

ARCHIVED REPORT

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Brunswick Corp - Archived 3/96

Headquarters

Brunswick Corp
1 N. Field Ct
Lake Forest, IL 60045
Telephone (708) 735-4700

The company was founded in 1845 and is currently registered as a Delaware corporation. The firm is basically dependent upon the marine boating and sports market as well as recreational markets such as bowling. These segments now account for almost all of the company's revenues. Brunswick has a small defense specialty

business focused on tactical equipment and weapon requirements.

In early 1993, Brunswick announced that it was divesting its Technical Group - the company's only defense-oriented operations. This segment's results are now carried by the company as discontinued operations. In May 1995, most of the operations were purchased by Technical Products Group, Inc.

Brunswick employs about 20,800 people. An independent, publicly owned company, its stock is traded on the London, Tokyo and most US exchanges under the symbol "BC." The company's auditors are Arthur Andersen & Co.

Structure And Personnel

Jack F. Reichert
Chairman, President and Chief Executive Officer

John M. Charvat
Executive Vice President

Jim W. Dawson
Vice President

Thomas K. Erwin
Controller

Frederick J. Florjancic Jr.
Vice President

William R. McManaman
Vice President, Finance

Robert T. McNaney
General Counsel

Richard S. O'Brien
Treasurer

Diane M. Yaconetti
Vice President, Administration and Corporate Secretary

James C. Hubbard
Assistant Vice President

Michael D. Schmitz
Assistant Secretary

Judith P. Zelisko
Assistant Vice President

Product Areas

Brunswick manages and operates its business in the following organizational manner.

1. Marine

- 1.1 Marine Power Division
- 1.2 US Marine Division
- 1.3 Sea Ray Division

- 1.4 Fishing Boat Division
- 2. Recreation
 - 2.1 Zebco Division
 - 2.2 Brunswick Recreation Centers Division
 - 2.3 Brunswick Division
- 3. Discontinued Operations
 - 3.1 Principally the Technical Group

Marine. The Marine units design, manufacture and sell an entire spectrum of marine boats, motors and trailers. Some brand names are Sea Ray, Mercury and Bayliner.

Recreation. The Recreation units make sporting goods and products. Some brand names are Zebco and Quantum.

Discontinued Operations (Technical Group). The Technical Group produces composite structures for aircraft, helicopters, spacecraft, propulsion systems, missiles and ships; radomes; space-qualified products including fire-detection systems, filters and expendable robotic arms; camouflage; infrared optical surveillance systems; tactical weapons; flight decoys and target training systems; relocatable and mobile shelters systems; protective detectors/alarms; and protective gloves. This group was slated for divestiture by Brunswick in early 1993. A sale was announced in May 1995 of most of this group's operations (see below).

Facilities

Eight business locations handle the bulk of the defense business. The locations are listed below by geographical area with a brief description of the work performed at each.

EASTERN REGION

Defense Division Headquarters, 1 Brunswick Plaza, Skokie, IL 60077. Telephone (312) 470-4938. The unit makes radomes, motor cases and pressure vessels, portable shelter systems, fire-detection systems, honeycomb and metal-bonded structures, launch and weapon systems, and components for helicopters and fixed-wing aircraft.

DeLand Operations, 2000 Brunswick Lane, DeLand, FL 32720. Telephone (904) 736-1700. At DeLand, the Defense Division makes camouflage net and chemical weapons detection alarms. DeLand is also the headquarters for the Technetics Division. This unit manufactures seals, fiber products, injection-molding products and valves.

Marion Operations, 150 Johnston Road, Marion, VA 24354. Telephone (703) 783-3121. This unit makes filament-wound and metal assemblies for radomes, structural composites and shelters. Marion Operations has been a dominant manufacturer of radomes for more than four decades, dating back to the chin radome on the B-47. The Marion Operations are also company and industry leaders in composite materials.

Willard Operations, Willard, OH. Telephone (419) 933-2711. The Willard unit makes protective clothing.

