BRUNSWICK CORP
Form 10-K
February 18, 2011

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

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-1043

Brunswick Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-0848180 (I.R.S. Employer Identification No.)
1 N. Field Court, Lake Forest, Illinois (Address of principal executive offices)	60045-4811 (Zip Code)

(847) 735-4700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($0.75 par value)	New York and Chicago Stock Exchanges

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities

Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ]

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

As of June 30, 2010, the aggregate market value of the voting stock of the registrant held by non-affiliates was $1,090,181,292. Such number excludes stock beneficially owned by officers and directors. This does not constitute an admission that they are affiliates.

The number of shares of Common Stock ($0.75 par value) of the registrant outstanding as of February 14, 2011 was 88,939,135.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Report on Form 10-K incorporates by reference certain information that will be set forth in the Company's definitive Proxy Statement for the Annual Meeting of Shareholders scheduled to be held on May 4, 2011.

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PART I

Item 1. Business

Brunswick Corporation (Brunswick or the Company) is a Delaware corporation, incorporated on December 31, 1907. Brunswick is a leading global designer, manufacturer and marketer of recreation products including marine engines, boats, fitness equipment and bowling and billiards equipment. Brunswick's engine products include: outboard, sterndrive and inboard engines; trolling motors; propellers; engine control systems; and marine parts and accessories. The Company's boat offerings include: fiberglass pleasure boats; luxury sportfishing convertibles and motoryachts; offshore fishing boats; aluminum fishing boats; and pontoon and deck boats. Brunswick's fitness products include both cardiovascular and strength training equipment for the commercial and consumer markets. Brunswick's bowling offerings include products such as capital equipment, aftermarket and consumer products, and billiard offerings such as billiard and gaming tables and accessories. The Company also owns and operates Brunswick bowling family entertainment centers in the United States and other countries.

In 2010, Brunswick's primary focus was on generating positive free cash flow, performing better than the market in each of its business segments, and taking advantage of its considerable operating leverage. In 2011, Brunswick will remain disciplined and focused on achieving these goals. In addition, Brunswick intends to return to profitability in 2011, with positive earnings beginning in the first quarter. In the longer term, Brunswick's strategy remains consistent: to design, develop and introduce high quality products featuring innovative technology and styling; to distribute products through a model that benefits its partners – dealers and distributors – and provide world-class service to its customers; to develop and maintain low-cost manufacturing processes and to continually improve productivity and efficiency; to manufacture and distribute products globally with local and regional styling; and to attract and retain skilled and knowledgeable people. These strategic objectives support the Company's plans to grow by expanding its existing core businesses. The Company's primary objective is to enhance shareholder value by achieving returns on investments that exceed its cost of capital.

Refer to Note 5 - Segment Information in the Notes to Consolidated Financial Statements for additional information regarding the Company's segments, including net sales, operating earnings and total assets by segment for 2010, 2009 and 2008.

Marine Engine Segment

The Marine Engine segment, which had net sales of $1,807.4 million in 2010, consists of the Mercury Marine Group (Mercury Marine). The Company believes its Marine Engine segment has the largest dollar sales volume of recreational marine engines in the world, along with a leading parts and accessories business.

Mercury Marine manufactures and markets a full range of sterndrive propulsion systems, inboard engines and outboard engines under the Mercury, Mercury MerCruiser, Mariner, Mercury Racing, Mercury SportJet and Mercury Jet Drive, MotorGuide, Axius and Zeus brand names. In addition, Mercury Marine manufactures and markets marine parts and accessories under the Quicksilver, Mercury Precision Parts, Mercury Propellers, Attwood, Land 'N' Sea, Kellogg Marine Supply, Diversified Marine Products, Sea Choice and MotorGuide brand names, including marine electronics and control integration systems, steering systems, instruments, controls, propellers, trolling motors, service parts and marine lubricants. Mercury Marine's sterndrive engines, inboard engines and outboard engines are sold to independent boat builders, local, state and foreign governments, and to the Company's Boat segment. In addition, Mercury Marine's outboard engines are sold to end-users through a global network of more than 4,000 marine dealers and distributors worldwide, specialty marine retailers and marine service centers. Mercury Marine, through Cummins MerCruiser Diesel Marine LLC (CMD), a joint venture between Brunswick's Mercury Marine division and Cummins Marine, a division of Cummins Inc., supplies integrated diesel propulsion systems to the worldwide recreational and commercial marine markets, including the Company's Boat segment.

Mercury Marine manufactures two-stroke OptiMax outboard engines ranging from 75 to 300 horsepower, all of which feature Mercury's direct fuel injection (DFI) technology, and four-stroke outboard engine models ranging from 2.5 to 350 horsepower. All of these low-emission engines are in compliance with U.S. Environmental Protection Agency (EPA) requirements for 2010 and 2011. Mercury Marine's four-stroke outboard engines include Verado, a collection of supercharged outboards ranging from 135 to 350 horsepower, and Mercury Marine's naturally aspirated four-stroke outboards, ranging from 2.5 to 115 horsepower. In addition, most of Mercury's sterndrive and inboard engines are now available with catalyst exhaust monitoring and treatment systems, and are compliant with environmental regulations adopted by the State of California, effective January 1, 2008, and by the EPA, effective January 1, 2010.

To promote advanced propulsion systems with improved and easier handling, performance and efficiency, Mercury Marine, both directly and through its joint venture, CMD, manufactures and markets advanced boat and engine steering and control systems under the brand names of Zeus and Axius.

Mercury Marine's sterndrive and outboard engines are produced domestically in Oklahoma and Wisconsin, respectively. During the third quarter of 2009, the Company announced plans to consolidate engine production by transferring sterndrive engine manufacturing operations from its Stillwater, Oklahoma plant to its Fond du Lac, Wisconsin plant. This plant consolidation effort began in 2009 and is expected to continue through 2011. Mercury Marine manufactures 40, 50 and 60 horsepower four-stroke outboard engines in a facility in China, and produces smaller outboard engines in Japan pursuant to a joint venture with its partner, Tohatsu Corporation. Mercury Marine sources some engine components from a global supply base of Asian, European and Latin American suppliers and manufactures engine component parts at plants in Florida and Mexico. CMD manufactures diesel marine propulsion systems in South Carolina. Mercury Marine also operates a remanufacturing business for engines and service parts in Wisconsin.

In addition to its marine engine operations, Mercury Marine serves markets outside the United States with a wide range of aluminum, fiberglass and inflatable boats produced either by, or for, Mercury Marine in New Zealand, Poland, Portugal and Vietnam. These boats, which are marketed under the brand names Arvor, Legend, Mercury, Protector, Quicksilver, Rayglass, Uttern and Valiant, are typically equipped with engines manufactured by Mercury Marine and often include other parts and accessories supplied by Mercury Marine. Mercury Marine also has an equity ownership interest in a company that manufactures boats under the brand names Aquador, Bella and Flipper in Finland. In the second quarter of 2010, Mercury Marine completed the sale of its recreational boat marina in China, and in the third quarter of 2010, Mercury Marine completed the sale of its former MotorGuide facility in Tulsa, Oklahoma.

Mercury Marine's parts and accessories distribution businesses include: Land 'N' Sea, Kellogg Marine Supply and Diversified Marine Products. These businesses are the leading distributors of marine parts and accessories throughout North America, offering same-day or next-day delivery service to a broad array of marine service facilities.

Inter-company sales to the Company's Boat segment represented approximately 10 percent of Mercury Marine sales in 2010. Domestic demand for the Marine Engine segment's products is seasonal, with sales generally highest in the second calendar quarter of the year.

Boat Segment

The Boat segment consists of the Brunswick Boat Group (Boat Group), which manufactures and markets the following products: fiberglass pleasure boats; luxury sportfishing convertibles and motoryachts; offshore fishing boats; aluminum fishing boats; and pontoon and deck boats. The Company believes that its Boat Group, which had net sales of $913.0 million during 2010, has the largest dollar sales and unit volume of pleasure boats in the world.

The Boat Group manages most of Brunswick's boat brands; evaluates and optimizes the Company's boat portfolio; promotes recreational boating services and activities to enhance the consumer experience and dealer profitability; and speeds the introduction of new technologies into boat manufacturing processes.

The Boat Group is comprised of the following boat brands: Cabo sportfishing express boats and convertibles; Hatteras luxury sportfishing convertibles and motoryachts; Sea Ray yachts, sport yachts, sport cruisers and runabouts; Bayliner sport cruisers and runabouts; Meridian motoryachts; Sealine yachts and sport cruisers; Boston Whaler, Lund and Trophy fiberglass fishing boats; and Crestliner, Cypress Cay, Harris FloteBote, Lowe, Lund, Princecraft and Triton aluminum fishing, utility, pontoon and deck boats. The Boat Group also includes a commercial and governmental sales unit that sells products to commercial customers, as well as the United States government and state, local and foreign governments. The Boat Group procures most of its outboard engines, gasoline sterndrive engines and gasoline inboard engines from Brunswick's Marine Engine segment. The Boat Group also purchases a portion of its diesel engines from CMD.

The Boat Group has active manufacturing facilities in Florida, Indiana, Minnesota, Missouri, North Carolina, Tennessee, Canada, China, Mexico, Portugal and the United Kingdom, as well as additional inactive manufacturing facilities in Florida, Maryland, North Carolina, Tennessee and Washington. The Boat Group also utilizes contract manufacturing facilities in Poland and has an agreement with a local boat builder to manufacture boats in Argentina. During 2010, the Boat Group continued its 2008 and 2009 restructuring activities by reducing its workforce, consolidating manufacturing operations and disposing of non-strategic assets. In the first quarter of 2010, the Company completed the sale of its Pipestone, Minnesota facility. In the second quarter of 2010, the Company finalized plans to divest its Triton fiberglass boat brand and completed the asset sale transaction, exclusive of the facility itself, in the third quarter. In the third quarter of 2010, the Company completed the sale of its Bucyrus, Ohio and Salisbury, Maryland facilities. Also in 2010, the Company continued transitioning its manufacturing facilities from a brand-based platform to multi-brand production locations. As a result, the Company began consolidating its Adelanto, California boat plant operation into its manufacturing facility in New Bern, North Carolina, and its aluminum boat production operations from Little Falls, Minnesota and Ashland City, Tennessee into its New York Mills, Minnesota and Lebanon, Missouri facilities.

The Boat Group's products are sold to end-users through a global network of approximately 2,000 dealers and distributors, each of which carries one or more of Brunswick's boat brands. Sales to the Boat Group's largest dealer, MarineMax Inc., which has multiple locations and carries a number of the Boat Group's product lines, represented approximately 20 percent of Boat Group sales in 2010. Domestic demand for pleasure boats is seasonal, with sales generally highest in the second calendar quarter of the year.

Fitness Segment

Brunswick's Fitness segment is comprised of its Life Fitness division (Life Fitness), which designs, manufactures and markets a full line of reliable, high-quality cardiovascular fitness equipment (including treadmills, total body cross-trainers, stair climbers and stationary exercise bicycles) and strength-training equipment under the Life Fitness and Hammer Strength brands.

The Company believes that its Fitness segment, which had net sales of $541.9 million during 2010, is the world's largest manufacturer of commercial fitness equipment and a leading manufacturer of high-quality consumer fitness equipment. Life Fitness' commercial sales customers include health clubs, fitness facilities operated by professional sports teams, the military, governmental agencies, corporations, hotels, schools and universities. Commercial sales are made to customers through Life Fitness' direct sales force, domestic dealers, and international distributors. Consumer products are available at specialty retailers, select mass merchants, sporting goods stores, through international distributors, and on Life Fitness' Web site.

The Fitness segment's principal manufacturing facilities are located in Illinois, Kentucky, Minnesota and Hungary. Life Fitness distributes its products worldwide from regional warehouses and production facilities. Demand for Life Fitness products is seasonal, with sales generally highest in the first and fourth calendar quarters of the year.

Bowling & Billiards Segment

The Bowling & Billiards segment is comprised of the Brunswick Bowling & Billiards division (BB&B), which had net sales of $323.3 million during 2010. The Company believes BB&B is a leading worldwide full-line designer, manufacturer and marketer of bowling products. BB&B also designs and markets a full line of high-quality consumer billiard tables, Air Hockey table games, foosball tables, other gaming tables and related accessories. In addition, BB&B operates 100 bowling centers in the United States, Canada and Europe.

BB&B's bowling products business designs, manufactures and markets a wide variety of bowling products, including capital equipment (such as automatic pinsetters and scoring devices), bowling balls and aftermarket products. Through licensing arrangements, BB&B also offers a wide array of bowling consumer products, including bowling shoes, bags and accessories.

BB&B retail bowling centers offer bowling and, depending on size and location, may also offer the following activities and facilities: billiards, video games, redemption and other games of skill, laser tag, pro shops, meeting and party rooms, snack bars, restaurants and cocktail lounges. Of the Company's 100 bowling centers, 44 have been converted into Brunswick Zones, which are modernized bowling centers that offer an array of family-oriented entertainment activities. BB&B has further enhanced the Brunswick Zone concept with expanded Brunswick Zone family entertainment centers, branded Brunswick Zone XL, which are larger than typical Brunswick Zones and feature multiple-venue entertainment offerings. BB&B operates 11 Brunswick Zone XL centers. In 2008, BB&B exited a joint venture that operated 14 additional centers in Japan, and in which BB&B had been a partner since 1960.

BB&B's billiards business was established in 1845 and is Brunswick's oldest enterprise. BB&B designs and/or markets billiard tables, Air Hockey table games, foosball tables, balls, cues and other gaming tables, as well as game room furniture and related accessories, under the Brunswick and Contender brands. The Company believes it is a leading designer and marketer of billiard tables. These products are sold worldwide in both commercial and consumer billiard markets. BB&B also operated Valley-Dynamo, a leading manufacturer of commercial and consumer billiard tables, Air Hockey table games and foosball tables. The Valley-Dynamo business was sold in the second quarter of 2009, although the Company retained the intellectual property rights to the Air Hockey trademark.

BB&B's primary manufacturing and distribution facilities are located in Hungary, Mexico, Michigan and Wisconsin.

Brunswick's bowling and billiards products are sold through a variety of channels, including distributors, dealers, mass merchandisers, bowling centers and retailers, and directly to consumers on the Internet and through other outlets. BB&B's sales are seasonal with sales generally highest in the first and fourth calendar quarters of the year.

Financial Services

The Company, through its Brunswick Financial Services Corporation (BFS) subsidiary, owns a 49 percent interest in a joint venture, Brunswick Acceptance Company, LLC (BAC). CDF Ventures, LLC (CDFV), a subsidiary of GE Capital Corporation, owns the remaining 51 percent. Under the terms of the joint venture agreement, BAC provides secured wholesale inventory floorplan financing to the Company's engine and boat dealers. Prior to May 2009, BAC also purchased and serviced a portion of Mercury Marine's domestic accounts receivable relating to its boat builder and dealer customers. The Company replaced this program with the Mercury Receivables ABL Facility, discussed in Note 14 – Debt in the Notes to Consolidated Financial Statements.

The term of the BAC joint venture extends through June 30, 2014. The joint venture agreement contains provisions allowing for the renewal of the agreement or purchase of the joint venture by either of the parties at the end of this term. Alternatively, either partner may allow the agreement to terminate at the end of its term.

Refer to Note 9 – Financial Services in the Notes to Consolidated Financial Statements for more information about the Company's financial services.

Distribution

Brunswick utilizes distributors, dealers and retailers (Dealers) for the majority of its boat sales and significant portions of its sales of marine engine, fitness and bowling and billiards products. Brunswick has over 15,000 Dealers serving its business segments worldwide. Brunswick's marine Dealers typically carry boats, engines and related parts and accessories.

Brunswick owns Land 'N' Sea, Kellogg Marine Supply and Diversified Marine Products, which are the primary parts and accessories distribution platforms for the Company's Marine Engine segment. These businesses are the leading distributors of marine parts and accessories throughout North America, with 13 distribution warehouses located throughout the United States and Canada offering same-day or next-day delivery service to a broad array of marine service facilities.

Brunswick's Dealers are independent companies or proprietors that range in size from small, family-owned businesses to a large, publicly-traded corporation with substantial revenues and multiple locations. Some Dealers sell Brunswick's products exclusively, while others also carry competitors' products. Brunswick partners with its boat dealer network to improve quality, service, distribution and delivery of parts and accessories to enhance the boating customer's experience.

Demand for a significant portion of Brunswick's products is seasonal, and a number of Brunswick's Dealers are relatively small or highly-leveraged. As a result, many Dealers require financial assistance to support their businesses, allowing them to provide stable channels for Brunswick's products. In addition to the financing offered by BAC, the Company provides its Dealers with assistance, including incentive programs, loans, loan guarantees and inventory repurchase commitments, under which the Company is obligated to repurchase inventory from a finance company in the event of a Dealer's default. The Company believes that these arrangements are in its best interest; however, the financial support that the Company provides to its Dealers exposes the Company to credit and business risk. Brunswick's business units, along with BAC, maintain active credit operations to manage this financial exposure, and the Company continually seeks opportunities to sustain and improve the financial health of its various distribution channel partners. Refer to Note 11 – Commitments and Contingencies in the Notes to Consolidated Financial Statements for further discussion of these arrangements.

International Operations

Brunswick's sales to customers in markets other than the United States were $1,403.3 million (41 percent of net sales), $1,168.7 million (42 percent of net sales) and $2,058.5 million (44 percent of net sales) in 2010, 2009 and 2008, respectively. The Company transacts most of its sales in non-U.S. markets in local currencies, and the cost of its products is generally denominated in U.S. dollars. Strengthening or weakening of the U.S. dollar affects the financial results of Brunswick's non-U.S. operations.

