)	(12.0)	(18.1)	6.1	4.1	65.5	7.5	-	-
Proceeds from Sale of Assets	13.2	7.0	7.9	13.4	7.2	10.1	28.3	11.7	-	-
Other Investing Cash Flows	(0.2)	(40.1)	(24.3)	56.7	(0.4)	25.6	17.2	1.9	-	-
Investing Cash Flows	(\$129.7)	(\$235.7)	(\$458.8)	(\$302.1)	(\$278.4)	(\$174.1)	\$9.0	(\$12.4)	(\$65.0)	(\$80.0)
Net Short-Term Debt	(9.4)	(20.2)	19.4	(0.6)	(0.2)	-	(7.4)	8.3	-	-
Net Long-Term Debt	(26.2)	(24.5)	147.3	(5.4)	(0.8)	(0.2)	1.0	167.3	(65.0)	(150.0)
Dividends Paid	(45.1)	(45.9)	(58.1)	(57.3)	(55.0)	(52.6)	(4.4)	(4.4)	(4.4)	(4.4)
Share Repurchase	-	-	-	(76.0)	(195.6)	(125.8)	-	-	-	-
Stock Options Exercised	40.3	(13.1)	148.0	17.1	15.9	10.8	-	-	-	-
Net Financing Cash Flow	(\$40.4)	(\$103.7)	\$256.6	(\$122.2)	(\$235.7)	(\$167.8)	(\$10.8)	\$171.2	(\$69.4)	(\$154.4)
Discontinued Operations	\$0.0	(\$48.3)	(\$73.9)	(\$9.4)	(\$41.2)	\$45.8	\$0.0	\$0.0	\$0.0	\$0.0
Net Cash Flow - Cont. Ops.	\$242.9	\$42.8	\$227.8	(\$2.7)	(\$163.1)	\$2.2	(\$13.9)	\$198.5	\$27.5	(\$59.2)
Beginning Cash Balance	\$108.5	\$351.4	\$345.9	\$499.8	\$487.7	\$283.4	\$331.4	\$317.5	\$516.0	\$543.5
Ending Cash Balance	\$351.4	\$345.9	\$499.8	\$487.7	\$283.4	\$331.4	\$317.5	\$516.0	\$543.5	\$484.3
Avg Shrs Outstanding - Diluted	90.68	91.93	97.33	98.83	94.70	90.15	88.30	88.40	88.40	89.15
Operating Cash Flow/Dil. - Share	\$4.55	\$4.16	\$4.42	\$4.27	\$3.71	\$3.82	(\$0.14)	\$0.45	\$1.83	\$1.97
Free Cash Flow/Dil. - Share	\$3.31	\$2.57	\$2.71	\$2.00	\$1.54	\$1.51	(\$1.29)	\$0.07	\$1.10	\$1.07
Cash/Share	\$3.88	\$3.76	\$5.14	\$4.93	\$2.99	\$3.68	\$3.60	\$5.84	\$6.15	\$5.43

Source: Company reports and Wells Fargo Securities, LLC estimates

Brunswick Corporation
One Year Forward Valuation History

Year (Dec)	Price Range		EPS	Per Share		P/E Range (X)		Relative P/E Range (X)		Price/EBITDA Range (X)		EV/EBITDA Range (X)		FCF Yield (%)		Yield Range (%)	
	High	Low		EBITDA	FCF	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
1990	\$16.00	\$6.63															
1991	\$16.13	\$8.75	(\$0.40)	\$1.21	\$0.44	37.65	20.43	N/M	N/M	13.27	5.49	8.41	5.08	N/M	N/M	6.64%	2.75%
1992	\$17.75	\$12.25	\$0.43	\$2.11	\$0.44	31.04	21.42	1.86	1.45	7.77	5.37	8.14	5.79	8.04%	5.55%	3.59%	2.48%
1993	\$18.50	\$12.50	\$0.57	\$2.28	\$0.44	13.93	9.41	0.92	0.69	5.45	3.68	5.70	3.94	1.50%	1.01%	3.52%	2.38%
1994	\$25.13	\$17.00	\$1.33	\$3.39	\$0.44	15.30	10.35	1.19	0.90	6.42	4.35	6.72	4.65	9.10%	6.16%	2.94%	1.99%
1995	\$24.00	\$16.38	\$1.64	\$3.91	\$0.50	12.76	8.71	0.84	0.78	5.46	3.72	5.23	3.54	13.96%	9.53%	3.05%	2.08%
1996	\$25.75	\$18.13	\$1.88	\$4.40	\$0.50	12.06	8.49	0.72	0.64	4.91	3.45	5.45	4.02	3.92%	2.76%	2.76%	1.94%
1997	\$36.50	\$23.63	\$2.14	\$5.25	\$0.50	17.15	11.10	0.78	0.67	6.63	4.29	7.95	5.58	9.55%	6.18%	2.12%	1.37%
1998	\$35.38	\$12.50	\$2.13	\$5.50	\$0.50	15.27	5.40	0.63	0.30	6.16	2.18	7.86	3.60	7.97%	2.81%	4.00%	1.41%
1999	\$30.00	\$18.25	\$2.32	\$5.75	\$0.50	10.99	6.68	0.42	0.31	4.43	2.69	5.67	3.86	28.50%	17.34%	2.74%	1.67%
2000	\$21.94	\$14.75	\$2.73	\$6.78	\$0.50	22.82	15.34	0.67	0.55	5.50	3.70	7.38	5.57	13.19%	8.87%	3.39%	2.28%
2001	\$23.00	\$15.06	\$0.96	\$3.99	\$1.95	20.15	13.20	0.71	0.66	6.05	3.96	7.25	5.22	21.99%	14.40%	3.32%	2.17%
2002	\$29.70	\$18.72	\$1.14	\$3.80	\$0.50	17.84	11.24	0.85	0.80	6.89	4.35	7.47	4.96	13.73%	8.65%	2.67%	1.68%
2003	\$32.08	\$16.35	\$1.66	\$4.31	\$2.57	12.30	6.27	0.73	0.53	5.68	2.89	5.84	3.21	16.60%	8.46%	3.67%	1.87%
2004	\$49.85	\$31.25	\$2.61	\$5.65	\$2.71	15.94	9.99	1.00	0.72	7.88	4.94	8.15	5.25	6.40%	4.02%	1.92%	1.20%
2005	\$49.77	\$35.00	\$3.13	\$6.32	\$0.60	21.81	15.34	1.51	1.19	9.27	6.52	10.15	7.28	4.40%	3.10%	1.71%	1.21%
2006	\$42.84	\$27.08	\$2.28	\$5.37	\$0.60	34.73	21.95	2.06	1.53	10.92	6.90	12.75	8.53	5.59%	3.53%	2.22%	1.40%
2007	\$34.99	\$17.01	\$1.23	\$3.92	\$1.51	-45.70	-22.22	-1.90	-1.07	41.67	20.26	47.90	26.04	-7.60%	-3.69%	0.29%	0.14%
2008	\$19.63	\$1.82	(\$0.77)	\$0.84	(\$1.29)	-2.93	-0.27	-0.11	-0.02	-5.16	-0.48	-6.39	-1.71	3.89%	0.36%	2.75%	0.25%
Average ('91-'06)						19.48	12.21	1.06	0.83	6.69	4.20	7.51	5.01	10.88%	6.72%	3.04%	1.87%
2009E	\$12.05	\$2.18	(\$6.70)	\$0.07	\$0.05												
2010E	\$12.05	\$2.18	(\$0.92)	\$1.99	\$0.05												
2011E	\$12.05	\$2.18	\$0.81	\$3.53	\$1.07												
PO on '11 Ests.		\$14.00															
PO on '11 Ests.		\$16.00															