CENTRAL REGION

Camden Operations, Building 5-SH-1, Highland Industrial Park, Walton Road, PO 3163, East Camden, AR 71701. This unit makes missile launch tubes.

Lincoln Operations, 4300 Industrial Avenue, Lincoln, NB 68504. Telephone (402) 464-8211. The operations produces rocket motor cases, pressure vessels for liquid oxygen, liquid nitrogen and missile launch tubes. All are filament-wound.

Devil's Lake Sioux Manufacturing Corporation, PO Box 188, Ft. Totten, ND 58335. The unit makes camouflage gear, Kevlar helmets and composite armor. Devil's Lake, which is built on reservation property, is owned jointly by the Native Americans (51 percent) and Brunswick (49 percent).

WESTERN REGION

Costa Mesa Operations, 3333 Harbor Blvd, Costa Mesa, CA 92626. Telephone (714) 546-8030. Costa Mesa produces systems and assemblies for gliders and radar decoys.

San Diego Operations, 8963 Carrol Way South, San Diego, CA 92121. Telephone (619) 695-1170. The unit works on Low Observable applications and hardware.

Corporate Overview

Following the divestiture of its defense operations, the Technical Group, Brunswick, now operates in two markets: marine and recreation. The company is returning

to the businesses it knows best — boating and bowling. It has sold its "commodities" type hardware business units (hinges, valves and seals). The divestiture of the Defense

Division is part of Brunswick's strategy to focus on those core markets.

New Products And Services

Improved Tactical Air Launched Decoy (ITALD). The Improved TALD, is a program aimed at integrating a small propulsion system, possibly a turbojet engine, with the existing TALD system. The original TALD was used extensively by US forces during the initial hours of Operation Desert Storm. Sources indicate that some 137 TALDs were used during the war.

M-21 Remote Sensing Chemical Agent Alarm (RSCAAL). The M-21 Remote Chemical Agent Alarm is capable of detecting nerve and vesicant agent clouds at distances of up to five kilometers. The system is currently in production for the US Marine Corps.

Plant Expansion/Modernization/Organization Update

Equity Offering Successful. In the first quarter of 1992, Brunswick successfully concluded an equity offering, selling 6.5 million shares of stock, which provided more than \$100 million in cash for the company. Net proceeds will be used for general corporate purposes, including expansion of existing businesses and investments in related business opportunities as they arise.

MERGERS/ACQUISITIONS/DIVESTITURES

Defense Operations Divested. In February 1993, Brunswick's board of directors approved a plan to divest the company of its Technical Group, which is primarily composed of Brunswick Defense. The company cited strategic considerations for the announced divestiture. Following the announcement Brunswick now operates in two segments, Marine and Recreation.

In May 1995, Brunswick completed the sale of its defense operations to the Technical Products Group, Inc. The sales

consisted of three major units: Marion Composites, a maker of radomes for military aircraft, lightweight relocatable military and commercial shelters and advanced lightweight composite structures for military and commercial aviation; Lincoln Composites, a maker of high tech filament wound composite structures such as rocket motor cases, pressure vessels, fuel tanks tubular products and vehicle and missile structures for aerospace and defense; and Intellitec, a producer of advanced electronic and electro-optical components for commercial and defense products as well as defense systems, including chemical warfare detection and ultra-light weight camouflage. Combined

these three units had annual sales over \$100 million. Following their divestiture, Brunswick has exited the defense business.

Teaming/Competition/Joint Ventures

AM General. AM General Corporation and Brunswick Defense signed an agreement in early 1992 covering the marketing of the three-man cab over-engine (COE) Hummer truck (a variant of the HMMWV utility vehicle) fitted with Brunswick's lightweight shelter. Brunswick is already involved in the supply of lightweight shelters that are fitted to the standard HMMWV to the US Army. Shelters provide extra space for electronics and other equipment, and are attracting increased interest among specialist users, such as equipment maintenance troops.