Non-U.S. sales are set forth in Note 5 – Segment Information in the Notes to Consolidated Financial Statements and are also included in the table below, which details Brunswick's non-U.S. sales by region:

(in millions)		2010		2009		2008
Europe	$	601.2	$	518.1	$	1,024.1
Pacific Rim		268.4		235.8		318.1
Canada		246.8		178.1		346.7
Latin America		194.6		157.9		247.8
Africa & Middle East		92.3		78.8		121.8
Total	$	1,403.3	$	1,168.7	$	2,058.5

Marine Engine segment non-U.S. sales represented approximately 51 percent of Brunswick's non-U.S. sales in 2010. The segment's primary non-U.S. operations include the following:

- Sales offices and distribution centers in Australia, Belgium, Brazil, Canada, China, Malaysia, Mexico, New Zealand and Singapore;
- Sales offices in Dubai, Finland, France, Italy, Norway, Sweden and Switzerland;
- Boat manufacturing plants in New Zealand and Portugal, and boat plants in Poland and Vietnam that perform contract manufacturing for the Company;
- An outboard engine assembly plant in Suzhou, China; and
- An outboard engine assembly plant joint venture in Japan.

Boat segment non-U.S. sales comprised approximately 24 percent of Brunswick's non-U.S. sales in 2010. The Boat Group's products are manufactured or assembled in the United States, Canada, China, Mexico, Portugal and the United Kingdom, as well as boat plants in Argentina and Poland that perform contract manufacturing for the Company, and are sold worldwide through dealers. The Boat Group has sales offices in France, Italy, Mexico, the Netherlands, the United Kingdom and Singapore.

Fitness segment non-U.S. sales comprised approximately 20 percent of Brunswick's non-U.S. sales in 2010. Life Fitness sells its products worldwide and has sales and distribution centers in Brazil, Germany, Hong Kong, Japan, the Netherlands, Spain and the United Kingdom. The Fitness segment also manufactures strength-training equipment and select lines of cardiovascular equipment in Hungary for its international markets.

Bowling & Billiards segment non-U.S. sales comprised approximately 5 percent of Brunswick's non-U.S. sales in 2010. BB&B sells its products worldwide, has sales offices in Germany, Hong Kong and Tokyo, and operates plants that manufacture automatic pinsetters in Hungary and bowling balls in Mexico. BB&B operates retail bowling centers in Austria, Canada and Germany.

Raw Materials and Supplies

Brunswick purchases a wide variety of raw materials from its supplier base, including oil, aluminum, steel and resins, as well as product parts and components, such as engine blocks and boat windshields. The prices for these raw materials, parts and components fluctuate depending on market conditions. Significant increases in the cost of such materials would raise the Company's production costs, which could reduce the Company's profitability if the Company cannot recoup the increased costs through higher product prices.

As Brunswick's manufacturing operations raised production levels in 2010, the Company's need for raw materials and supplies increased. As production increases in 2011, Brunswick's suppliers must be prepared to increase their manufacturing operations to meet the heightened demand for their products and, in many cases, may need to recall or hire additional workers in order to fulfill the orders placed by Brunswick and other customers. During 2010, the Company experienced some shortages, and delayed delivery, of certain materials, parts and supplies essential to its manufacturing operations. The Company has addressed and will continue to address this issue by identifying alternative suppliers, working to secure adequate inventories of critical supplies and continually monitoring its supplier base.

Additionally, some components used in Brunswick's manufacturing processes, including engine blocks and boat windshields, are available from a sole supplier or a limited number of suppliers. Operational and financial difficulties that these or other suppliers currently face or may face in the future could adversely affect their ability to supply Brunswick with the parts and components it needs, which could significantly disrupt Brunswick's operations.

The Company also continues to expand its global procurement operations to better leverage its purchasing power across its divisions and to improve supply chain and cost efficiencies. The Company mitigates its commodity price risk by using derivatives to hedge a portion of its raw material purchases.

Intellectual Property

Brunswick has, and continues to obtain, patent rights covering certain features of its products and processes. By law, Brunswick's patent rights, which consist of patents and patent licenses, have limited lives and expire periodically. The Company believes that its patent rights are important to its competitive position in all of its business segments.

In the Marine Engine segment, patent rights principally relate to features of outboard engines and inboard-outboard drives, hybrid drives and pod drives, including: die-cast powerheads; cooling and exhaust systems; drivetrain, clutch and gearshift mechanisms; boat/engine mountings; shock-absorbing tilt mechanisms; ignition systems; propellers; marine vessel control systems; fuel and oil injection systems; supercharged engines; outboard mid-section structures; segmented cowls; hydraulic trim, tilt and steering; screw compressor charge air cooling systems; and airflow silencers.

In the Boat segment, patent rights principally relate to processes for manufacturing fiberglass hulls, decks and components for boat products, as well as patent rights related to interiors and other boat features and components.

In the Fitness segment, patent rights principally relate to fitness equipment designs and components, including patents covering internal processes, programming functions, displays, design features and styling.

In the Bowling & Billiards segment, patent rights principally relate to computerized bowling scorers and bowling center management systems, bowling center furniture, bowling lanes, lane conditioning machines and related equipment, bowling balls, and billiard table designs and components.

The following are Brunswick's primary trademarks:

Marine Engine Segment: Attwood, Axius, Diversified Marine Products, Kellogg Marine Supply, Land 'N' Sea, Mariner, MercNET, MerCruiser, Mercury, Mercury Marine, Mercury Parts Express, Mercury Precision Parts, Mercury Propellers, Mercury Racing, MotorGuide, OptiMax, Quicksilver, Rayglass, Seachoice, SeaPro, SmartCraft, SportJet, Swivl-Eze, Valiant, Verado and Zeus.

Boat Segment: Bayliner, Boston Whaler, Cabo, Crestliner, Cypress Cay, FloteBote, Harris, Hatteras, Lowe, Lund, Master Dealer, Meridian, Princecraft, Sea Ray, Sealine and Trophy.

Fitness Segment: Flex Deck, Hammer Strength, Lifecycle and Life Fitness.

Bowling & Billiards Segment: Air Hockey, Ballworx, Brunswick, Brunswick Billiards, Brunswick Pavilion, Brunswick Zone, Brunswick Zone XL, Centennial, Contender, Cosmic Bowling, Frameworx, Gold Crown, Inferno, Lightworx, Pro Lane, U.S. Play by Brunswick, Vector, Viz-A-Ball and Zone.

Brunswick's trademark rights have indefinite lives, and many are well known to the public and are considered to be valuable assets.

Competitive Conditions and Position

The Company believes that it has a reputation for quality in each of its highly competitive lines of business. Brunswick competes in its various markets by utilizing efficient production techniques; developing and promoting innovative technological advancements; undertaking effective marketing, advertising and sales efforts; providing high-quality products at competitive prices; and offering extensive aftermarket services.

Strong competition exists in each of Brunswick's product groups, but no single enterprise competes with Brunswick in all product groups. In each product area, competitors range in size from large, highly-diversified companies to small, single-product businesses. Brunswick also competes with businesses that offer alternative leisure products or activities, but do not compete directly with Brunswick's products.

The following summarizes Brunswick's competitive position in each segment:

Marine Engine Segment: The Company believes it has the largest dollar sales volume of recreational marine engines in the world, along with a leading parts and accessories business. The marine engine market is highly competitive among several major international companies that comprise the majority of the market, as well as several smaller companies. Competitive advantage in this segment is a function of product features, technological leadership, quality, service, pricing, performance and durability, along with effective promotion and distribution.

Boat Segment: The Company believes it has the largest dollar sales and unit volume of pleasure boats in the world. There are several major manufacturers of pleasure and offshore fishing boats, along with hundreds of smaller manufacturers. Consequently, this business is both highly competitive and highly fragmented. The Company believes it has the broadest range of boat product offerings in the world, with boats ranging in size from 10 to 105 feet. In all of its boat operations, Brunswick competes on the basis of product features, technology, quality, dealer service, pricing, performance, value, durability and styling, along with effective promotion and distribution.

Fitness Segment: The Company believes it is the world's largest manufacturer of commercial fitness equipment and a leading manufacturer of high-quality consumer fitness equipment. There are a few large manufacturers of fitness equipment and hundreds of small manufacturers, which creates a highly fragmented, competitive landscape. Many of

Brunswick's fitness equipment offerings feature industry-leading product innovations, and the Company places significant emphasis on introducing new fitness equipment to the market. Competitive focus is also placed on product quality, service, pricing, state-of-the-art biomechanics, and effective promotional activities.

Bowling & Billiards Segment: The Company believes it is a leading worldwide full-line designer, manufacturer and marketer of bowling products and billiard tables. There are other manufacturers of bowling products and competitive emphasis is placed on product innovation, quality, service, marketing activities and pricing. The billiards industry continues to experience competitive pressure from low-cost billiards manufacturers outside the United States. The bowling retail market, in which the Company's bowling centers compete, is highly fragmented. Brunswick is one of the two largest competitors in the North American bowling retail market, with an emphasis on larger, upscale, full-service family entertainment centers. The bowling retail business emphasizes the bowling and entertainment experience, maintaining quality facilities and providing excellent customer service.

Research and Development

The Company strives to improve its competitive position in all of its segments by continuously investing in research and development to drive innovation in its products and manufacturing technologies. Brunswick's research and development investments support the introduction of new products and enhancements to existing products. Research and development expenses as a percentage of net sales was 2.7 percent, 3.2 percent and 2.6 percent in 2010, 2009 and 2008, respectively. In light of the prolonged downturn in recreational marine industry demand, the Company has undertaken significant efforts to reduce its fixed and variable expenses to adjust its cost structure to current market conditions. In implementing these cost reductions, the Company reduced selective research and development expenses. The Company believes that the implementation of these actions have not materially limited its ability to successfully execute its long-term strategies, particularly as market conditions improve. Research and development expenses are shown below:

(in millions)	2010	2009	2008
Marine Engine	$ 53.7	$ 50.1	$ 61.3
Boat	17.8	19.6	38.6
Fitness	16.7	14.9	17.4
Bowling & Billiards	3.8	3.9	4.9
Total	$ 92.0	$ 88.5	$ 122.2

Number of Employees

The number of employees worldwide is shown below by segment:

	December 31, 2010		December 31, 2009	
	Total	Union (domestic)	Total	Union (domestic)
Marine Engine	4,612	975	3,683	958
Boat	4,143	—	4,744	—
Fitness	1,668	132	1,668	135
Bowling & Billiards	4,707	57	4,756	99
Corporate	160	—	152	—
Total	15,290	1,164	15,003	1,192

Mercury Marine's Fond du Lac, Wisconsin facility ratified a collective bargaining agreement with the International Association of Machinists Winnebago Lodge 1947 in August 2009. Additionally, the Marine Engine segment's Attwood facility in Lowell, Michigan ratified a collective bargaining agreement with the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers AFL-CIO, Local M-7, in November 2009. In January 2009, BB&B renewed its collective bargaining agreement with the International Association of Machinists and Aerospace Workers, Local 2597, and the Federal Labor Union, Local 23409 AFL-CIO, both of which represent employees at the Muskegon, Michigan distribution facility. Life Fitness renewed its collective bargaining agreement with the Chemical and Production Workers Union, Local 30 AFL-CIO, at its Franklin Park, Illinois facility, in February 2010. The Company believes that the relationships between its employees, the labor unions and the Company remain stable.

Environmental Requirements

See Item 3 of this report for a description of certain environmental proceedings.

Available Information

Brunswick maintains an Internet Web site at http://www.brunswick.com that includes links to Brunswick's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports (SEC Reports). The SEC Reports are available without charge as soon as reasonably practicable following the time that they are filed with, or furnished to, the SEC. Shareholders and other interested parties may request email notification of the posting of these documents through the Investors section of Brunswick's Web site.

Item 1A. Risk Factors

The Company's operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect the Company's business, financial condition, results of operations, cash flows and the trading price of the Company's common stock.

Worldwide economic conditions, particularly in the United States and Europe, have adversely affected the Company's industries, businesses and results of operations and may continue to do so.

Beginning in 2008, general worldwide economic conditions, particularly in the United States and Europe, experienced a downturn due to the effects of the subprime lending crisis, general credit market crisis, collateral effects on the finance and banking industries, increased energy costs, concerns about inflation, slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns. In times of economic uncertainty and contraction, consumers tend to have less discretionary income and to defer expenditures for discretionary items, which adversely affects the Company's financial performance, especially in its marine businesses. A majority of the Company's businesses are cyclical in nature and are highly sensitive to personal discretionary spending levels, and their success is dependent upon favorable economic conditions, the overall level of consumer confidence and personal income levels. Other factors negatively affecting the Company's financial results, which may continue to do so, include: the impact of weakening consumer and corporate credit markets; continued reduction in marine industry demand; corporate restructurings; declines in the value of investments and residential real estate, especially in large boating markets such as Florida and California; and higher fuel prices.

Demand for the Company's marine products has been significantly reduced by weak economic conditions, low consumer confidence, high unemployment and increased market volatility worldwide, especially in the United States and Europe. The Company estimates that retail unit sales of powerboats in the United States were down significantly during 2010. Any deterioration in general economic conditions that further diminishes consumer confidence or discretionary income may further reduce the Company's sales and adversely affect its financial results, including increasing the potential for future impairment charges. The Company cannot predict the timing or strength of economic recovery, either worldwide or in the specific markets where it competes.

The economic factors discussed above have also reduced the ability of fitness centers and bowling retail centers to invest in new equipment, which has adversely affected sales in the Company's Fitness and Bowling & Billiards segments.

Although consumer credit markets have improved, tight consumer credit markets have reduced demand, especially for marine products, and may continue to do so.

Customers often finance purchases of the Company's marine products, particularly boats. Credit market conditions improved during 2010, but remained less favorable than those experienced prior to the decline in marine retail demand. These overall declines in the lending environment include fewer lenders, tighter underwriting and loan approval criteria, greater down payment requirements and, in some cases, higher interest rates. If credit conditions worsen, and adversely affect the ability of customers to finance potential purchases at acceptable terms and interest rates, it could result in a further decrease in sales of the Company's products or delay any improvement in its sales.

The inability of the Company's dealers and distributors to secure adequate access to capital could adversely affect the Company's sales.

The Company's dealers require adequate liquidity to finance their operations, including purchases of the Company's products. Dealers are subject to numerous risks and uncertainties that could unfavorably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis on reasonable terms. These sources of financing are vital to the Company's ability to sell products through the Company's distribution network, particularly to its boat and engine dealers. During the recent credit crisis, several third-party floorplan lenders ceased their lending operations, or materially reduced their exposure. A significant portion of the Company's domestic and international boat and engine sales to dealers are financed through entities affiliated with GE Capital Corporation (GECC), including BAC (the Company's 49 percent owned joint venture, with the other 51 percent being owned by CDFV, a subsidiary of GECC), which provides floorplan financing to domestic marine dealers.

BAC commenced operations in 2003, and in the second quarter of 2008, the term of the joint venture was extended through June 2014. The joint venture is funded with the capital contributions from the joint venture partners, along with a $1.0 billion secured credit line provided by GE Commercial Distribution Finance Corporation (GECDF), which is in place through the term of the joint venture, and through receivable sales to a securitization facility arranged by GECDF. The Company does not guarantee the debt of BAC. GECDF may, however, terminate the joint venture if the Company is unable to maintain compliance with the minimum fixed-charge coverage ratio covenant included in the joint venture agreement, which is the same as the covenant in the Company's revolving credit facility.

The availability and terms of financing offered by the Company's dealer floorplan financing providers (including BAC and others) will continue to be influenced by: their ability to access certain capital markets, including the securitization and the commercial paper markets, and to fund their operations in a cost effective manner; the performance of their overall credit portfolios; their willingness to accept the risks associated with lending to marine dealers; and the overall creditworthiness of those dealers. The Company's sales could be adversely affected if BAC were to be terminated, if further declines in floorplan financing availability occur, or if financing terms become more adverse. This could require the Company to find alternative sources of financing, including the Company providing this financing directly to dealers, which could require additional capital to fund the associated receivables.

The Company's financial results may be adversely affected if it is unable to maintain effective distribution.

The Company relies on third-party dealers and distributors to sell the majority of its products, particularly in the marine business. The ability to maintain a reliable network of dealers is essential to the Company's success. The Company faces competition from other boat manufacturers in attracting and retaining distributors and independent boat dealers. A significant deterioration in the number or effectiveness of the Company's dealers and distributors could have a material adverse effect on the Company's financial results.

Weak demand for marine products has adversely affected and could continue to adversely affect the financial performance of the Company's dealers. In particular, reduced cash flow from decreased sales and tighter credit markets may impair a dealer's ability to fund operations. A continued inability to fund operations can force dealers to cease business, and the Company may not be able to obtain alternate distribution in the vacated market. An inability to obtain alternate distribution could unfavorably affect the Company's net sales through lower market exposure. The Company anticipates that dealer failures or voluntary market exits could continue into future periods, especially if overall retail demand for boats continues to decline.

Adverse economic, credit and capital market conditions could have a negative impact on the Company's financial results.

The Company does not frequently utilize short-term capital markets to meet its working capital requirements, fund capital expenditures, pay dividends, or fund employee benefit programs; however, the Company does maintain short-term borrowing facilities which can be used to meet these capital requirements. In addition, over the long term, the Company may determine that it is necessary to access the capital markets to refinance existing long-term indebtedness or for other initiatives.

Adverse global economic conditions, market volatility and heightened governmental regulation could lead to volatility and disruptions in the capital and credit markets. This could adversely affect the Company's ability to access capital and credit markets or increase the cost to do so, which could have a negative impact on its business, financial results and competitive position.

Inventory reductions by major dealers, retailers and independent boat builders could adversely affect the Company's financial results.

Dealer inventory levels in 2008 and the first half of 2009 were higher than desired and dealer inventory was aged beyond preferred levels. In response, in 2009, the Company implemented a focused pipeline strategy to reduce the number of units held by its dealers, which reduced field inventory by over 13,000 units versus 2008 levels. Such efforts, combined with retail discounting, resulted in diminished pipeline levels of the Company's products. To achieve these reductions, the Company reduced 2009 boat production by approximately 65 percent as compared to the prior year (resulting in lower rates of absorption of fixed costs in the Company's manufacturing facilities and thus lower margins) and provided substantial support to dealers through retail discount programs designed to reduce aged inventory. While conditions have improved as a result of the Company's efforts, the potential need for future inventory reductions by dealers and independent boatbuilder customers could impair the Company's future sales and results of operations.