17.38x
19.86x

3.97x
4.53x

4.94x
5.51x

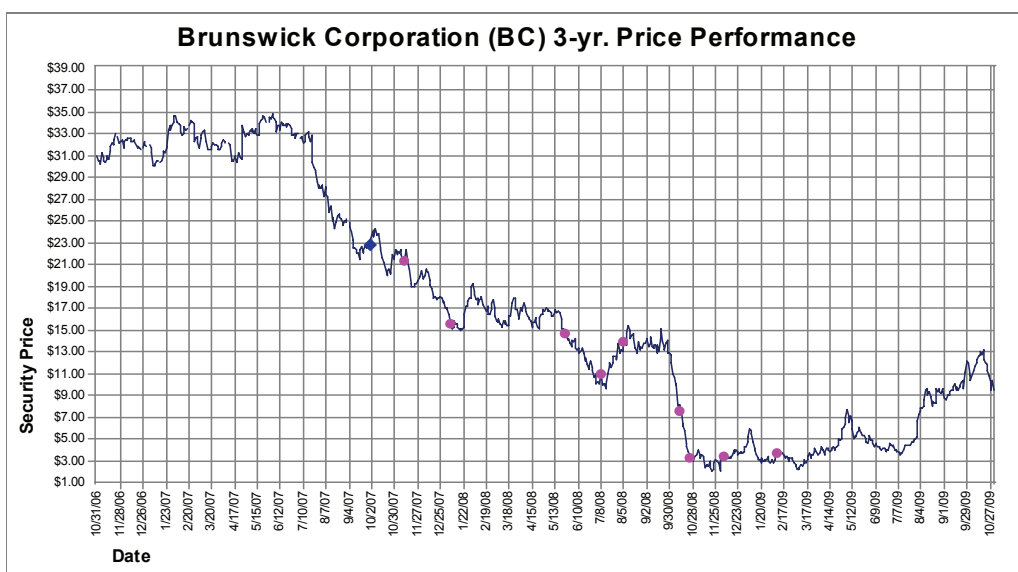
7.63%
6.67%

0.36%
0.31%

Relative to Historical Average Range
% of implied '11 low 71.1%
% of implied '11 high 105.2%

Source: Company reports and Wells Fargo Securities, LLC estimates
Note: Earnings and EBITDA per share exclude discontinued operations, extraordinary items, and accounting changes
Note: Per share amounts based on diluted average shares outstanding
Note: Relative P/E is to the S&P 500
Note: 2009, 2010, and 2011 high/low prices are 2009 YTD

Required Disclosures



Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
10/31/2006		Conder			
10/31/2006	NA	2	NE	NE	30.93
9/28/2007	NA	NR	NE	NE	22.86
11/12/2007	22.41	2	20.00	23.00	21.27
1/7/2008	15.74	2	17.00	19.00	15.54
5/23/2008	15.04	2	15.00	17.00	14.67
7/8/2008	10.11	2	10.00	12.00	10.94
8/5/2008	13.01	2	12.00	14.00	13.93
10/10/2008	8.12	2	8.00	10.00	7.49
10/24/2008	3.48	2	6.50	8.00	3.29
12/5/2008	3.05	2	6.50	7.50	3.36
2/9/2009	3.45	2	4.00	4.50	3.71

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key		Rating Code Key	
▼ Rating Downgrade	◆ Initiation, Resumption, Drop or Suspend	1 Outperform/Buy	SR Suspended
▲ Rating Upgrade	■ Analyst Change	2 Market Perform/Hold	NR Not Rated
● Valuation Range Change	□ Split Adjustment	3 Underperform/Sell	NE No Estimate

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3=Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

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M=Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

U=Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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As of: November 2, 2009

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