FINANCIAL RESULTS/CORPORATE STATISTICS

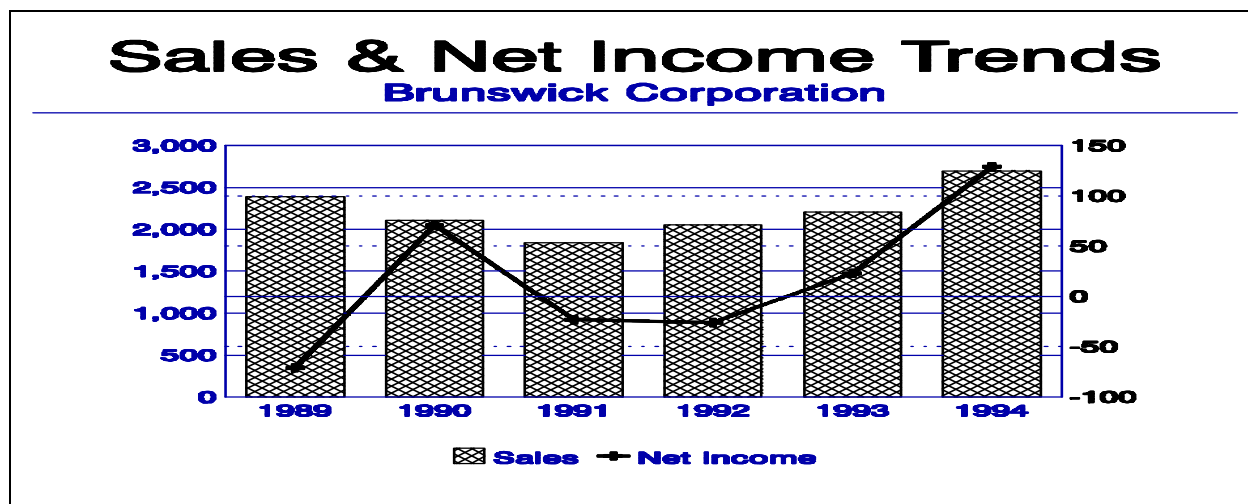
Brunswick Corporation's consolidated net sales for 1994 rose 22 percent to \$2.7 billion from the \$2.21 billion reported in 1993. The company posted net income of \$129 million compared to income of \$23.1 million in 1993. The increased performance was due to improved results in the Marine segment. The loss for 1992 was due to an after-tax charge of \$38.3 million associated with the adoption of SFAS No. 106 and a \$26 million after-tax provision for the divestiture of

SNPE. In early 1991, Brunswick signed an agreement with SNPE, located in Paris, France, to provide the French company with technology for manufacturing external composite fuel tanks for advanced aircraft. Under terms of the agreement, SNPE will be allowed to use Brunswick's technology to produce tanks for designated aircraft in the European market.

the Technical segment. The latest full-year statistics are given below. These figures have been restated and do not include results from the company's Technical group which is now listed under discontinued operations.

Continuing Operations

Y/E December 31	1989	1990	1991	1992	1993	1994
(\$ millions)						
Net Sales	2395.5	2106.9	1841.0	2059.4	2206.8	2700.1
Net Income	(71.3)	70.9	(23.7)	(26.3)	23.1	129.0



Sales and income for Brunswick's discontinued operations (aka Technical Group) are as follows.

Discontinued Operations

Y/E December 31	1990	1991	1992	1993	1994
(\$ millions)					
Net Sales	370.7	247.3	168.3	147.4	135.5
Net Income	14.8	11.3	(1.7)	-	-
Backlog	292.0	21.0	-	-	-

Industry Segments

A breakdown of Brunswick's sales and income by major market segment for the past five years is given below. Please note 1990-1991 figures have not been restated.