Excess supply of repossessed and aged boats can adversely affect industry pricing.

Boats entering the market through non-traditional avenues, such as dealer and independent boat builder failures and consumer-related repossessions, could result in an excess supply of repossessed boats, having an adverse effect on industry pricing. Failed or struggling dealers and boat builders may be required to sell their inventory at significantly reduced or liquidation prices in order to pay their financial obligations. These supply conditions could result in higher discounts and sales incentives used to facilitate retail boat sales, which could lead to lower sales or result in pressure on wholesale prices.

The Company may be required to repurchase inventory or accounts of certain dealers.

The Company has agreements with certain third-party finance companies to provide financing to the Company's customers to enable the purchase of its products. In connection with these agreements, the Company may have obligations to either repurchase the Company's products from the finance company, or may have recourse obligations to the finance company on the dealer's receivables. These obligations are triggered if the Company's dealers default on their debt obligations to the finance companies.

The Company's maximum contingent obligation to repurchase inventory and its maximum contingent recourse obligations on customer receivables are less than the total balances of dealer financings outstanding under these programs, as the Company's obligations under certain of these arrangements are subject to caps, or are limited based on the age of product. The Company's risk related to these arrangements is mitigated by the proceeds it receives on the resale of repurchased product to other dealers, or by recoveries on receivables purchased under the recourse obligations.

The Company's inventory repurchase obligations relate primarily to the inventory floorplan credit facilities of the Company's boat and engine dealers. The Company's actual historical repurchase experience related to these arrangements has been substantially less than the Company's maximum contractual obligations. If additional dealers file for bankruptcy or cease operations, additional losses associated with the repurchase of the Company's products will be incurred. The Company's net sales and earnings may be unfavorably affected as a result of reduced market coverage and the associated decline in sales.

Continued weakness in the marine industry could cause an increase in future repurchase activity, or could require the Company to incur losses in excess of established reserves. In addition, the Company's cash flow and loss experience could be adversely affected if inventory is not successfully distributed to other dealers in a timely manner, or if the recovery rate on the resale of the product declines. In addition, the finance companies could require changes in repurchase or recourse terms that would result in an increase in the Company's contractual contingent obligations.

The loss of key accounts or critical suppliers could harm the Company’s business.

If the Company were to experience the loss of a key account, its business could be negatively affected in a significant way. Similarly, if one of the Company’s most critical suppliers were to close its operations, cease manufacturing or otherwise fail to deliver an essential component necessary to the Company’s manufacturing operations, it could have a detrimental effect on the Company’s ability to manufacture and sell its products, resulting in an interruption in business operations and/or a loss of sales. In an effort to mitigate the risk associated with the Company’s reliance on such accounts and suppliers, it continually works to monitor such relationships, maintain a complete and competitive product lineup and identify alternative suppliers for key components.

The Company’s success depends upon the continued strength of its brands.

The Company believes that its brands, including Brunswick, Mercury, Sea Ray, Boston Whaler, Hatteras and Life Fitness, are significant contributors to the success of the Company’s business and that maintaining and enhancing the brands are important to expanding the Company’s customer base. Failure to protect the Company’s brands from infringers may adversely affect the Company’s business and results of operations.

The Company’s businesses have a large fixed cost base that can affect its profitability in a declining sales environment.

The high levels of fixed costs of operating marine production plants can put pressure on profit margins. The Company’s profitability is dependent, in part, on its ability to spread fixed costs over an increasing number of products sold and shipped, and if the Company makes a decision to reduce its rate of production, as it did in 2008 and 2009, gross margins could be negatively affected. Decreased demand or the need to reduce inventories can lower the Company’s ability to absorb fixed costs and materially impact its results of operations.

Successfully establishing a smaller manufacturing footprint is critical to the Company’s operating and financial results.

A significant component of the Company’s cost-reduction efforts has been a focus on reducing its manufacturing footprint by consolidating boat and engine production into fewer plants. Since January 1, 2007, the Company has closed 17 of its boat manufacturing facilities. Additionally, during the third quarter of 2009, the Company announced plans to consolidate engine production by transferring sterndrive engine manufacturing operations from its Stillwater, Oklahoma plant to its Fond du Lac, Wisconsin plant. This plant consolidation effort is underway and is expected to be completed in 2011.

Moving production to a different plant involves risks, including the inability to start up production within the cost and timeframe estimated, supply product to customers when expected and attract a sufficient number of skilled workers to handle the additional production demands. The inability to successfully implement the Company’s manufacturing footprint initiatives could adversely affect its operating and financial results. Additionally, expenses associated with plant consolidation, including severance costs, pension funding requirements and loss of trained employees with knowledge of the Company’s business and operations, could exceed projections and negatively impact financial results.

The Company’s inability to successfully implement its restructuring initiatives and other uncertainties could negatively affect the Company’s liquidity position, which in turn could have a material adverse effect on the Company’s business.

The Company’s ability to successfully generate cash flow will depend on the continued successful execution of its restructuring initiatives and its plans to consolidate manufacturing operations, in order to return the Company’s marine operations to profitability. The Company is subject to numerous other risks and uncertainties that could negatively affect its cash flow in the future, which may include the continued reduction in marine industry demand as a result of a weak global economy resulting in, among other things: (i) the failure of the Company's customers to pay amounts owed on a timely basis; (ii) an increase in the Company's obligations to repurchase its products or make recourse payments on customers' debt obligations; and/or (iii) an increase in retail incentives in order to facilitate the sale of dealer inventories. The continuation of, or adverse change with respect to, one or more of these trends would weaken the Company's competitive position and materially adversely affect the Company's ability to satisfy its anticipated cash requirements.

The Company relies on third-party suppliers for the supply of the raw materials, parts and components necessary to manufacture its products. The Company's financial results may be adversely affected by an increase in cost, disruption of supply or shortage of or defect in raw materials, parts or product components.

Outside suppliers and contract manufacturers provide the Company with raw materials used in its manufacturing processes including oil, aluminum, copper, steel and resins, as well as product parts and components, such as engine blocks and boat windshields. The prices for these raw materials, parts and components fluctuate depending on market conditions and in some instances, commodity prices. Substantial increases in the prices of the Company's raw materials, parts and components would increase the Company's operating costs, and could reduce its profitability if the Company cannot recoup the increased costs through increased product prices. In addition, some components used in the Company's manufacturing processes, including engine blocks and boat windshields, are available from a sole supplier or a limited number of suppliers. Operational and financial difficulties that these or other suppliers currently face or may face in the future could adversely affect their ability to supply the Company with the parts and components it needs, which could significantly disrupt the Company's operations. It may be difficult to find a replacement supplier for a limited or sole source raw material, part or component without significant delay or on commercially reasonable terms. In addition, an uncorrected defect or supplier's variation in a raw material, part or component, either unknown to the Company or incompatible with the Company's manufacturing process, could harm the Company's ability to manufacture products. Some of the risks that could disrupt the Company's operations, impair the Company's ability to deliver products to the Company's customers and negatively affect the Company's financial results include: an increase in the cost of, defects in or a sustained interruption in the supply or shortage of some of these raw materials, parts or products that may be caused by delayed start-up periods experienced by the Company's suppliers as they increase production efforts; financial pressures on the Company's suppliers due to the weakening economy; and a deterioration of the Company's relationships with suppliers or by events such as natural disasters, power outages or labor strikes. In addition to the risks described above regarding interruption of supplies, which are exacerbated in the case of single-source suppliers, the exclusive supplier of a key component potentially could exert significant bargaining power over price, quality, warranty claims, or other terms relating to a component.

Additionally, as a result of recent worldwide economic conditions and the reduced demand for raw materials, parts, supplies and goods, many of the Company's suppliers made the decision to slow or temporarily cease production in 2008, 2009 and 2010. Additionally, many of the Company's suppliers have elected to reduce the size of their workforces. The Company's manufacturing operations have increased production in 2010 and will continue to do so in 2011, and consequently, the Company's need for raw materials and supplies will likewise increase. The Company's suppliers must be prepared to ramp up operations and, in many cases, must recall or hire additional workers in order to fulfill the orders placed by the Company and other customers. In 2009, the Company began experiencing some supply shortages which continued into 2010. The Company continues to work to address this issue by identifying alternative suppliers, working to secure adequate inventories of critical supplies and continually monitoring its supplier base. In the future, however, the Company may continue to experience shortages of, delayed delivery of and/or increased prices for key materials, parts and supplies that are essential to its manufacturing operations.

The Company's pension funding requirements and expenses are affected by certain factors outside its control, including the performance of plan assets, the discount rate used to value liabilities, actuarial data and experience and legal and regulatory changes.

The Company's funding obligations and pension expense for its four qualified pension plans are driven by the performance of assets set aside in trusts for these plans, the discount rate used to value the plans' liabilities, actuarial data and experience and legal and regulatory funding requirements. Changes in these factors could have an adverse impact on the Company's results of operations, liquidity or shareholders' equity. In addition, a significant percentage of the Company's pension plan assets are invested in equity securities. The level of the Company's funding of its qualified pension plan liabilities is approximately 63 percent as of December 31, 2010. The Company's future pension expenses and funding requirements could increase significantly due to the effect of changes in the discount rate and asset levels along with a decline in the estimated return on plan assets. In addition, the Company could be legally required to make increased contributions to the pension plans, and these contributions could be material and negatively affect the Company's cash flow.

Higher energy costs can adversely affect the Company's results, especially in the marine and retail bowling center businesses.

Higher energy and fuel costs result in increases in operating expenses at the Company's manufacturing facilities and in the cost of shipping products to customers. In addition, increases in energy costs can adversely affect the pricing and availability of petroleum-based raw materials such as resins and foam that are used in many of the Company's marine products. Also, higher fuel prices may have an adverse effect on demand for marine retail products as they increase the cost of boat ownership, and may have a negative impact on operating margins, particularly in the Fitness segment, as transportation costs increase. Finally, because heating and air conditioning comprise a significant part of the cost of operating a bowling center, any increase in the price of energy could adversely affect the operating margins of the Company's bowling centers.

The Company's profitability may suffer as a result of competitive pricing and other pressures.

The introduction of lower-priced alternative products by other companies can hurt the Company's competitive position in all of its businesses. The Company is constantly subject to competitive pressures, particularly in the outboard engine market, in which predominantly Asian manufacturers often have pursued a strategy of aggressive pricing particularly during periods when the Japanese yen weakens versus the U.S. dollar. Such pricing pressure may limit the Company's ability to increase prices for its products in response to raw material and other cost increases and negatively affect the Company's profit margins.

In addition, the Company's independent boat builder customers may react negatively to potential competition for their products from Brunswick's own boat brands, which can lead them to purchase marine engines and marine engine supplies from competing marine engine manufacturers and may negatively affect demand for the Company's products.

The Company's ability to remain competitive depends on the successful introduction of new product offerings and the ability to meet our customers' expectations.

The Company believes that its customers rigorously evaluate their suppliers on the basis of product quality, new product innovation and development capability. The Company's ability to remain competitive may be adversely affected by difficulties or delays in product development, such as an inability to develop viable new products, gain market acceptance of new products, generate sufficient capital to fund new product development or obtain adequate intellectual property protection for new products. Additionally, in 2008 and 2009, the Company decreased the amount spent on research and development, and, although the Company increased the amount of spending in 2010, it was a lower percentage of revenues than in prior years. As a result, this may affect the number of new products it may be able to develop. To meet ever-changing consumer demands, the timing of market entry and pricing of new products are critical. As a result, the Company may not be able to introduce new products necessary to remain competitive in all markets that it serves. Furthermore, the Company must deliver quality products that meet or exceed its customers' expectations regarding product quality and after-sales service.

The Company competes with a variety of other activities for consumers' scarce discretionary income and leisure time.

The vast majority of the Company's products are used for recreational purposes, and demand for the Company's products can be adversely affected by competition from other activities that occupy consumers' time, including other forms of recreation as well as religious, cultural and community activities. The decrease in discretionary income as a result of the recent economic environment has reduced consumers' willingness to purchase and enjoy the Company's products.

The Company manufactures and sells products that create exposure to potential product liability, warranty liability, personal injury and property damage claims and litigation.

The Company's products may expose it to potential product liability, warranty liability, personal injury or property damage claims relating to the use of those products. The Company's manufacturing consolidation efforts could result in product quality issues, thereby increasing the risk of litigation and potential liability. To address this risk, the Company has established a global, enterprise-wide organization charged with the responsibility of reviewing and addressing product quality issues. Historically, the resolution of such claims has not materially adversely affected the Company's business, and the Company maintains certain insurance coverage to mitigate a portion of these risks, which it believes to be adequate. However, the Company may experience material losses in the future, incur significant costs to defend claims or experience claims in excess of its insurance coverages or claims that will not be covered by insurance. Furthermore, the Company's reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about its products.

Environmental laws and zoning and other requirements can inhibit the Company's ability to grow its marine businesses.

Environmental restrictions, boat plant emission restrictions and permitting and zoning requirements can limit access to water for boating, as well as marina and storage space. In addition, certain jurisdictions both inside and outside the United States require or are considering requiring a license to operate a recreational boat. While such licensing requirements are not expected to be unduly restrictive, they may deter potential customers, thereby reducing the Company's sales. Furthermore, regulations allowing the sale of fuel containing higher levels of ethanol for automobiles – which is not approved or intended for use in marine engines – may nonetheless result in increased warranty, service and other claims against the Company if boaters mistakenly use this fuel in marine engines, causing damage to and the degradation of components in their marine engines.

The Company's businesses may be adversely affected by compliance obligations and liabilities under various laws and regulations.

The Company is subject to federal, state, local and foreign laws and regulations, including product safety, environmental, health and safety laws and other regulations. While the Company believes that it maintains all requisite licenses and permits and that it is in material compliance with all applicable laws and regulations, a failure to satisfy these and other regulatory requirements could cause the Company to incur fines or penalties, and compliance could increase its cost of operations. The adoption of additional laws, rules and regulations could also increase the Company's capital or operating costs.

The Company's manufacturing processes involve the use, handling, storage and contracting for recycling or disposal of hazardous or toxic substances or wastes. Accordingly, the Company is subject to regulations regarding these substances, and the misuse or mishandling of such substances could expose it to liabilities, including claims for property or natural resources damages or personal injury, or fines. The Company is also subject to laws requiring the cleanup of contaminated property. If a release of hazardous substances occurs at or from any of the Company's current or former properties or another location where it has disposed of hazardous materials, the Company may be held liable for the contamination, regardless of knowledge or whether it was at fault in connection with the release, and the amount of such liability could be material.

Changes in domestic and international tax legislation could expose the Company to additional tax liability. Although the Company carefully monitors changes in tax laws and works to mitigate the impact of proposed changes, such changes may negatively impact the Company's financial results.

Additionally, the Company is subject to laws governing its relationship with its employees, including, but not limited to, employee wage and hour and benefit issues, such as pension funding and health care benefits. Changes to such legislation could increase the cost of the Company's operations.

Compliance with environmental regulations affecting marine engines will increase costs and may reduce demand for the Company's products.

The U.S. Environmental Protection Agency adopted emission regulations requiring certain gasoline sterndrive and inboard engines to be equipped with a catalyst exhaust monitoring and treatment system, with an effective date of January 1, 2010. It is possible that environmental regulatory bodies may impose higher emissions standards in the future for marine engines. Compliance with these standards would increase the cost to manufacture and the price to the customer for the Company's engines, which could in turn reduce consumer demand for the Company's marine products and potentially reduce operating margins. Any increase in the cost of marine engines, an increase in the retail price to consumers or unforeseen delays in compliance with environmental regulations affecting these products could have an adverse effect on the Company's results of operations.

The Company's common stock price may fluctuate due to a variety of factors.

The violatility and price of the Company's common stock may be affected by numerous factors, including changes to generally accepted accounting principles and financial reporting standards. Such developments could materially affect the Company's financial results and the way that investors perceive the Company's performance.

If the Company's intellectual property protection is inadequate, others may be able to use its technologies and thereby reduce the Company's ability to compete, which could have a material adverse effect on the Company, its financial condition and results of operations.

The Company regards much of the technology underlying its products as proprietary. The steps the Company takes to protect its proprietary technology may be inadequate to prevent misappropriation of the Company's technology, or third parties may independently develop similar technology. The Company relies on a combination of patents, trademark, copyright and trade secret laws; employee and third-party non-disclosure agreements; and other contracts to establish and protect its technology and other intellectual property rights. The agreements may be breached or terminated, the Company may not have adequate remedies for any such breach, and existing patent, trademark, copyright and trade secret laws afford it limited protection. Policing unauthorized use of the Company's intellectual property is difficult, particularly in many regions outside the United States. A third party could copy or otherwise obtain and use the Company's products or technology without authorization. Litigation may be necessary for the Company to defend against claims of infringement or to protect its intellectual property rights and could result in substantial cost. Further, the Company might not prevail in such litigation, which could harm its business.

Some of the Company's operations are conducted by joint ventures that it cannot operate solely for its benefit.

Some of the Company's operations are carried on through jointly owned companies such as BAC, Tohatsu Marine Corporation or Cummins MerCruiser Diesel Marine LLC (CMD), Mercury Marine's joint venture with Cummins Marine, a division of Cummins Inc. With respect to these joint ventures, the Company shares ownership and management of these companies with one or more parties who may not have the same goals, strategies, priorities or resources as the Company. These joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for the Company's exclusive benefit.

Changes in currency exchange rates can adversely affect the Company's results.

Because the Company derives a portion of its revenues from outside the United States (41 percent in 2010), the Company's financial performance can be adversely affected when the U.S. dollar strengthens against other currencies. The Company manufactures its products primarily in the United States and the costs of the Company's products are generally denominated in U.S. dollars, although the increase in manufacturing and sourcing of products and materials outside the United States continues to be a strategic focus. The Company sells a portion of these products in currencies other than the U.S. dollar. Consequently, a strong U.S. dollar can make the Company's products less price-competitive relative to local products outside the United States.

Although the Company enters into currency exchange contracts to reduce its risk related to currency exchange fluctuations, it is impossible to hedge against all currency risk, especially over the long term, and changes in the relative values of currencies may occur from time to time and, in some instances, affect the Company's results of operations. The Company is also exposed to the risk that its counterparties to hedging contracts could default on their obligations, which may have an adverse effect on the Company.

A growing portion of the Company's revenue may be derived from international sources, which exposes it to additional uncertainty.

Approximately 41 percent of the Company's 2010 sales were derived from sources outside the United States, and the Company intends to continue to expand its international operations and customer base. Sales outside the United States, especially in emerging markets, are subject to various risks including government embargoes or foreign trade restrictions, tariffs, fuel duties, inflation, difficulties in enforcing agreements and collecting receivables through foreign legal systems, compliance with international laws, treaties and regulations and unexpected changes in regulatory environments, disruptions in distribution, dependence on foreign personnel and unions, as well as economic and social instability. In addition, there may be tax inefficiencies in repatriating cash from non-U.S. subsidiaries. If the Company continues to expand its business globally, its success will depend, in part, on the Company's ability to anticipate and effectively manage these and other risks. These and other factors may have a material impact on the Company's international operations or its business as a whole.

An impairment in the carrying value of goodwill, trade names and other long-lived assets could negatively affect the Company's consolidated results of operations and net worth.

Goodwill and indefinite-lived intangible assets, such as the Company's trade names, are recorded at fair value at the time of acquisition and are not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. In evaluating the potential for impairment of goodwill and trade names, the Company makes assumptions regarding future operating performance, business trends and market and economic conditions. Such analyses further require the Company to make certain assumptions about sales, operating margins, growth rates and discount rates. There are inherent uncertainties related to these factors and in applying these factors to the assessment of goodwill and trade name recoverability. Goodwill reviews are prepared using estimates of the fair value of reporting units based on market multiples of revenues and EBITDA (earnings before interest, taxes, depreciation and amortization) and on the estimated present value of future discounted cash flows. The Company could be required to evaluate the recoverability of goodwill or trade names prior to the annual assessment if it experiences disruptions to the business, unexpected significant declines in operating results, divestiture of a significant component of the Company's business or market capitalization declines.

The Company also continually evaluates whether events or circumstances have occurred that indicate the remaining estimated useful lives of its definite-lived intangible assets, excluding goodwill, and other long-lived assets may warrant revision or whether the remaining balance of such assets may not be recoverable. The Company uses an estimate of the related undiscounted cash flow over the remaining life of the asset in measuring whether the asset is recoverable.

If the future operating performance of the Company's reporting units is not consistent with the Company's assumptions, the Company could be required to record additional non-cash impairment charges. Impairment charges could substantially affect the Company's reported earnings in the periods of such charges. In addition, impairment charges could indicate a reduction in business value which could limit the Company's ability to obtain adequate financing in the future. As of December 31, 2010, the Company had $270.7 million of goodwill related to the Life Fitness segment and $20.2 million of goodwill related to the Marine Engine segment. As of December 31, 2010, the Company's total goodwill represented approximately 11 percent of total assets.

Adverse weather conditions can have a negative effect on marine and retail bowling center revenues.

Weather conditions can have a significant effect on the Company's operating and financial results, especially in the marine and retail bowling center businesses. Sales of the Company's marine products are generally stronger just before and during spring and summer, and favorable weather during these months generally has a positive effect on consumer demand. Conversely, unseasonably cool weather, excessive rainfall or drought conditions during these periods can reduce demand. Hurricanes and other storms can result in the disruption of the Company's distribution channel. In addition, severely inclement weather on weekends and holidays, particularly during the winter months, can adversely affect patronage of the Company's bowling centers and, therefore, revenues in the retail bowling center business. Additionally, in the event that climate change occurs, which could result in environmental changes including, but not limited to, severe weather, rising sea levels or reduced access to water, the Company's business could be disrupted and negatively affected.

Instability in locations where the Company maintains a significant presence could adversely impact the Company's business operations.

The Company has established a global presence, with manufacturing, sales, distribution and retail locations around the world. Changing conditions in those locations, including, but not limited to, political instability, civil unrest and an increase in criminal activity, could have a negative impact on the Company's local manufacturing and other business operations. Decreased stability in those regions where the Company conducts business poses a risk of business interruption and delays in shipments of materials, components and finished goods, as well as a risk of decreased local retail demand for the Company's products in those regions.

Catastrophic events, including natural and environmental disasters, could have a negative effect on the Company's operations and financial results.

The occurrence of natural and environmental disasters, including hurricanes, floods, earthquakes and environmental spills, could decrease consumer demand for and sales of the Company's products. In the event that such an occurrence takes place in one of Brunswick's major sales markets, the Company could experience a decrease in sales. Additionally, if such an event occurs near the Company's business or manufacturing facilities, the affected locations could experience an interruption in business operations and/or their operating systems.

The Company's operations are dependent upon the services of key individuals, the loss of whom could materially harm us.

The Company's operations depend, in part, on the efforts of the Company's executive officers and other key employees. In addition, the Company's future success will depend on, among other factors, its ability to attract and retain other qualified personnel. The loss of the services of any of the Company's key employees or the failure to attract or retain employees could have a material adverse effect on the Company. The Company's restructuring activities, which have resulted in substantial employee terminations, may make it more difficult for the Company to attract or retain employees and it may be adversely affected for some time by the loss of trained employees with knowledge of the Company's business and industries. If the Company is unable to attract and retain qualified individuals, or the Company's costs to do so increase significantly, the Company's operations could be materially adversely affected.

The Company's business operations could be negatively impacted by the failure of its information technology systems.

The Company's global business operations are managed through a variety of information technology (IT) systems, some of which are legacy systems with a minimal level of support, which the Company plans to replace over a period of years. If one of these legacy systems, or another of the Company's key IT systems were to suffer a failure, or if the Company's differing IT systems were unable to communicate effectively, this could result in missed or delayed sales, or lost opportunities for cost reduction or efficient cash management.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Brunswick's headquarters are located in Lake Forest, Illinois. Brunswick has numerous manufacturing plants, distribution warehouses, bowling family entertainment centers, sales offices and product test sites around the world. Research and development facilities are primarily located at manufacturing sites.

The Company believes its facilities are suitable and adequate for its current needs and are well maintained and in good operating condition. Most plants and warehouses are of modern, single-story construction, providing efficient manufacturing and distribution operations. The Company believes its manufacturing facilities have the capacity to meet current and anticipated demand. Brunswick owns its Lake Forest, Illinois headquarters and most of its principal plants.

The primary facilities used in Brunswick's operations are in the following locations:

Marine Engine Segment: Fresno, California; Old Lyme, Connecticut; Miramar, Panama City, Pompano Beach and St. Cloud, Florida; Atlanta, Georgia; Lowell, Michigan; Stillwater, Oklahoma; Brookfield and Fond du Lac, Wisconsin; Melbourne, Australia; Petit Rechain, Belgium; Toronto, Ontario, Canada; Suzhou, China; Kuala Lumpur, Malaysia; Juarez, Mexico; Auckland, New Zealand; Vila Nova de Cerveira, Portugal; and Singapore. The Fresno, California; Old Lyme, Connecticut; Miramar and Pompano Beach, Florida; Lowell, Michigan; Toronto, Ontario, Canada; Singapore; and Auckland, New Zealand facilities are leased. The remaining facilities are owned by Brunswick.

Boat Segment: Edgewater, Merritt Island (Sykes Creek) and Palm Coast, Florida; Fort Wayne, Indiana; New York Mills, Minnesota; Lebanon, Missouri; New Bern, North Carolina; Vila Nova de Cerveira, Portugal; Knoxville and Vonore, Tennessee; Princeville, Quebec, Canada; Zhuhai, China; Reynosa, Mexico; and Kidderminster, United Kingdom. Brunswick owns all of these facilities.

Fitness Segment: Franklin Park and Schiller Park, Illinois; Falmouth, Kentucky; Ramsey, Minnesota; and Kiskoros and Szekesfehervar, Hungary. The Schiller Park office and a portion of the Franklin Park facility are leased. The remaining facilities are owned by Brunswick or, in the case of the Kiskoros, Hungary facility, by a company in which Brunswick is the majority owner.

Bowling & Billiards Segment: Lake Forest, Illinois; Muskegon, Michigan; Bristol, Wisconsin; Szekesfehervar, Hungary; Reynosa, Mexico; and 100 bowling recreation centers in the United States, Canada and Europe. The Reynosa manufacturing facility and 35 percent of BB&B's bowling centers are leased. The remaining facilities are owned by Brunswick.

Item 3. Legal Proceedings

The Company accrues for litigation exposure based upon its assessment, made in consultation with counsel, of the likely range of exposure stemming from the claim. In light of existing reserves, the Company's litigation claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position or results of operations. If current estimates for the cost of resolving any claims are later determined to be inadequate, results of operations could be adversely affected in the period in which additional provisions are required.

German Tax Audit

As the result of a German tax audit for years 1998 through 2001, the Company's German subsidiary received a proposed audit adjustment in the fourth quarter of 2009, which is being contested by the Company, related to the shutdown of the subsidiary's pinsetter manufacturing operation and sale of the subsidiary's pinsetter assets to a related subsidiary.

Environmental Matters

Brunswick is involved in certain legal and administrative proceedings under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other federal and state legislation governing the generation and disposal of certain hazardous wastes. These proceedings, which involve both on- and off-site waste disposal or other contamination, in many instances seek compensation or remedial action from Brunswick as a waste generator under Superfund legislation, which authorizes action regardless of fault, legality of original disposition or ownership of a disposal site. Brunswick has established reserves based on a range of cost estimates for all known claims.

The environmental remediation and clean-up projects in which Brunswick is involved have an aggregate estimated range of exposure of approximately $48 million to $84 million as of December 31, 2010. At December 31, 2010 and 2009, Brunswick had reserves for environmental liabilities of $48.5 million and $48.0 million, respectively. The Company recorded environmental provisions of $1.3 million and $2.4 million for the years ended December 31, 2010 and 2009, respectively. There was no environmental provision for the year ended December 31, 2008.

Brunswick accrues for environmental remediation-related activities for which commitments or clean-up plans have been developed and for which costs can be reasonably estimated. All accrued amounts are generally determined in coordination with third-party experts on an undiscounted basis and do not consider recoveries from third parties until such recoveries are realized. In light of existing reserves, the Company's environmental claims, when finally resolved, will not, in the opinion of management, have a material adverse effect on the Company's consolidated financial position or results of operations.

Asbestos Claims

Brunswick's subsidiary, Old Orchard Industrial Corp., is a defendant in more than 2,500 lawsuits involving claims of asbestos exposure from products manufactured by Vapor Corporation (Vapor), a former subsidiary divested by the Company in 1990. The substantial majority of the asbestos suits involve numerous other defendants. The claims generally allege that Vapor sold products that contained components, such as gaskets, which included asbestos, and seek monetary damages. Neither Brunswick nor Vapor is alleged to have manufactured asbestos. Several thousand claims, including more than 6,000 in 2010, have been dismissed with no payment and no claim has gone to jury verdict. In a few cases, claims have been filed against other Brunswick entities alleging the sale of products with components that include asbestos. A majority of these suits have been dismissed or settled for nominal amounts. The Company does not believe that the resolution of these lawsuits will have a material adverse effect on the Company's consolidated financial position or results of operations.

Brazilian Customs Dispute

In June 2007, the Brazilian Customs Office issued an assessment against a Company subsidiary in the amount of approximately $14 million related to the importation of Life Fitness products into Brazil. The assessment was based on a determination by Brazilian customs officials that the proper import value of Life Fitness equipment imported into Brazil should be the manufacturer’s suggested retail price of those goods in the United States. This assessment was dismissed during 2008. The Brazilian Customs Office appealed the ruling as a matter of course but, in July 2010, the Office terminated its appeal.

Item 4. (Removed and Reserved)

No matters were submitted to a vote of security holders during the fourth quarter of 2010.

Executive Officers of the Registrant

Brunswick’s Executive Officers are listed in the following table:

Officer	Present Position	Age
Dustan E. McCoy	Chairman and Chief Executive Officer	61
Peter B. Hamilton	Senior Vice President and Chief Financial Officer	64
Christopher E. Clawson	Vice President and President – Life Fitness	47
Kristin M. Coleman	Vice President, General Counsel and Secretary	42
Andrew E. Graves	Vice President and President – Brunswick Boat Group	51
Kevin S. Grodzki	Vice President and President – Mercury Marine Sales, Marketing and Commercial Operations	55
Warren N. Hardie	Vice President and President – Brunswick Bowling & Billiards	60
B. Russell Lockridge	Vice President and Chief Human Resources Officer	61
Alan L. Lowe	Vice President and Controller	59
John C. Pfeifer	Vice President, President – Brunswick Marine in EMEA and President – Brunswick Global Structure	45
Mark D. Schwabero	Vice President and President – Mercury Marine	58

There are no familial relationships among these officers. The term of office of all Executive Officers expires May 4, 2011. The Executive Officers are elected by the Board of Directors each year.

Dustan E. McCoy was named Chairman and Chief Executive Officer of Brunswick in December 2005. He was Vice President of Brunswick and President – Brunswick Boat Group from 2000 to 2005. From 1999 to 2000, he was Vice President, General Counsel and Secretary of Brunswick.

Peter B. Hamilton was named Senior Vice President and Chief Financial Officer of Brunswick in September 2008. He served as Vice Chairman of the Board of Brunswick from 2000 until his retirement in 2007; Executive Vice President and Chief Financial Officer of Brunswick from 1998 to 2000; and Senior Vice President and Chief Financial Officer of Brunswick from 1995 to 1998.

Christopher E. Clawson was named Vice President and President – Life Fitness in August of 2010. Prior to this appointment, Mr. Clawson served as Chief Executive Officer and President of Johnson Health Tech - North America, a fitness equipment designer and manufacturer. Previously, Mr. Clawson had been with Life Fitness from 1994 to

2004, where he held a number of positions of increasing responsibility within the product and marketing arena, eventually serving as Vice President Sales and Marketing - Consumer.

Kristin M. Coleman was named Vice President, General Counsel and Secretary of Brunswick in May 2009. Prior to her appointment, she was Vice President and Associate General Counsel for Mead Johnson Nutrition Company, a producer of infant and children's nutritional products. She had previously been with Brunswick Corporation from 2003 to 2008, serving in a number of positions of increasing responsibility.

Andrew E. Graves was named Vice President and President – Brunswick Boat Group in October 2009. Previously, he was Vice President and President – US Marine and Outboard Boats from 2008 to 2009; and President – Brunswick Boat Group Freshwater Group from 2005 to 2008. From 2003 to 2005, Mr. Graves was President of Dresser Flow Solutions, a global energy infrastructure company.

Kevin S. Grodzki was named Vice President and President – Mercury Marine Sales, Marketing and Commercial Operations in November of 2008. He has been with Mercury since 2005. Prior to that assignment, he was President of Brunswick's Life Fitness Division.

Warren N. Hardie was named Vice President and President – Brunswick Bowling & Billiards in February 2006. Previously, he was President – Bowling Retail from 1998 to February 2006.

B. Russell Lockridge has been Vice President and Chief Human Resources Officer of Brunswick since 1999.

Alan L. Lowe has been Vice President and Controller of Brunswick since September 2003.

John C. Pfeifer was named Vice President and President – Brunswick Marine in EMEA, as well as President – Brunswick Global Structure, in February 2008. Mr. Pfeifer joined Brunswick in 2006, serving most recently as President – Brunswick Asia-Pacific Group. Prior to joining Brunswick, Mr. Pfeifer held executive positions with ITT Corporation, a high-technology engineering and manufacturing company, from 2000 to 2006.

Mark D. Schwabero was named Vice President and President – Mercury Marine in December 2008. Previously, he was President – Mercury Outboards from 2004 to 2008.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Brunswick's common stock is traded on the New York and Chicago Stock Exchanges. Quarterly information with respect to the high and low prices for the common stock and the dividends declared on the common stock is set forth in Note 19 – Quarterly Data (unaudited) in the Notes to Consolidated Financial Statements. As of February 14, 2011, there were 12,031 shareholders of record of the Company's common stock.

In October 2010 and October 2009, Brunswick announced its annual dividend on its common stock of $0.05 per share, payable in December 2010 and December 2009, respectively. Brunswick intends to continue to pay annual dividends at the discretion of the Board of Directors, subject to continued capital availability and a determination that cash dividends continue to be in the best interest of the Company's shareholders.

In the second quarter of 2005, Brunswick's Board of Directors authorized and announced a $200.0 million share repurchase program, to be funded with available cash. On April 27, 2006, the Board of Directors increased the Company's remaining share repurchase authorization of $62.2 million to $500.0 million. As of December 31, 2010, the Company had repurchased approximately 11.7 million shares for $397.4 million since the program's inception, with a remaining authorization of $240.4 million. The Company did not repurchase any shares during 2010, 2009 or 2008 as the plan has been suspended.

Brunswick's dividend and share repurchase policies may be affected by, among other things, the Company's views on future liquidity, potential future capital requirements and restrictions contained in certain credit agreements.

Performance Graph

Comparison of Five-Year Cumulative Total Return among Brunswick, S&P 500 Index and S&P 500 Global Industry Classification Standard (GICS) Consumer Discretionary Index

	2005	2006	2007	2008	2009	2010
Brunswick	100.00	79.75	43.67	10.83	32.90	48.67
S&P 500 Index	100.00	113.62	117.63	72.36	89.33	100.75
S&P 500 GICS Consumer Discretionary Index	100.00	117.23	100.45	65.57	89.66	114.35

The basis of comparison is a $100 investment at December 31, 2005, in each of: (i) Brunswick, (ii) the S&P 500 Index, and (iii) the S&P 500 GICS Consumer Discretionary Index. All dividends are assumed to be reinvested. The S&P 500 GICS Consumer Discretionary Index encompasses industries including automotive, household durable goods, textiles and apparel, and leisure equipment. Brunswick believes the companies included in this index provide the most representative sample of enterprises that are in primary lines of business that are similar to Brunswick's.