SALES	1990	1991	1992	1993	1994
(\$ million)					
Marine	1651.7	1368.3	1516.1	1571.2	1990.7
Recreation	455.2	472.8	543.3	635.6	709.4
Technical	370.7	247.2	-	-	-
TOTAL	2828.7	2477.6	2088.3	2206.8	2700.1
OPERATING INCOME	1990	1991	1992	1993	1994
(\$ million)					
Marine	27.7	(30.5)	43.0	53.7	175.6

Recreation	57.9	52.5	65.2	80.0	82.8
Technical	21.0	18.3	-	-	-
TOTAL	14.9	106.6	40.3	108.2	258.0

STRATEGIC OUTLOOK

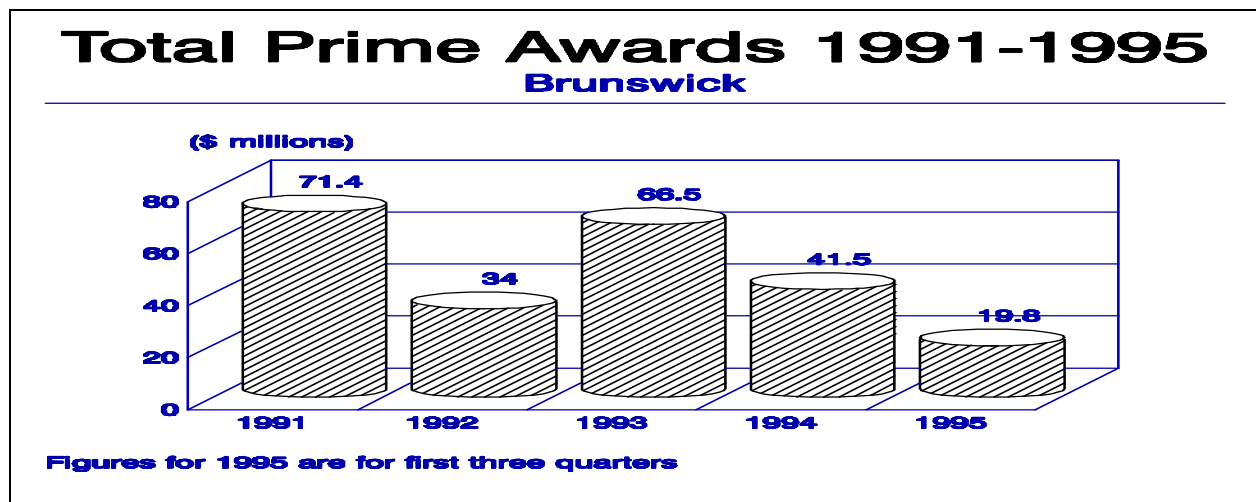
With the successful divestiture of its Technical segment, consisting primarily of Brunswick Defense (carried on the

books as a discontinued business), the company will effectively exit the defense business. As the company is no longer involved in the defense field this report will no longer be updated.

Prime Award Summary

Brunswick's five-year summary of awards by customer, with dollars in millions, is listed below. Dashes represent unavailable information. Zeroes indicate awards, if any, of less than \$50,000. Details may not equal total because of rounding. 1995 data are for the first three quarters only.

(\$ millions)	1991	1992	1993	1994	1995
AIR FORCE	1.7	0.4	7.9	7.4	0.0
ARMY	32.6	6.8	50.8	19.7	18.1
DEFENSE AGENCIES	0.0	0.0	0.0	0.3	0.0
DEF LOGISTICS AGENCY	7.0	1.4	(2.1)	0.6	1.3
DEPT OF STATE	0.1	0.0	0.0	0.0	0.0
NASA	0.0	0.0	0.3	0.0	0.1
NAVY	30.0	25.4	9.6	13.5	0.3
TOTAL	71.4	34.0	66.5	41.5	19.8



The five-year summary of awards by major geographical area and by customers, with dollars in millions, is reported below. Dashes represent unavailable information. Zeroes

indicate awards, if any, of less than \$50,000. Details may not equal total due to rounding.