Item 6. Selected Financial Data

The selected historical financial data presented below as of and for the years ended December 31, 2010, 2009 and 2008 have been derived from, and should be read in conjunction with, the historical consolidated financial statements of the Company, including the notes thereto, and Item 7 of this report, including the Matters Affecting Comparability section. The selected historical financial data presented below as of and for the years ended December 31, 2007 and 2006 have been derived from the consolidated financial statements of the Company for the years that are not included herein.

(in millions, except per share data)	2010	2009	2008	2007	2006
Results of operations data					
Net sales	$ 3,403.3	$ 2,776.1	$ 4,708.7	$ 5,671.2	$ 5,665.0
Operating earnings (loss) (A)	16.3	(570.5)	(611.6)	107.2	341.2
Earnings (loss) before interest, loss on early extinguishment of debt and income taxes (A)	11.8	(588.7)	(584.7)	136.3	354.2
Earnings (loss) before income taxes (A)	(84.7)	(684.7)	(632.2)	92.7	309.7
Net earnings (loss) from continuing operations (A)	(110.6)	(586.2)	(788.1)	79.6	263.2
Discontinued operations:					
Earnings (loss) from discontinued operations, net of tax (B)	—	—	—	32.0	(129.3)
Net earnings (loss) (A) (B)	$ (110.6)	$ (586.2)	$ (788.1)	$ 111.6	$ 133.9
Basic earnings (loss) per common share:					
Earnings (loss) from continuing operations (A)	$ (1.25)	$ (6.63)	$ (8.93)	$ 0.88	$ 2.80
Discontinued operations:					
Earnings (loss) from discontinued operations, net of tax (B)	—	—	—	0.36	(1.38)
Net earnings (loss) (A) (B)	$ (1.25)	$ (6.63)	$ (8.93)	$ 1.24	$ 1.42
Average shares used for computation of basic earnings (loss) per share	88.7	88.4	88.3	89.8	94.0
Diluted earnings (loss) per common share:					
	$ (1.25)	$ (6.63)	$ (8.93)	$ 0.88	$ 2.78

Earnings (loss) from continuing operations (A)					
Discontinued operations:					
Earnings (loss) from discontinued operations, net of tax (B)	—	—	—	0.36	(1.37)
Net earnings (loss) (A) (B)	$ (1.25)	$ (6.63)	$ (8.93)	$ 1.24	$ 1.41
Average shares used for computation of diluted earnings per share	88.7	88.4	88.3	90.2	94.7

(A) 2010 results include $62.3 million of pretax trade name impairment charges and restructuring, exit and impairment charges. 2009 results include $172.5 million of pretax restructuring, exit and impairment charges. 2008 results include $688.4 million of pretax goodwill impairment charges, trade name impairment charges and restructuring, exit and impairment charges. 2007 results include $88.6 million of pretax trade name impairment charges and restructuring, exit and impairment charges. 2006 results include $17.1 million of pretax restructuring, exit and impairment charges.

(B) Earnings (loss) from discontinued operations in 2007 include net gains of $29.8 million related to the sales of the discontinued businesses. Earnings (loss) from discontinued operations in 2006 include $85.6 million of impairment charges ($73.9 million pretax) related to the Company’s announcement in December 2006 that proceeds from the sale of BNT were expected to be less than its book value.

(in millions, except per share and other data)	2010	2009	2008	2007	2006
Balance sheet data					
Total assets of continuing operations	$ 2,678.0	$ 2,709.4	$ 3,223.9	$ 4,365.6	$ 4,312.0
Debt					
Short-term	$ 2.2	$ 11.5	$ 3.2	$ 0.8	$ 0.7
Long-term	828.4	839.4	728.5	727.4	725.7
Total debt	830.6	850.9	731.7	728.2	726.4
Common shareholders' equity (A) (B)	70.4	210.3	729.9	1,892.9	1,871.8
Total capitalization (A) (B)	$ 901.0	$ 1,061.2	$ 1,461.6	$ 2,621.1	$ 2,598.2
Cash flow data					
Net cash provided by (used for) operating activities of continuing operations	$ 205.4	$ 125.5	$ (12.1)	$ 344.1	$ 351.0
Depreciation and amortization	129.3	157.3	177.2	180.1	167.3
Capital expenditures	57.2	33.3	102.0	207.7	205.1
Acquisitions of businesses	—	—	—	6.2	86.2
Investments	7.2	(6.2)	(20.0)	(4.1)	(6.1)
Stock repurchases	—	—	—	125.8	195.6
Cash dividends paid	4.4	4.4	4.4	52.6	55.0
Other data					
Dividends declared per share	$ 0.05	$ 0.05	$ 0.05	$ 0.60	$ 0.60
Book value per share (A) (B)	0.79	2.38	8.27	20.99	19.76
Return on beginning shareholders' equity (A) (B)	(52.6)%	(80.3)%	(41.6)%	6.0 %	6.8 %
Effective tax rate	(30.6)%	14.4 %	(24.7)%	14.1 %	15.0 %
Debt-to-capitalization rate (A) (B)	92.2 %	80.2 %	50.1 %	27.8 %	28.0 %
Number of employees	15,290	15,003	19,760	27,050	28,000
Number of shareholders of record	12,134	12,602	12,842	13,052	13,695
Common stock price (NYSE)					
High	$ 22.62	$ 13.11	$ 19.28	$ 34.80	$ 42.30
Low	10.34	2.18	2.01	17.05	27.56
Close (last trading day)	18.74	12.71	4.21	17.05	31.90

(A) Effective December 31, 2006, the Company adopted changes to the Compensation – Retirement Benefits topic of the ASC, which resulted in a $60.7 million decrease to Shareholders' equity. The Company adopted changes to the Income Taxes topic of the ASC effective on January 1, 2007, which resulted in an $8.7 million decrease in the net liability for unrecognized tax benefits. This charge was accounted for as an increase to the January 1, 2007 opening retained earnings.

(B) 2010 results include $62.3 million of pretax trade name impairment charges and restructuring, exit and impairment charges. 2009 results include $172.5 million of pretax restructuring, exit and impairment charges. 2008 results include $688.4 million of pretax goodwill impairment charges, trade name impairment charges and restructuring, exit and impairment charges. 2007 results include $88.6 million of pretax trade name impairment charges and restructuring, exit and impairment charges. 2006 results include $17.1 million of pretax restructuring, exit and impairment charges.

The Notes to Consolidated Financial Statements should be read in conjunction with the above summary.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in Management's Discussion and Analysis are based on non-GAAP financial measures. Specifically, the discussion of the Company's cash flows includes an analysis of free cash flows, net debt and total liquidity. GAAP refers to generally accepted accounting principles in the United States. A "non-GAAP financial measure" is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Operating and statistical measures are not non-GAAP financial measures.

The Company includes non-GAAP financial measures in Management's Discussion and Analysis, as Brunswick's management believes that these measures and the information they provide are useful to investors because they permit investors to view Brunswick's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance.

Certain other statements in Management's Discussion and Analysis are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations that are subject to risks and uncertainties. Actual results may differ materially from expectations as of the date of this filing because of factors discussed in Item 1A of this Annual Report on Form 10-K.

Overview and Outlook

General

In 2010, Brunswick continued to operate in a difficult economy and marine industry, while positioning itself to take advantage of market opportunities as they evolve, and maintaining its strategic objective to solidify its leadership position in the marine, fitness and bowling and billiards industries, by:

- Generating positive free cash flow;

- Demonstrating outstanding operating leverage; and

- Performing better than the markets in which it competes.

Actions taken in support of the Company's strategic objectives in 2010 included:

Generating Positive Free Cash Flow:

- Ended the year with $657.1 million of cash and marketable securities, compared with $527.4 million at the end of 2009;

- Cash flows from operations totaled $205.4 million during 2010, supported by improved operating results and a federal tax refund of $109.5 million received during 2010; and

- Selectively increased capital expenditures for profit-maintaining investments.

Demonstrating Outstanding Operating Leverage:

- Reported operating earnings of $16.3 million in 2010 compared with operating losses of $570.5 million in 2009. On a sales increase of 23 percent, the Company experienced operating leverage, defined as the change in Operating earnings (loss) divided by the change in Net sales, of 94 percent;

- A significant component of the Company's cost-reduction efforts has been a focus on reducing its manufacturing footprint by consolidating boat and engine production into fewer plants. Since January 1, 2007, the Company has closed 17 of its boat manufacturing facilities and has announced plans to consolidate engine production by transferring sterndrive engine manufacturing operations from its Stillwater, Oklahoma plant to its Fond du Lac, Wisconsin plant;

- Reduced selling, general and administrative expenses by 12 percent; and

- Reported restructuring, exit and impairment charges and trade name impairment charges of $62.3 million in 2010; down by $110.2 million when compared with 2009.

Performing Better than the Markets in Which it Competes:

- Sales improved $627.2 million or 23 percent during 2010. Our Marine Engine, Boat and Fitness segments reported sales increases of 27 percent, 48 percent and 9 percent, respectively; and

- The Company was able to increase sales at its marine segments by 31 percent. This was largely due to increased wholesale shipments to boat builders and boat engine dealers as a result of inventory reduction actions taken in 2009. In 2010, the Company has achieved its objective to more closely align the Company's wholesale shipments with domestic retail demand.

Brunswick incurred financial losses in 2010 due to continued weakness in marine retail markets. While the overall industry declined during 2010 compared with the already low retail unit sales levels of 2009, some boat categories, such as aluminum fishing and pontoons, began to show signs of stability. Net sales in 2010 increased to $3,403.3 million from $2,776.1 million in 2009. The overall increase in sales was mainly due to the absence of the marine pipeline inventory reduction that occurred in 2009. In 2009, the Company significantly reduced wholesale shipments to boat builders and dealers to levels below retail sales levels in order to reduce overall pipeline inventory. As a result, net sales in 2010 have increased significantly as wholesale boat unit shipments in 2010 more closely matched boat retail sales levels; 2009 wholesale boat unit shipments were significantly lower than retail boat unit sales. The Company expects the significant decline in marine retail demand experienced over the past several years will level out in 2011. Additionally, the Company anticipates that the 2011 marine retail market for smaller boat categories will outperform larger boats. The Company also realized an increase in net sales as a result of lower discounts required to facilitate boat sales during 2010 when compared with 2009. In 2010, the Company reported higher sales across its Marine Engine, Boat and Fitness segments, while experiencing a single-digit decline in its Bowling & Billiards segment. International markets remained strong for the Company in 2010, as each segment reported increased international sales.

Operating earnings during 2010 were $16.3 million, with operating margins of 0.5 percent. Operating losses in 2009 were $570.5 million, with negative operating margins of 20.6 percent. The 2010 results included $62.3 million of restructuring, exit and impairment charges and trade name impairment charges, while the 2009 results included $172.5 million of restructuring, exit and impairment charges. Improved operating earnings during 2010 mainly resulted from higher overall engine and boat wholesale unit sales and lower discounts provided to facilitate retail boat sales, as discussed above, and improved fixed-cost absorption from increased production levels. Additionally, operating earnings in 2010 benefited from lower restructuring, exit and impairment charges, reduced pension and bad debt expense and savings related to the consolidation of the Company's marine manufacturing footprint into fewer facilities, as well as cost reductions from other successful initiatives.

Restructuring Activities

In November 2006, Brunswick announced restructuring initiatives to improve the Company's cost structure, better utilize overall capacity and improve general operating efficiencies. These initiatives reflected the Company's response to a difficult marine market. As the marine market continued to decline, Brunswick expanded its restructuring activities during 2007, 2008, 2009 and 2010 in order to improve performance, better position the Company to address current market conditions, and achieve longer-term profit growth. These initiatives have resulted in the recognition of restructuring, exit and impairment charges in the Consolidated Statements of Operations during 2010, 2009 and 2008.

Total restructuring, exit and impairment charges recorded during 2010, 2009 and 2008 for each of the Company's reportable segments are summarized below:

(in millions)	2010	2009	2008
Marine Engine	$ 13.6	$ 48.3	$ 32.4
Boat	44.9	107.8	98.7
Fitness	0.2	2.1	3.3
Bowling & Billiards	1.8	5.3	21.7
Corporate	0.7	9.0	21.2
Total	$ 61.2	$ 172.5	$ 177.3

See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details. The Company anticipates it will incur approximately $15 million of additional charges in 2011 related to known restructuring activities initiated in 2010 or 2009.

Goodwill and Trade Name Impairments

Brunswick assesses the impairment of goodwill and indefinite-lived intangible assets at least annually in the fourth quarter and whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company did not record any goodwill or indefinite-lived intangible asset impairments during 2010 after completing its annual impairment test. The Company may be required to take impairment charges in a future period if it experiences any significant adverse changes in its businesses. As of December 31, 2010, the carrying value of goodwill at the Company's Fitness and Marine Engine segments was $270.7 million and $20.2 million, respectively. Based on current business projections, the Company does not believe it will incur an impairment loss on its Fitness or Marine Engine segments in future periods. See Note 1 – Significant Accounting Policies for further discussion surrounding the Company's methods and key assumptions used in its annual goodwill and indefinite-lived intangible asset impairment testing.

During the third quarter of 2008, Brunswick encountered a significant adverse change in the business climate. A weak U.S. economy, soft housing markets and the contraction of liquidity in global credit markets contributed to the continued reduction in demand for certain Brunswick products and, consequently, reduced wholesale shipments and production rates for those affected products. As a result of this reduced demand, along with lower-than-projected profits across certain Brunswick brands and lower commitments received from its dealer network in the third quarter, management revised its future cash flow expectations in the third quarter of 2008, which lowered the estimated fair value of certain businesses.

As a result of the lower fair value estimates, Brunswick concluded that the carrying amounts of its Boat segment and bowling retail and billiards reporting units within the Bowling & Billiards segment exceeded their respective fair values. The Company compared the implied fair value of the goodwill in each reporting unit with the carrying value and concluded that a $374.0 million pretax impairment charge needed to be recognized in the third quarter of 2008. Of this amount, $361.3 million related to the Boat segment reporting unit, $1.7 million related to the bowling retail reporting unit within the Bowling & Billiards segment and $11.0 million related to the billiards reporting unit within the Bowling & Billiards segment. The Company also recognized goodwill impairment charges of $1.5 million in the Boat segment reporting unit and $1.7 million related to the billiards reporting unit within the Bowling & Billiards segment earlier in 2008 as a result of deciding to exit certain businesses. As a result of the $377.2 million of impairments, all goodwill at these respective reporting units has been written down to zero.

In conjunction with the goodwill impairment testing, the Company analyzed the valuation of its other indefinite-lived intangibles, consisting of acquired trade names. Brunswick estimated the fair value of trade names by performing a discounted cash flow analysis based on the relief-from-royalty approach. This approach treats the trade name as if it were licensed by the Company rather than owned, and calculates its value based on the discounted cash flow of the projected license payments. The analysis resulted in a pretax trade name impairment charge of $121.1 million in the third quarter of 2008, representing the excess of the carrying cost of the trade names over the calculated fair value. Of this amount, $115.7 million related to the Boat segment reporting unit, $4.5 million related to the Marine Engine segment reporting unit and $0.9 million related to the billiards reporting unit within the Bowling & Billiards segment. The Company also recognized trade name impairment charges of $5.2 million in the Boat segment reporting unit and $7.6 million related to the billiards reporting unit within the Bowling & Billiards segment earlier in 2008 as a result of deciding to exit certain businesses.

Outlook for 2011

Looking ahead to 2011, the Company expects that 2011 revenues will achieve modest growth when compared with 2010. The Company expects the significant decline in marine retail demand over the past several years will level out during 2011. Additionally, the Company anticipates that the 2011 marine retail market for smaller boat categories will outperform larger boats. The Company expects to continue matching its marine production and wholesale shipments to marine retail sales in 2011. As a result, revenue growth in the Marine Engine and Boat segments will be largely dependent on marine retail demand, supplemented by the Company's focus on organic growth in its marine operations. The Company also expects the Fitness and Bowling & Billiards segments to experience a modest growth in revenues during 2011 when compared with 2010.

The Company expects to have positive earnings per share in 2011 resulting from increased revenues and the expected strong operating earnings leverage resulting from its transformed manufacturing footprint and cost structure. The Company is also expecting net earnings in 2011 to benefit from previously announced marine plant consolidation activities, and lower restructuring, exit and impairment charges, net interest, depreciation and pension expenses. A modest increase in the Company’s tax provision is expected to negatively impact net earnings in 2011.

Matters Affecting Comparability

The following events have occurred during 2010, 2009 and 2008, which the Company believes affect the comparability of the results of operations:

Goodwill impairment charges. In 2008, the Company incurred $377.2 million of goodwill impairment charges. This was a result of the continued reduction in demand for certain products, along with lower-than-projected profits across certain brands, which led management to revise its future cash flow expectations in the third quarter of 2008. The revised future cash flow expectations resulted in the Company lowering its estimate of the fair value of certain businesses and required the Company to take a $374.0 million pretax goodwill impairment charge during the third quarter of 2008. Additionally, the Company recorded impairments in the second quarter of 2008 related to the analyses performed on its Baja boat business and its Valley-Dynamo coin-operated commercial billiards business. There were no comparable charges recognized in 2010 or 2009. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

Trade name impairment charges. In 2008, the Company recorded $133.9 million of trade name impairment charges. In conjunction with the goodwill impairment testing, the Company analyzed the valuation of its trade names. The analysis resulted in a pretax trade name impairment charge of $121.1 million during the third quarter of 2008, representing the excess of the carrying cost of the trade names over the calculated fair value. Additionally, the Company recorded impairments in the second quarter of 2008 related to analyses performed on its Bluewater Marine boat business (Bluewater Marine group), which previously manufactured the Sea Pro, Sea Boss, Palmetto and Laguna brands of fishing boats, and its Valley-Dynamo coin-operated commercial billiards business. There were no comparable charges in 2009. The Company recorded a $1.1 million trade name impairment charge during 2010 as a result of the Company's divestiture of its Triton fiberglass boat business. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

Restructuring, exit and impairment charges. The Company implemented initiatives to improve its cost structure, better utilize overall capacity and improve general operating efficiencies. During 2010, the Company recorded charges of $61.2 million related to these restructuring activities as compared with $172.5 million during 2009 and $177.3 million during 2008. See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details.

Investment sale gains. In March 2008, the Company sold its interest in its bowling joint venture in Japan for $40.4 million gross cash proceeds, $37.4 million net of cash paid for taxes and other costs. The sale resulted in a $20.9 million pretax gain, $9.9 million after-tax, and was recorded in Investment sale gains in the Consolidated Statements of Operations.

In September 2008, the Company sold its investment in a foundry located in Mexico for $5.1 million gross cash proceeds. The sale resulted in a $2.1 million pretax gain and was recorded in Investment sale gains in the Consolidated Statements of Operations.

Tax items. The Company recognized an income tax provision of $25.9 million during 2010, which generally relates to foreign and state jurisdictions where the Company is in a tax paying position. In addition, the tax provision during 2010 includes a charge of $1.8 million, primarily related to the reassessment of unrecognized tax benefits.

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During 2009, the Company recognized a tax benefit of $98.5 million on a Loss before income taxes of $684.7 million for an effective tax rate of 14.4 percent. In November 2009, legislation was enacted that allowed the Company to carryback its 2009 domestic tax losses up to five years. As a result, the Company reduced its tax valuation allowances by $109.5 million during 2009 related to anticipated tax refunds, which were received during the first quarter of 2010. Additionally, when maintaining a deferred tax asset valuation allowance in periods in which there is a pretax operating loss and pretax income in Other comprehensive income, the pretax income in Other comprehensive income is considered a source of income and reduces a corresponding portion of the valuation allowance. The reduction in the valuation allowance, as a result of Other comprehensive income, was a $29.9 million income tax benefit during 2009. The Company also filed its 2008 federal income tax return in the third quarter of 2009, which generated an additional $10.3 million income tax benefit in 2009. Partially offsetting these tax benefits was the recording of a $36.6 million tax valuation allowance in the first quarter of 2009 to reduce certain state and foreign net deferred tax assets to their anticipated realizable value. The remaining realizable value was determined by evaluating the potential to recover the value of these assets through the utilization of loss carrybacks.

During 2008, the Company recognized a tax provision of $155.9 million on a Loss before income taxes of $632.2 million for an effective tax rate of (24.7) percent. Typically, the Company would recognize a tax benefit on operating losses; however, due to the uncertainty of the realization of certain net deferred tax assets, a provision of $338.3 million was recognized to increase the deferred tax asset valuation allowance. See Note 10 – Income Taxes in the Notes to Consolidated Financial Statements for further details.

Interest expense and loss on early extinguishment of debt. The Company recorded interest expense of $94.4 million, $86.1 million and $54.2 million during 2010, 2009 and 2008, respectively. Interest expense increased $8.3 million in 2010 compared with 2009, predominantly as a result of higher average outstanding debt levels in 2010 and increased borrowing rates resulting from debt refinancing activities in the third quarter of 2009. Interest expense increased $31.9 million in 2009 compared with 2008, primarily as a result of higher interest rates combined with higher average outstanding debt levels. In August 2009, the Company issued $350 million of notes due in 2016 to fund the retirement of $150 million of notes due in 2011 and a portion of notes due in 2013, as described in Note 14 – Debt in the Notes to Consolidated Financial Statements.

The Company also recorded a Loss on early extinguishment of debt in 2010 and 2009 of $5.7 million and $13.1 million, respectively. The losses on the early extinguishment of debt reflect premiums paid to retire $36.2 million and $96.6 million of its 11.75 percent Senior notes due 2013 in 2010 and 2009, respectively. There was no comparable charge in 2008.

Results of Operations

Consolidated

The following table sets forth certain amounts, ratios and relationships calculated from the Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008:

				2010 vs. 2009 Increase/(Decrease)		2009 vs. 2008 Increase/(Decrease)	
(in millions, except per share data)	2010	2009	2008	$	%	$	%
Net sales	$ 3,403.3	$ 2,776.1	$ 4,708.7	$ 627.2	22.6 %	$ (1,932.6)	(41.0) %
Gross margin (A)	720.0	315.6	867.4	404.4	NM	(551.8)	(63.6) %
	—	—	377.2	—	— %	(377.2)	NM

Goodwill impairment charges							
Trade name impairment charges	1.1	—	133.9	1.1	NM	(133.9)	NM
Restructuring, exit and impairment charges	61.2	172.5	177.3	(111.3)	(64.5) %	(4.8)	(2.7) %
Operating earnings (loss)	16.3	(570.5)	(611.6)	586.8	NM	41.1	6.7 %
Net loss	(110.6)	(586.2)	(788.1)	(475.6)	(81.1) %	(201.9)	(25.6) %
Diluted loss per share	$ (1.25)	$ (6.63)	$ (8.93)	$ (5.38)	NM	$ (2.30)	NM
Expressed as a percentage of Net sales							
Gross margin	21.2 %	11.4 %	18.4 %		980 bpts		(700) bpts
Selling, general and administrative expense	16.1 %	22.5 %	14.2 %		(640) bpts		830 bpts
Research & development expense	2.7 %	3.2 %	2.6 %		(50) bpts		60 bpts
Goodwill impairment charges	— %	— %	8.0 %		NM		(800) bpts
Trade name impairment charges	— %	— %	2.8 %		NM		(280) bpts
Restructuring, exit and impairment charges	1.8 %	6.2 %	3.8 %		(440) bpts		240 bpts
Operating margin	0.5 %	(20.6) %	(13.0) %		NM		(760) bpts

bpts = basis points
NM = not meaningful

(A) Gross margin is defined as Net sales less Cost of sales as presented in the Consolidated Statements of Operations.

2010 vs. 2009

In 2009, the Company's Boat and Marine Engine segments executed an inventory pipeline correction which required production levels in our marine businesses to be at levels below actual retail demand. The Company did not experience such a correction in 2010, nor did it offer the same levels of discounts to facilitate boat sales. As a result, the increase in 2010 net sales was mainly due to greater wholesale shipments resulting from the absence of a marine pipeline inventory correction, as well as reduced discounts. The Company's Fitness segment also experienced higher sales volumes as global commercial and consumer customers in international markets increased purchases of new equipment. Net sales in the Bowling & Billiards segment decreased by approximately 4 percent when compared with 2009, as customers across the Bowling & Billiards businesses reduced spending. International sales for the Company increased 20 percent when compared with 2009. Increases in international sales were realized by each of the Company's segments.

The increase in gross margin percentage in 2010 compared with 2009 was mainly due to lower discounts required to facilitate retail boat sales, higher fixed-cost absorption and greater efficiencies resulting from increased production rates required by greater wholesale demand in the marine businesses, as well as lower pension expense and the realization of successful cost-reduction efforts.

Selling, general and administrative expense decreased by $75.7 million to $549.4 million in 2010. The decrease was mainly a result of reduced pension and bad debt expense and successful cost-reduction efforts.

During 2010, the Company incurred trade name impairment charges of $1.1 million related to the divestiture of the Company's Triton fiberglass boat brand. The Company did not incur impairment charges related to its trade names in 2009. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

During 2010, the Company continued its restructuring activities by disposing of non-strategic assets, consolidating manufacturing operations and reducing the Company's global workforce. During the second quarter of 2010, the Company finalized plans to divest its Triton fiberglass boat brand and completed an asset sale transaction in the third quarter of 2010. The Company also began to consolidate its Cabo Yachts production into its Hatteras facility in New Bern, North Carolina. The Company further recorded impairment charges for its Ashland City, Tennessee, facility in connection with the divestiture of its Triton fiberglass boat brand. In the fourth quarter of 2010, the Company recognized exit charges related to the closure of a marine electronics business. See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details.

The improvement in operating earnings (loss) was mainly due to the factors discussed above.

Equity loss decreased $12.7 million to a loss of $3.0 million in 2010, from a loss of $15.7 million in 2009. The decrease in equity loss primarily resulted from improved financial results of the Company's marine joint ventures.

Interest expense increased $8.3 million to $94.4 million in 2010 compared with 2009, predominantly as a result of higher average outstanding debt levels in 2010 and increased borrowing rates resulting from debt refinancing activities in the third quarter of 2009. The Company also realized a $5.7 million loss on the early extinguishment of debt during 2010 as it paid a premium to retire $36.2 million of its 11.75 percent Senior notes due 2013. The loss on early extinguishment of debt during 2009 totaled $13.1 million.

The Company recognized an income tax provision of $25.9 million during 2010, which generally relates to foreign and state jurisdictions where the Company is in a tax paying position. In addition, the tax provision during 2010 includes a charge of $1.8 million, primarily related to the reassessment of unrecognized tax benefits.

During 2009, the Company recognized a tax benefit of $98.5 million on losses before income taxes of $684.7 million for an effective tax rate of 14.4 percent. In November 2009, legislation was enacted that allowed the Company to carryback its 2009 domestic tax losses up to five years. As a result, the Company reduced its need for tax valuation allowances by $109.5 million during 2009 related to anticipated tax refunds, which were received during the first quarter of 2010. Additionally, when maintaining a deferred tax asset valuation allowance in periods in which there is a pretax operating loss and pretax income in Other comprehensive income, the pretax income in Other comprehensive income is considered a source of income and reduces a corresponding portion of the valuation allowance. The reduction in the valuation allowance, as a result of Other comprehensive income, was a $29.9 million income tax benefit during 2009. The Company also filed its 2008 federal income tax return in the third quarter of 2009, which generated an additional $10.3 million income tax benefit in 2009. Partially offsetting these tax benefits was the recording of a $36.6 million tax valuation allowance in the first quarter of 2009 to reduce certain state and foreign net deferred tax assets to their anticipated realizable value. The remaining realizable value was determined by evaluating the potential to recover the value of these assets through the utilization of loss carrybacks.

Net loss and Diluted loss per common share improved in 2010 when compared with 2009 due to all the factors discussed above.

Weighted average common shares outstanding used to calculate Diluted loss per common share increased to 88.7 million in 2010 from 88.4 million in 2009. No shares were repurchased during 2010 or 2009.

2009 vs. 2008

The decrease in net sales was primarily due to reduced global demand for the Company's products and services across all segments compared with 2008, most notably in the marine industry. The continued uncertainty in the global economy and increased credit constraints limited the Company's retail activity and other customers' purchasing power and curtailed both retail and wholesale activity. As a result of the prolonged decline in marine retail demand and tighter credit markets, a number of the Company's dealers filed for bankruptcy or voluntarily ceased operations. As a result, the Company repurchased Company product from finance companies under contractual repurchase obligations and resold the repurchased inventory to stronger dealers. The decline in the Marine Engine segment's net sales was less severe than the percentage reduction in the Boat segment's net sales for the year due to continued customer purchases in 2009 from the Marine Engine segment's marine service, parts and accessories businesses. Net sales in the Fitness and Bowling & Billiards segments also declined during the year as operators in these industries experienced reduced access to capital and remained cautious about making capital purchases.

Sales outside the United States in 2009 decreased to $1,168.7 million from $2,058.5 million in 2008, with the largest reduction in international sales coming from Europe, which decreased $506.0 million to $518.1 million. The decrease in international sales impacted all segments at rates relatively consistent with the domestic reductions.

The Company's gross margin percentage decreased 700 basis points in 2009 to 11.4 percent from 18.4 percent in 2008. The decrease was primarily due to lower fixed-cost absorption and inefficiencies due to reduced production rates, as a result of the Company's efforts to achieve appropriate levels of marine customer pipeline inventories in light of lower retail demand, as well as higher pension expense, variable compensation expense and increased dealer incentive programs as a percentage of sales. The decrease in gross margin percentage was partially offset by successful cost reduction efforts.

Selling, general and administrative expense decreased by $43.3 million to $625.1 million in 2009. The decrease was primarily driven by successful cost reduction initiatives, which were partially offset by higher variable compensation, pension and bad debt expense.

During 2009, the Company did not incur impairment charges related to its goodwill and trade names. In 2008, the Company incurred $511.1 million of impairment charges related to its goodwill and trade names. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

During 2009, the Company continued its restructuring activities, which included reducing the Company's global workforce, consolidating manufacturing operations and disposing of non-strategic assets. During the third quarter of 2009, the Company announced plans to consolidate engine production by transferring sterndrive engine manufacturing operations from its Stillwater, Oklahoma plant to its Fond du Lac, Wisconsin plant, which produces the Company's outboard engines. This plant consolidation effort is expected to continue through 2011. In connection with this action, the Company's hourly union workforce in Fond du Lac ratified a new collective bargaining agreement in August 2009, which resulted in net restructuring charges as a result of changes to employees' current and postretirement benefits. The Company continued to consolidate the Boat segment's manufacturing footprint in 2009 and began marketing for sale certain previously closed boat production facilities in the fourth quarter of 2009, including the previously mothballed plant in Navassa, North Carolina. See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details.

The decrease in operating loss was mainly due to the absence of goodwill and trade name impairment charges in 2009 and successful cost reduction efforts, partially offset by reduced sales volumes, along with lower fixed-cost absorption and the absence of variable compensation and defined contribution accruals in 2008.

Equity earnings (loss) decreased $22.2 million to a loss of $15.7 million in 2009. The decrease in equity earnings was mainly the result of lower earnings from the Company's marine joint ventures.

In 2009, the Company did not sell any investments. During 2008, Brunswick sold its interest in its bowling joint venture in Japan for $40.4 million gross cash proceeds and its investment in a foundry located in Mexico for $5.1 million gross cash proceeds. These sales resulted in $23.0 million of pretax gains.

Interest expense increased $31.9 million to $86.1 million in 2009 compared with 2008, primarily as a result of higher interest rates combined with higher average outstanding debt levels. In August 2009, the Company issued $350 million of notes due in 2016 to fund the retirement of $150 million of notes due in 2011 and a portion of notes due in 2013, as described in Note 14 – Debt in the Notes to Consolidated Financial Statements. In connection with the repurchase of the 2013 notes, the Company recognized a loss on early extinguishment of debt of $13.1 million, while there was no comparable charge in 2008. Interest income decreased $3.5 million to $3.2 million in 2009 compared with 2008, primarily as a result of lower rates earned on invested balances during 2009.

During 2009, the Company recognized a tax benefit of $98.5 million on operating losses of $684.7 million for an effective tax rate of 14.4 percent. In November 2009, unemployment benefit legislation was signed into law which included provisions allowing the Company to carryback its 2009 domestic tax losses up to five years. As a result, the

Company reduced its need for tax valuation allowances by $109.5 million during 2009 related to tax refunds, which were received during the first quarter of 2010. Additionally, when maintaining a deferred tax asset valuation allowance in periods in which there is a pretax operating loss and pretax income in Other comprehensive income, the pretax income in Other comprehensive income is considered a source of income and reduces a corresponding portion of the valuation allowance. The reduction in the valuation allowance, as a result of Other comprehensive income, was a $29.9 million income tax benefit during 2009. The Company also filed its 2008 federal income tax return in the third quarter of 2009, which generated a $10.3 million income tax benefit in 2009. Partially offsetting these tax benefits was the recording of a $36.6 million tax valuation allowance in the first quarter of 2009 to reduce certain state and foreign net deferred tax assets to their anticipated realizable value. The remaining realizable value was determined by evaluating the potential to recover the value of these assets through the utilization of loss carrybacks.

During 2008, the Company recognized a tax provision of $155.9 million on operating losses of $632.2 million for an effective tax rate of (24.7) percent. Typically, the Company would recognize a tax benefit on operating losses; however, due to the uncertainty of the realization of certain net deferred tax assets, a provision of $338.3 million was recognized to increase the deferred tax asset valuation allowance. See Note 10 – Income Taxes in the Notes to Consolidated Financial Statements for further details.

Net loss and Diluted loss per share were lower in 2009 when compared with 2008 primarily due to all the factors discussed above.

Weighted average common shares outstanding used to calculate Diluted loss per share increased to 88.4 million in 2009 from 88.3 million in 2008. No shares were repurchased during 2009 or 2008.

Segments

The Company operates in four reportable segments: Marine Engine, Boat, Fitness and Bowling & Billiards. Refer to Note 5 – Segment Information in the Notes to Consolidated Financial Statements for details on the operations of these segments.

Marine Engine Segment

The following table sets forth Marine Engine segment results for the years ended December 31, 2010, 2009 and 2008:

				2010 vs. 2009 Increase/(Decrease)		2009 vs. 2008 Increase/(Decrease)	
(in millions)	2010	2009	2008	$	%	$	%
Net sales	$ 1,807.4	$ 1,425.0	$ 2,207.6	$ 382.4	26.8 %	$ (782.6)	(35.5) %
Trade name impairment charges	—	—	4.5	—	— %	(4.5)	NM
Restructuring, exit and impairment charges	13.6	48.3	32.4	(34.7)	(71.8) %	15.9	49.1 %
Operating earnings (loss)	147.3	(131.2)	69.9	278.5	NM	(201.1)	NM
Operating margin	8.1 %	(9.2) %	3.2 %		NM		NM
Capital expenditures	$ 30.8	$ 12.3	$ 23.5	$ 18.5	NM	$ (11.2)	(47.7) %

NM = not meaningful

2010 vs. 2009

Net sales recorded by the Marine Engine segment increased by 26.8 percent to $1,807.4 million in 2010 when compared with 2009. The increase was mainly due to greater wholesale shipments that were required to meet customer demand across all of the segment's operations. The greatest rate of growth was experienced in sterndrive engines. The domestic marine service, parts and accessories business, which represented 26 percent of the segment's sales in 2010, increased by 8 percent. International sales, representing 44 percent of the segment's sales during 2010, experienced a 22 percent increase when compared with 2009.