EASTERN REGION

De Land, FL

(\$ millions)	1991	1992	1993	1994	1995
AIR FORCE	0.3	0.0	10.2	3.9	0.0
ARMY	30.0	6.5	24.9	0.3	17.8
DEFENSE AGENCIES	0.0	0.0	0.0	0.3	0.0
DEF LOGISTICS AGENCY	0.1	0.0	0.0	0.0	0.0
NAVY	21.4	1.7	0.5	2.4	0.0
TOTAL	51.8	8.2	35.6	6.9	17.8

Marion, VA

(\$ millions)	1991	1992	1993	1994	1995
AIR FORCE	1.3	0.1	(2.4)	0.5	0.0
ARMY	1.6	0.0	0.9	14.9	0.2
DEF LOGISTICS AGENCY	0.1	0.3	0.0	0.0	0.0
NAVY	0.4	5.4	7.7	11.1	0.3
TOTAL	3.4	5.8	6.2	26.5	0.5

CENTRAL REGION

Lincoln, NE

(\$ millions)	1991	1992	1993	1994	1995
AIR FORCE	0.0	0.0	0.0	2.4	0.0
ARMY	1.0	0.4	24.8	3.9	0.0
NASA	0.0	0.0	0.3	0.0	0.1
NAVY	1.8	1.0	0.0	0.0	0.0
TOTAL	2.8	1.4	25.1	6.3	0.1

WESTERN REGION

Costa Mesa, CA

(\$ millions)	1991	1992	1993	1994	1995
ARMY	0.0	0.0	0.0	0.1	0.0
NAVY	6.0	17.1	1.3	0.0	0.0
TOTAL	6.0	17.1	1.3	0.1	0.0

Program Activity

Some important aerospace and government programs currently underway at Brunswick are listed below. The briefs are intended to provide a listing of programs that are of major importance to the company. For detailed information or analysis of specific aerospace and defense programs or equipment, please refer to the appropriate FORECAST INTERNATIONAL binder (for example AIRCRAFT, MILITARY VEHICLES, WARSHIPS, MISSILES, ELECTRONICS, and GAS TURBINES).

The following is an outline of the company's business interests:

- **Aircraft Components**
- **Missile Components**
- **NBC Detection Equipment**
- **Ordnance Systems**

- .. **Shelters**
- .. **Systems Integration**
- .. **Training Systems**
- .. **Unmanned Vehicles**

Brunswick Defense (now the Technical Products Group, Inc) currently has contracts for many ongoing programs for the DoD and military subcontractors. Its work is concentrated in six major areas: camouflage, mobile shelters, radomes, rocket motor casings and launch tubes, tactical air-launched decoy and target systems, and chemical sensors.

CHEMICAL WARFARE SENSORS

In addition to the systems described below, Brunswick has developed and manufactures a series of butyl gloves to provide protection from chemical agents.

M8A1 CHEMICAL AGENT ALARM SYSTEM

This system is in use with the US Army and German forces. Recent activity on this program is a Program Improvement Plan that expands the system's capability to detect nerve and mustard threat agents in vapor form.

KAS-1 CHEMICAL WARFARE DIRECTIONAL DETECTOR (CWDD)

The CWDD is a two field of view forward-looking IR system used by the Navy for standoff detection of nerve agents. In November 1990, the Defense Division at Deland, FL, was awarded a \$9.0 million contract to produce 244 KAS-1 chemical warfare directional detectors. Work will be done in Florida and was expected to be completed in May 1992. Twenty-four bids were solicited; two offers were received. the contracting agency is the Naval Sea Systems Command, Washington, DC.

MISSILE PROGRAMS

RADOMES

Brunswick Defense is the major supplier of high-performance composite and ceramic radomes for military aircraft and missiles. F-14, F-15, F-16, F-111, F/A-18, B-1B, C-5B and C-17 aircraft radomes and Patriot missile radomes are manufactured by Brunswick. In May 1989, the company received an \$8.0 million Air Force contract for 179 nose radomes for use on the F-111 and EF-111 aircraft. Work under this contract was expected to be completed by July 1994.

ROCKET MOTOR CASES

Production of rocket motor cases is continuing in Lincoln, Nebraska, for several missile programs, including the Peacekeeper, Trident II and Minuteman III. In addition, at the same facility, the division has developed a new 480-gallon fuel tank for the F/A-18 aircraft.