Restructuring, exit and impairment charges recognized during 2010 and 2009 were chiefly related to restructuring activities associated with the Company's consolidation of its engine production as discussed in Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements.

Marine Engine segment operating earnings of $147.3 million increased by $278.5 million compared with 2009 performance as a result of higher sales volumes, lower bad debt expense, lower restructuring, exit and impairment charges, lower pension expense, fixed-cost savings from successful cost reduction efforts and improved fixed-cost absorption on higher production.

Capital expenditures in 2010 were generally related to tooling, plant consolidation activities and profit-maintaining investments. Capital expenditures in 2009 were primarily related to profit-maintaining investments.

2009 vs. 2008

Net sales recorded by the Marine Engine segment decreased compared with 2008, primarily due to the continued reduction in global marine retail demand and the corresponding decline in wholesale shipments. Despite the poor economic climate, sales in the segment's domestic marine service, parts and accessories businesses, which represented 31 percent of the total segment sales for 2009, only experienced a single-digit percentage decline in sales when compared with 2008.

As a result of its impairment analysis of goodwill and trade names, Brunswick incurred trade name charges within the Marine Engine segment during 2008. There were no comparable charges in 2009. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

During 2009, the Marine Engine segment recognized restructuring, exit and impairment charges primarily related to severance charges and other restructuring activities initiated in 2009 and 2008. These charges increased by $15.9 million compared to 2008 primarily due to additional restructuring initiatives, including the announcement of the consolidation of marine sterndrive engine production in Fond du Lac, Wisconsin. The restructuring, exit and impairment charges recognized during 2008 were primarily related to severance charges and other restructuring activities initiated in 2008 and included $19.3 million of gains recognized on the sales of non-strategic assets. See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details.

Marine Engine segment operating earnings (loss) decreased in 2009 as a result of lower sales volumes, reduced fixed-cost absorption on lower production, higher restructuring, exit and impairment charges associated with the Company's initiatives to reduce costs across all business units and higher pension and bad debt expense. Lower fixed-cost absorption was caused by the Company's continued efforts to reduce inventory by reducing production rates by approximately 43 percent compared with 2008. These additional costs were partially offset by the savings from successful cost-reduction initiatives and favorable settlements reached during the year.

Capital expenditures in 2009 and 2008 were primarily related to profit-maintaining investments and were lower during 2009 as a result of discretionary capital spending constraints.

Boat Segment

The following table sets forth Boat segment results for the years ended December 31, 2010, 2009 and 2008:

(in millions)	2010	2009	2008	2010 vs. 2009 Increase/(Decrease) $	2010 vs. 2009 Increase/(Decrease) %	2009 vs. 2008 Increase/(Decrease) $	2009 vs. 2008 Increase/(Decrease) %
Net sales	$ 913.0	$ 615.7	$ 1,719.5	$ 297.3	48.3 %	$ (1,103.8)	(64.2) %
Goodwill impairment charges	—	—	362.8	—	— %	(362.8)	NM
Trade name impairment charges	1.1	—	120.9	1.1	NM	(120.9)	NM
Restructuring, exit and impairment charges	44.9	107.8	98.7	(62.9)	(58.3)%	9.1	9.2 %
Operating loss	(145.9)	(398.5)	(655.3)	(252.6)	(63.4) %	(256.8)	(39.2) %
Operating margin	(16.0) %	(64.7) %	(38.1) %		NM		NM
Capital expenditures	$ 17.2	$ 15.5	$ 40.8	$ 1.7	11.0 %	$ (25.3)	(62.0) %

NM = not meaningful

2010 vs. 2009

The increase in Boat segment net sales was largely the result of the absence of a pipeline inventory correction in 2010. In 2009, the Company significantly reduced wholesale shipments to boat dealers below retail sales levels in order to reduce overall pipeline inventory. As a result, net sales in 2010 have increased significantly as wholesale sales volumes are more closely aligned with retail sales levels. The Boat segment also reduced retail incentives during 2010 when compared with 2009. International sales, which represented 37 percent of the segment's sales during 2010, experienced a 29 percent increase in 2010 when compared with 2009.

The Boat segment recorded a trade name impairment charge of $1.1 million in 2010 associated with the divestiture of its Triton fiberglass boat brand. No trade name impairment charges were recorded in 2009.

The restructuring, exit and impairment charges recognized during 2010 decreased when compared with 2009 mainly due to lower definite-lived asset impairment charges in 2010. During 2010, the Boat segment recognized restructuring, exit and impairment charges associated with the Company's decisions to sell its Triton fiberglass boat brand and to move its Cabo Yachts production from Adelanto, California to its existing Hatteras facility in New Bern, North Carolina. Charges recognized in 2010 and 2009 also related to additional costs associated with consolidation of the Company's manufacturing footprint, costs for termination benefits and other restructuring activities initiated in 2010, 2009 and 2008. Refer to Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further discussion.

The Boat segment's operating loss decreased from 2009 mainly as a result of higher sales volumes, reduced retail incentive programs, lower restructuring, exit and impairment charges, higher fixed-cost absorption and successful cost reduction initiatives.

Capital expenditures in 2010 and 2009 were largely related to tooling costs for the production of new models and profit-maintaining investments.

2009 vs. 2008

The decrease in Boat segment net sales was largely the result of the continued reduction in marine retail demand in global markets and lower shipments to dealers in an effort to achieve appropriate levels of pipeline inventories, as well as higher dealer incentive programs and sales discounts. Weak retail market conditions, paired with the Company's objective of protecting its dealer network by selling fewer units at wholesale than were being sold by the dealers at retail, resulted in approximately 50 percent fewer unit sales when compared to 2008.

No goodwill and trade name impairment charges were recognized in 2009. This compares to the goodwill and trade name impairment charges in 2008, which were primarily the result of its impairment analysis performed during the third quarter of 2008. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

The restructuring, exit and impairment charges recognized during 2009 were primarily related to asset impairments, additional programs to realign the Company's boat manufacturing footprint and other restructuring activities initiated in both 2008 and 2009. Asset impairments recorded in 2009 primarily related to writing down the carrying value of several previously closed boat production facilities to their fair value as these properties were marketed for sale, the largest of which related to the previously mothballed plants in Navassa and Swansboro, North Carolina, and the Riverview plant in Knoxville, Tennessee. The Company also recorded impairments during 2009 on tooling, its Cape Canaveral, Florida property and on a marina in St. Petersburg, Florida to record these assets at their fair value. Refer to Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further discussion.

The Boat segment's operating loss decreased from 2008 primarily due to the absence of goodwill and trade name impairment charges that were taken in 2008, as well as savings from successful cost-reduction initiatives. This decrease was partially offset by a decrease in sales volume, lower fixed-cost absorption, higher dealer incentive programs and sales discounts, the absence of variable compensation and defined contribution accruals in 2008, and increased restructuring, exit and impairment charges.

Capital expenditures in 2009 were largely attributable to tooling costs for the production of new models and profit maintaining capital. Capital spending was lower during 2009 as a result of discretionary capital spending constraints and a smaller manufacturing footprint.

Fitness Segment

The following table sets forth Fitness segment results for the years ended December 31, 2010, 2009 and 2008:

				2010 vs. 2009 Increase/(Decrease)		2009 vs. 2008 Increase/(Decrease)	
(in millions)	2010	2009	2008	$	%	$	%
Net sales	$ 541.9	$ 496.8	$ 639.5	$ 45.1	9.1 %	$ (142.7)	(22.3) %
Restructuring, exit and impairment charges	0.2	2.1	3.3	(1.9)	(90.5) %	(1.2)	(36.4) %
Operating earnings	59.6	33.5	52.2	26.1	77.9 %	(18.7)	(35.8) %
Operating margin	11.0 %	6.7 %	8.2 %		430 bpts		(150) bpts
Capital expenditures	$ 3.7	$ 2.2	$ 4.5	$ 1.5	68.2 %	$ (2.3)	(51.1) %

bpts = basis points
NM = not meaningful

2010 vs. 2009

Fitness segment net sales increased in 2010 when compared to 2009 primarily due to increased purchases of new equipment by global commercial customers and consumer customers in international markets. International sales, representing 52 percent of the Fitness segment's sales during 2010, experienced a 13 percent increase when compared with 2009.

The Fitness segment's operating earnings were positively affected in 2010 by higher sales, favorable product and customer mix, lower material costs, higher fixed-cost absorption and lower restructuring, exit and impairment charges.

Capital expenditures in 2010 and 2009 were primarily limited to profit-maintaining investments.

2009 vs. 2008

The decrease in Fitness segment net sales was largely attributable to reduced volume of worldwide commercial equipment sales, as gym and fitness club operators delayed purchasing new equipment and deferred building new fitness centers as a result of general economic weakness and reduced credit availability. Commercial and consumer equipment sales in the United States and Canada declined approximately 23 percent compared to 2008, while other international sales decreased approximately 20 percent.

The restructuring, exit and impairment charges recognized during 2009 were primarily related to employee severance and other benefits charges. Restructuring, exit and impairment charges recorded during 2008 included asset write-downs and employee severance and other benefits charges. See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details.

The Fitness segment operating earnings were negatively affected in 2009 by lower worldwide sales volumes of both commercial equipment and consumer equipment as well as the absence of variable compensation and defined contribution accruals in 2008. Operating earnings were favorably impacted by the savings from successful cost-reduction measures and reduced restructuring, exit and impairment charges.

2009 capital expenditures were primarily related to profit-maintaining investments and were lower compared to 2008 as a result of discretionary capital spending constraints.

Bowling & Billiards Segment

The following table sets forth Bowling & Billiards segment results for the years ended December 31, 2010, 2009 and 2008:

				2010 vs. 2009 Increase/(Decrease)		2009 vs. 2008 Increase/(Decrease)	
(in millions)	2010	2009	2008	$	%	$	%
Net sales	$ 323.3	$ 337.0	$ 448.3	$ (13.7)	(4.1) %	$ (111.3)	(24.8) %
Goodwill impairment charges	—	—	14.4	—	— %	(14.4)	NM
Trade name impairment charges	—	—	8.5	—	— %	(8.5)	NM
Restructuring, exit and impairment charges	1.8	5.3	21.7	(3.5)	(66.0) %	(16.4)	(75.6) %
Operating earnings (loss)	12.5	3.1	(12.7)	9.4	NM	15.8	NM
Operating margin	3.9 %	0.9 %	(2.8)%		300 bpts		370 bpts
Capital expenditures	$ 4.9	$ 3.3	$ 26.9	$ 1.6	48.5 %	$ (23.6)	(87.7) %

bpts = basis points
NM = not meaningful

2010 vs. 2009

Net sales decreased in 2010 when compared with 2009 mainly due to lower bowling retail equivalent-center sales and reduced billiards business volumes. The bowling products business remained relatively flat in 2010 when compared with 2009. International sales, representing 23 percent of the segment's sales during 2010, experienced a one percent increase when compared with 2009.

Restructuring, exit and impairment charges decreased in 2010 when compared with 2009 primarily as a result of the completion of the sale of the Company's Valley-Dynamo coin-operated commercial billiards business in 2009. The Company incurred approximately $4 million of exit costs related to the sale of the Valley-Dynamo business in 2009.

Operating earnings improved by $9.4 million during 2010 as a result of lower pension expense, incremental savings from successful cost-reduction efforts, lower restructuring, exit and impairment charges and lower bad debt expense, partially offset by lower bowling retail equivalent-center sales volumes and other definite-lived asset impairments recorded during 2010.

Capital expenditures in 2010 and 2009 were related to profit-maintaining investments for existing bowling retail centers.

2009 vs. 2008

Bowling & Billiards segment net sales were down from prior year levels primarily as a result of lower sales from its Bowling Products business as new center developments and upgrades to existing centers were delayed by proprietors due to weak economic conditions and reduced access to capital. Bowling retail sales were also reduced during the year due to the loss of sales from divested centers and lower sales from existing centers. Equivalent bowling center sales decreased in mid-single digit percentages. Net sales were also reduced due to the sale of the Valley-Dynamo business in early 2009.

The goodwill and trade name impairment charges in 2008 were primarily the result of the Company's impairment analysis performed during the third quarter of 2008. The remaining charges related to the Valley-Dynamo business. There were no comparable charges in 2009. See Note 3 – Goodwill and Trade Name Impairments in the Notes to Consolidated Financial Statements for further details.

During 2009, Brunswick continued its restructuring initiatives as described in Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements. The Company completed the sale of its Valley-Dynamo coin-operated commercial billiards business in 2009. The Company incurred approximately $4 million and $19 million of costs related to the sale of the Valley-Dynamo business in 2009 and 2008, respectively. The majority of these charges related to asset write-downs. The Company also incurred costs in 2008 related to the closing of its bowling pin manufacturing facility in Antigo, Wisconsin.

The increase in 2009 operating earnings (loss) was the result of the absence of $14.4 million and $8.5 million of goodwill and trade name impairment charges, respectively, reduced restructuring, exit and impairment charges, as well as savings from successful cost-reduction initiatives. These factors were partially offset by the effect of lower sales, higher pension expense and the absence of variable compensation and defined contribution accruals in 2008.

Decreased capital expenditures in 2009 were driven primarily by reduced spending for new Brunswick Zone XL centers and constraints on capital spending for existing centers.

Corporate

The following table sets forth charges for restructuring activities undertaken at Corporate for the years ended December 31, 2010, 2009 and 2008:

				2010 vs. 2009 Increase/(Decrease)		2009 vs. 2008 Increase/(Decrease)	
(in millions)	2010	2009	2008	$	%	$	%
Restructuring, exit and impairment charges	$ 0.7	$ 9.0	$ 21.2	$ (8.3)	(92.2)%	$ (12.2)	(57.5)%

NM = not meaningful

The restructuring, exit and impairment charges recognized during 2010, 2009 and 2008 were related to write-downs and disposals of non-strategic assets and severance charges. See Note 2 – Restructuring Activities in the Notes to Consolidated Financial Statements for further details.

Cash Flow, Liquidity and Capital Resources

The following table sets forth an analysis of free cash flow for the years ended December 31, 2010, 2009 and 2008:

(in millions)	2010	2009	2008
Net cash provided by (used for) operating activities	$ 205.4	$ 125.5	$ (12.1)
Net cash provided by (used for):			
Capital expenditures	(57.2)	(33.3)	(102.0)
Proceeds from investment sales	—	—	45.5
Proceeds from the sale of property, plant and equipment	6.7	13.0	28.3
Other, net	8.3	1.8	17.2
Free cash flow (A)	$ 163.2	$ 107.0	$ (23.1)

(A) The Company defines Free cash flow as cash flow from operating and investing activities (excluding cash provided by (used for) acquisitions, investments, and purchases or sales of marketable securities). Free cash flow is not intended as an alternative measure of cash flow from operations, as determined in accordance with generally accepted accounting principles (GAAP) in the United States. The Company uses this financial measure, both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Management believes that this financial measure and the information it provides are useful to investors because it permits investors to view the Company's performance using the same tool that management uses to gauge progress in achieving its goals. Management believes that the non-GAAP financial measure "Free cash flow" is also useful to investors because it is an indication of cash flow that may be available to fund investments in future growth initiatives.

Brunswick's major sources of funds for investments, acquisitions and dividend payments are cash generated from operating activities, available cash balances and selected borrowings. The Company evaluates potential acquisitions, divestitures and joint ventures in the ordinary course of business.

2010 Cash Flow

In 2010, net cash provided by operating activities totaled $205.4 million. The most significant source of cash provided by operating activities resulted from income tax refunds of $113.6 million, which included a $109.5 million refund received as a result of legislation enacted in November 2009 that allowed the Company to carryback its 2009 federal tax losses up to five years. Total taxes paid in 2010 were $21.1 million, which resulted in net income tax refunds of $92.5 million for the period. Cash provided by operating activities also benefited from the Company's net loss adjusted for non-cash expenses and changes in certain current assets and current liabilities. Accrued expenses increased during 2010 mainly due to increases in the Company's warranty obligations and dealer rebate accruals as a result of higher sales. Accounts payable increased as a result of increased capital spending, production and related spending activity in the Company's Marine Engine and Boat segments. Net inventories increased during the year due mostly to increased demand in the Marine Engine and Fitness segments.

Net cash used for investing activities in 2010 totaled $155.2 million, which included purchases of marketable securities of $105.8 million in the fourth quarter to expand the Company's cash investment program to include marketable securities with a maturity beyond 90 days. The new program is designed to increase earnings on a portion of the Company's cash reserves. The investments include high-grade corporate commercial paper and government securities with maturities of two years or less. See Note 8 - Investments in the Notes to the Consolidated Financial Statements for further discussion. The Company spent $57.2 million for capital expenditures and has continued to limit its capital spending by focusing on high priority, profit-maintaining investments and investments required to reduce operating costs or for new product introductions. The Company also invested $7.2 million in equity investments, the majority of which related to an existing marine engine joint venture, partially offset by a return of a portion of the Company's investment in its Brunswick Acceptance Company, LLC joint venture. Partially offsetting these expenditures were $6.7 million of proceeds received during the year from the sale of property, plant and equipment in the normal course of business. The Company also received $8.3 million of cash from other investing activities, mainly related to the sale of a marina operation in China.

Cash used for financing activities was $25.4 million in 2010. Financing activities included long-term debt repayments of $38.2 million, premiums paid to retire long-term debt of $5.6 million, short-term debt payments of $8.6 million and dividends of $4.4 million. Partially offsetting were $30.0 million in proceeds received from the Fond du Lac County Economic Development Council in the form of partially forgivable debt, which the Company received in connection with the consolidation of its Marine Engine segment's domestic engine production facilities in Fond du Lac, Wisconsin, as discussed in Note 14 - Debt.