LAUNCH TUBES & CONTAINERS

Brunswick has produced over a million filament-wound launch tubes and containers for such programs as MLRS, Dragon, TOW, Stinger, Viper and CATFAE. The Camden, AK, facility produces rocket launch tubes for these systems.

ORDNANCE PROGRAMS

MULTI-PURPOSE INDIVIDUAL MUNITION

This is a light anti-armor/multipurpose weapon. This program was being competitively developed in a proof-of-principle program by Brunswick, McDonnell Douglas, and The Marquardt Company. The competitive proof-of-principle contracts were awarded to the above-listed firms on May 19, 1988. The proof-of-principle evaluations were completed in mid-1990 and a downselection was expected by March of 1991. This weapon was expected to become operational in 1996. However, in late 1990, the entire program went back to square one and the Multi-Purpose Individual Munition is not expected to be operational until the turn of the century. Brunswick's entrant in this competition was known as the Rifleman's Assault Weapon (RAW).

M139 VOLCANO MINES

Brunswick produces M139 Volcano dispenser mines. The contracting activity is performed at the US Army Armament, Munitions, and Chemical, Picatinny Arsenal, NJ.

LOW ALTITUDE DISPENSER (LAD)

LAD is a submunitions dispensing system for low-flying aircraft. LOCLAD is a low-cost version of the LAD system.

SHELTERS

Brunswick designs, engineers and manufactures honeycomb sandwich panel constructed, relocatable shelters for the US military. These rugged shelters meet all International Standards Organization (ISO) handling and intermodal transportation requirements. The Army Standard Family (ASF) and Marine Corps shelters are examples of Brunswick's work in this field.

UNMANNED VEHICLE PROGRAMS

AQM-37/AQM-39

These are high-altitude supersonic target drones. Brunswick was awarded a contract to attempt to qualify as an AQM-37 second source in 1988. The company is now competing with Beech Aircraft for yearly awards.

AQM-81A FIREBOLT

The Firebolt is high-speed, high-altitude, recoverable target drone to simulate supersonic fighter aircraft. The parachute-recovery system for mid-air retrieval by helicopter is furnished by Brunswick. Full-scale development and the associated flight test program have been completed. Contract negotiations were said to be under way in 1986, but no orders have been placed. This specific program has been terminated.

launched, unmanned decoy that emulates the radar cross-section of tactical aircraft. TALD serves as a penetration aid to prevent strike aircraft from being acquired by sophisticated air defense systems. In addition to its role as a decoy, it can also be used as a peacetime training target. In 1991, Brunswick Defense Divisions announced that it received a \$23.7 million contract from the US Navy to develop an enhanced version of the Tactical Air Launched Decoy (TALD), which was used extensively during the Persian Gulf War to defeat Iraqi air defenses.

TACTICAL AIR LAUNCHED DECOY (TALD)

The Tactical Air Launched Decoy designed and manufactured by Brunswick for the US Navy is a standoff, air-
US CONTRACT AWARDS

Below is a listing of major contracts awarded to Brunswick from the United States Government in the past two years (contracts as of press date).

<u>Date</u>	<u>Award (\$ millions)</u>	<u>Contract #</u>	<u>Description</u>
1993			
8/30/93	\$11.6	DAAA21-93-C-0077	Volcano multiple-delivery mine systems and associated equipment
9/16/93	\$12.4	DAAJ09-93-D-0086	Extended range fuel systems and spares for the UH-60 and AH-64 aircraft.
1994			
2/2/94	\$5.7	F04606-94-D-0084	Pressure source bottles for escape crew module on the F-111 aircraft.
9/26/94	\$12.9	DAAK01-94-D-0031	232 ISO mobile shelters.
1995			
Technical Products Group, Inc			
8/21/95	\$28.6	DAAE30-95-C-0089	315 M139 mine dispensers.
9/27/95	\$12.5	DAAE20-95-C-0381	Eight M28 collective protection equipment, hospital unit base and components.

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