2009 Cash Flow

In 2009, net cash provided by operating activities totaled $125.5 million. The most significant source of cash provided by operating activities was from a reduction in certain current assets and current liabilities of $400.8 million. Inventory balances decreased primarily due to decreased production and procurement across the Company, especially in the Marine Engine and Boat segments, which produced less inventory than was sold at wholesale. Decreases in accounts receivable of $159.9 million resulted from lower sales and continued collection activities of outstanding receivables. Accrued expenses and accounts payable decreased primarily as a result of the reduced level of the Company's business activities in 2009 compared with 2008. The Company also received net tax refunds of $90.6 million during the year, primarily related to its 2008 taxable losses. Partially offsetting these factors were the Company's net loss from operations adjusted for non-cash charges and the Company's repurchase of $84.2 million of accounts receivable from Brunswick Acceptance Company, LLC in May 2009, as part of its asset-based lending facility (Mercury Receivable ABL Facility). See Note 9 – Financial Services and Note 14 – Debt in the Notes to Consolidated Financial Statements for more details on the Company's sale of accounts receivable program and Mercury Receivables ABL Facility, respectively.

In 2009, net cash used for investing activities totaled $12.3 million, which included capital expenditures of $33.3 million. The Company significantly reduced its capital spending from 2008 by focusing on non-discretionary, profit-maintaining investments and investments required for the introduction of new products. Cash provided from investments primarily represented a return on the Company's investment in its Brunswick Acceptance Company, LLC joint venture. The Company also received $13.0 million of proceeds during the year from the sale of property, plant and equipment in the normal course of business.

Cash flows from financing activities provided net cash of $95.9 million in 2009. The cash inflow was primarily the result of issuing $350.0 million of notes due in 2016 to pay down substantially all of the Company's notes due in 2011 and a portion of notes due in 2013. The Company received net proceeds of $353.7 million during 2009 primarily from the issuance of the 2016 notes and another $20.0 million from the Fond du Lac County Economic Development Council in the form of partially forgivable debt associated with the Company's efforts to consolidate its Marine Engine segment's engine production facilities in its Fond du Lac, Wisconsin plant. As discussed above, the Company made payments on its long-term debt in 2009 of $247.9 million, primarily related to the retirement of 2011 and 2013 notes, and also paid a premium of $13.2 million to repurchase a portion of the Company's outstanding 2013 notes. See Note 14 – Debt in the Notes to Consolidated Financial Statements for further discussion.

2008 Cash Flow

In 2008, net cash used for operating activities totaled $12.1 million. The primary driver of the cash used for operating activities was from an increase in certain current assets and current liabilities of $132.3 million. The 2008 increase in certain current assets and current liabilities was primarily the result of reductions in the Company's accounts payable and accrued expenses relating to the reduced level of production activity, largely in the Marine Engine and Boat segments, and lower accrued discounts. These declines were partially offset by lower inventories and lower trade receivables, which were driven by reduced demand for the Company's marine products. Partially offsetting the changes in certain current assets and current liabilities were the Company's operating results, which provided cash during 2008 after adjusting the net loss on operations for non-cash charges such as goodwill, trade name and other long-lived asset impairments, charges associated with recording additional tax valuation allowances and adding back depreciation and amortization.

Cash provided by investing activities totaled $9.0 million in 2008. The Company received $45.5 million in proceeds from the sale of its interest in its bowling joint venture in Japan and its investment in a foundry located in Mexico; $20.0 million primarily from reduced equity requirements associated with the Company's investment in its Brunswick

Acceptance Company, LLC joint venture; $17.2 million of proceeds primarily from the sale of MotoTron and Albemarle; and $28.3 million from the sale of property, plant and equipment in the normal course of business. Offsetting these proceeds was $102.0 million in capital expenditures.

The Company used $10.8 million of net cash in its financing activities during 2008, reflecting net issuances of short-term debt of $7.4 million and a $4.4 million dividend payment. The Company also issued $250 million of notes due in 2013 to retire the $250 million of notes due in 2009.

Liquidity and Capital Resources

The Company views its highly liquid assets for the years ended December 31, 2010 and 2009 as:

(in millions)		2010		2009
Cash and cash equivalents	$	551.4	$	526.6
Short-term investments in marketable securities		84.7		0.8
Long-term investments in marketable securities		21.0		—
Total cash, cash equivalents and marketable securities	$	657.1	$	527.4

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The following table sets forth an analysis of net debt for the years ended December 31, 2010 and 2009:

(in millions)	2010	2009
Short-term debt, including current maturities of long-term debt	$ 2.2	$ 11.5
Long-term debt	828.4	839.4
Total debt	830.6	850.9
Less: Cash, cash equivalents and marketable securities	657.1	527.4
Net debt (A)	$ 173.5	$ 323.5

(A) The Company defines Net debt as Short-term and long-term Debt, less Cash and cash equivalents, Short-term investments in marketable securities and Long-term investments in marketable securities, as presented in the Consolidated Balance Sheets. Net debt is not intended as an alternative measure to debt, as determined in accordance with GAAP in the United States. The Company uses this financial measure, both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Management believes that this financial measure and the information it provides are useful to investors because it permits investors to view the Company's performance using the same tool that management uses to gauge progress in achieving its goals. Management believes that the non-GAAP financial measure "Net debt" is also useful to investors because it is an indication of the Company's ability to repay its outstanding debt using its current cash, cash equivalents and marketable securities.

The following table sets forth an analysis of total liquidity for the years ended December 31, 2010 and 2009:

(in millions)	2010	2009
Cash, cash equivalents and marketable securities	$ 657.1	$ 527.4
Amounts available under its asset-based lending facilities (B)	162.1	88.5
Total liquidity (A)	$ 819.2	$ 615.9

(A) The Company defines Total liquidity as Cash and cash equivalents, Short-term investments in marketable securities and Long-term investments in marketable securities as presented in the Consolidated Balance Sheets, plus amounts available under its asset-based lending facilities. Total liquidity is not intended as an alternative measure to Cash and cash equivalents, Short-term investments in marketable securities and Long-term investments in marketable securities as determined in accordance with GAAP in the United States. The Company uses this financial measure, both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Management believes that this financial measure and the information it provides are useful to investors because it permits investors to view the Company's performance using the same tool that management uses to gauge progress in achieving its goals. Management believes that the non-GAAP financial measure "Total liquidity" is also useful to investors because it is an indication of the Company's available highly liquid assets and immediate sources of financing.

(B) Represents the sum of (1) $129.8 million and $106.3 million, as of December 31, 2010 and 2009, respectively, of unused borrowing capacity under the Company's Revolving Credit Facility discussed below, reduced by the $60.0 million minimum availability requirement, as of December 31, 2009, and (2) the available borrowing capacity of $32.3 million and $42.2 million, as of December 31, 2010 and

December 31, 2009, respectively, under the Company's Mercury Receivables ABL Facility as discussed below.

Cash, cash equivalents and marketable securities totaled $657.1 million as of December 31, 2010, an increase of $129.7 million from $527.4 million as of December 31, 2009. Total debt as of December 31, 2010 and December 31, 2009, was $830.6 million and $850.9 million, respectively. As a result, the Company's Net debt was reduced $150.0 million in 2010 to $173.5 million from $323.5 million in 2009. Brunswick's debt-to-capitalization ratio increased to 92.2 percent as of December 31, 2010, from 80.2 percent as of December 31, 2009, mainly related to the effect of 2010 losses on shareholders' equity, partially offset by lower debt levels.

In May 2009, the Company entered into the Mercury Receivables ABL Facility with GE Commercial Distribution Finance Corporation (GECDF) to replace the Mercury Marine accounts receivable sale program the Company had with Brunswick Acceptance Company, LLC (BAC) as described in Note 9 – Financial Services. The Mercury Receivables ABL Facility agreement provides for a base level of borrowings of $100.0 million that are secured by the domestic accounts receivable of Mercury Marine, a division of the Company, at a borrowing rate, set at the beginning of each month, equal to the one-month LIBOR rate plus 4.25 percent; provided, however, that the one-month LIBOR rate shall not be less than 1.0 percent. Borrowings under the Mercury Receivables ABL Facility can be adjusted to $120.0 million to accommodate seasonal increases in accounts receivable from May to August. Borrowing availability under this facility is subject to a borrowing base consisting of Mercury Marine domestic accounts receivable, adjusted for eligibility requirements, with an 85 percent advance rate. The Company was also able to borrow an additional $21.5 million in excess of the borrowing base according to the over-advance feature through November 2009, which declined ratably each month through November 2010. Borrowings under the Mercury Receivables ABL Facility are further limited to the lesser of the total amount available under the Mercury Receivables ABL Facility or the Mercury Marine receivables, excluding certain amounts, pledged as collateral against the Mercury Receivables ABL Facility. The Mercury Receivables ABL Facility also includes a financial covenant, which corresponds to the minimum fixed-charge coverage ratio covenant included in the Company's revolving credit facility and the BAC joint venture agreement described in Note 9 – Financial Services. The Mercury Receivables ABL Facility's term will expire concurrently with the termination of BAC, by the Company with 90 days notice or by GECDF upon the Company's default under the Mercury Receivables ABL Facility, including failure to comply with the facility's financial covenant. Initial borrowings under the Mercury Receivables ABL Facility were $81.1 million. At December 31, 2010 and December 31, 2009 the Company had no borrowings under this facility. The amount of borrowing capacity available under this facility at December 31, 2010 and December 31, 2009 was $32.3 million and $42.2 million, respectively.

The Company has a $400.0 million secured, asset-based revolving credit facility (Revolving Credit Facility) in place with a group of banks through May 2012, as described in Note 14 – Debt in the Notes to Consolidated Financial Statements. There were no loan borrowings under the Revolving Credit Facility in 2010 or 2009. The Company has the ability to issue up to $150.0 million in letters of credit under the Revolving Credit Facility. The Company pays a facility fee of 75 to 100 basis points per annum, which is based on the daily average utilization of the Revolving Credit Facility.

The Company may borrow amounts under the Revolving Credit Facility equal to the value of the borrowing base, which consists of certain accounts receivable, inventory and machinery and equipment of certain of its domestic subsidiaries. The borrowing base had a value of $200.7 million, excluding cash, as of December 31, 2010. The Company had no borrowings outstanding under this facility at December 31, 2010. Letters of credit outstanding under the facility totaled $70.9 million as of December 31, 2010, resulting in unused borrowing capacity of $129.8 million. The Company's borrowing capacity may also be affected by the fixed charge coverage covenant included in the facility. The covenant requires that the Company maintain a fixed charge ratio, as defined in the agreement, of greater than 1.1 times, whenever the unused borrowing capacity falls below $60.0 million. At the end of the fourth quarter of 2010, the Company had a fixed charge ratio in excess of 1.1 times, and therefore had full access to borrowing capacity available under the facility. When the fixed charge ratio is below 1.1 times, the Company is required to maintain at least $60.0 million of unused borrowing capacity in order to be in compliance with the covenant. Consequently, the borrowing capacity is effectively reduced by $60.0 million whenever the fixed charge ratio falls below 1.1 times. Prior to the fourth quarter of 2010, the Company had a fixed charge ratio below 1.1 times, but was in compliance with the covenant as unused borrowing capacity exceeded $60.0 million. The Company expects to be in compliance with the minimum fixed-charge coverage ratio covenant during 2011.

Management believes that the Company has adequate sources of liquidity to meet the Company's short-term and long-term needs. The Company has continued to reduce its near-term debt obligations; its 2013 notes, which totaled $117.2 million at December 31, 2010, represent the only significant long-term debt maturity until 2016. Management expects that the Company's near-term operating cash requirements will be met out of existing cash and marketable securities balances and free cash flow. Specifically, the Company expects to achieve net earnings in 2011 when compared with net losses in 2010 and 2009 as a result of increasing sales. The Company plans to increase capital expenditures in 2011 to approximately $80 million compared with $57.2 million in 2010, to develop new products in anticipation of improvements in the economy and to fund the Company's marine consolidation activities. Based on the factors described above, the Company believes it will end 2011 with net debt levels comparable to the end of 2010.

The aggregate funded status of the Company's qualified pension plans, measured as a percentage of the projected benefit obligation, was approximately 63 percent in 2010 compared with approximately 62 percent in 2009. As of December 31, 2010, the Company's qualified pension plans were underfunded on an aggregate projected benefit obligation basis by $431.8 million. See Note 15 – Postretirement Benefits in the Notes to Consolidated Financial Statements for more details.

The Company contributed $34.1 million to its qualified pension plans in 2010 compared with $10.0 million of contributions in 2009. The Company also contributed $3.3 million and $11.6 million to fund benefit payments in its nonqualified pension plan in 2010 and 2009, respectively. The 2009 contribution included an $8.5 million lump sum distribution to a former executive. The Company anticipates contributing approximately $60 million to the qualified pension plans and approximately $5 million to cover benefit payments in the unfunded, nonqualified pension plans in 2011. Company contributions are subject to change based on market conditions, pension funding regulations and Company discretion.

Financial Services

The Company, through its Brunswick Financial Services Corporation (BFS) subsidiary, owns a 49 percent interest in a joint venture, Brunswick Acceptance Company, LLC (BAC). CDF Ventures, LLC (CDFV), a subsidiary of GE Capital Corporation (GECC), owns the remaining 51 percent. BAC commenced operations in 2003 and provides secured wholesale inventory floor-plan financing to Brunswick's boat and engine dealers. BAC also purchased and serviced a portion of Mercury Marine's domestic accounts receivable relating to its boat builder and dealer customers. This program was terminated and replaced in May 2009 with a new facility discussed below and in Note 14 – Debt.

The term of the joint venture extends through June 30, 2014. The joint venture agreement contains provisions allowing for the renewal of the joint venture or purchase of the other party's interest at the end of this term. Alternatively, either partner may allow the agreement to terminate at the end of its term. Concurrent with finalizing the amended and restated asset-based revolving credit facility (Revolving Credit Facility) in the fourth quarter of 2008, the Company and CDFV amended the joint venture agreement to conform the financial covenant contained in that agreement to the minimum fixed-charge coverage ratio test contained in the Revolving Credit Facility. Compliance with the fixed-charge coverage ratio test under the joint venture agreement is only required when the Company's available, unused borrowing capacity under the Revolving Credit Facility is below $60.0 million. In 2010, the Company was in compliance with the fixed-charge coverage ratio test under the joint venture agreement. As available unused borrowing capacity under the Revolving Credit Facility was above $60.0 million at the end of 2009, the Company was not required to meet the minimum fixed-charge test.

BAC is funded in part through a $1.0 billion secured borrowing facility from GE Commercial Distribution Finance Corporation (GECDF), which is in place through the term of the joint venture, and with equity contributions from both partners. BAC also sells a portion of its receivables to a securitization facility, the GE Dealer Floorplan Master Note Trust, which is arranged by GECC. The sales of these receivables meet the requirements of a "true sale" and are therefore not retained on the financial statements of BAC. The indebtedness of BAC is not guaranteed by the Company or any of its subsidiaries. In addition, BAC is not responsible for any continuing servicing costs or obligations with respect to the securitized receivables. BFS and GECDF have an income sharing arrangement related to income generated from the receivables sold by BAC to the securitization facility. The Company records this income in Other expense, net, in the Consolidated Statements of Operations.

The Company considers BFS's investment in BAC as an investment in a variable interest entity of which the Company is not the primary beneficiary. To qualify as the primary beneficiary, the Company must have the power to direct the activities of BAC that most significantly impact BAC's economic performance and the Company must have the obligation to absorb losses or the right to receive benefits from BAC that could potentially be significant to BAC. Based on a qualitative analysis performed by the Company, BFS did not meet the definition of a primary beneficiary. As a result, BFS's investment in BAC is accounted for by the Company under the equity method and is recorded as a component of Investments in its Condensed Consolidated Balance Sheets. The Company records BFS's share of income or loss in BAC based on its ownership percentage in the joint venture in Equity earnings (loss) in its Consolidated Statements of Operations. BFS's equity investment is adjusted monthly to maintain a 49 percent interest in accordance with the capital provisions of the joint venture agreement. The Company funds its investment in BAC through cash contributions and reinvested earnings. BFS's total investment in BAC at December 31, 2010 and 2009 was $10.3 million and $16.2 million, respectively. The reduction in BFS's total investment in BAC is the result of an amendment to the joint venture agreement during the fourth quarter of 2010, which reduced the Company's minimum investment level from $16.0 million to $10.0 million.

BFS recorded income related to the operations of BAC of $2.7 million, $3.1 million and $7.5 million for the years ended December 31, 2010, 2009 and 2008, respectively. These amounts include amounts earned by BFS under the aforementioned income sharing agreement, but exclude the discount expense paid by the Company in 2009 on the sale of Mercury Marine's accounts receivable to the joint venture noted below.

In May 2009, the Company entered into an asset-based lending facility (Mercury Receivables ABL Facility) with GECDF to replace the Mercury Marine accounts receivable sale program the Company had with BAC. As such, there was no outstanding balance of receivables sold to BAC as of December 31, 2010 or 2009, respectively. Therefore, there were no accounts receivable sold to BAC in 2010; however, accounts receivable totaling $186.4 million and $715.4 million were sold to BAC in 2009 and 2008, respectively. Discounts of $1.3 million and $5.8 million for the years ended December 31, 2009 and 2008, respectively, have been recorded as an expense in Other expense, net, in the Consolidated Statements of Operations. Pursuant to the joint venture agreement, BAC reimbursed Mercury Marine $1.1 million and $2.6 million in 2009 and 2008, respectively, for the related credit, collection and administrative costs incurred in connection with the servicing of such receivables. Concurrent with entering into the Mercury Receivables ABL Facility, the Company repurchased $84.2 million of accounts receivable from BAC in May 2009. See Note 14 – Debt in the Notes to Consolidated Financial Statements for more details on the Company's Mercury Receivables ABL Facility.

Off-Balance Sheet Arrangements

Guarantees. The Company has reserves to cover potential losses associated with guarantees and repurchase obligations based on historical experience and current facts and circumstances. Historical cash requirements and losses associated with these obligations have not been significant. See Note 11 – Commitments and Contingencies in the Notes to Consolidated Financial Statements for a description of these arrangements.

Contractual Obligations

The following table sets forth a summary of the Company's contractual cash obligations as of December 31, 2010:

Payments due by Period