Polaris Industries, Inc., 2013

www.polaris.com, PII

Headquartered in Medina, Minnesota, Polaris (named after the North Star) designs, engineers, manufactures, and markets off-road vehicles (ORVs), snowmobiles, motorcycles, and electric on-road vehicles primarily in the USA, Canada, and Europe, with 70 percent of revenue coming from the USA. Polaris also produces On-Road Vehicles (ORV), which are predominantly Victory motorcycles. Their ORV sales grew 64 percent in 2012 to $240 million.

Polaris does business in more than 130 different nations and outside; U.S. sales were up 21 percent in 2012 and net income was up 37 percent. Completion of a 425,000-square foot manufacturing facility in Monterrey, Mexico, in 2011 serves as a platform for better Polaris penetration in Latin and South America. Polaris also produces replacement parts and other accessories such as oils, chrome accessories, electric starters, covers, cargo box accessories, and much more.

Polaris has a defense (military) segment that recently reported excellent sales of the electric Ranger and the unmanned mine roller. Sixty-nine percent of Polaris's sales came from ORVs, a 22-percent increase from the prior year. Nine percent of sales comes from snowmobiles, and 8 percent comes from on-road vehicles. Polaris is the North American leader in total power sports sales with around 20-percent market share, above rivals Harley Davidson, Honda, and Yamaha. In December 2012, Polaris acquired Teton Outfitters, LLC, a privately owned, Rigby, Idaho-based company that designs, develops and distributes KLIM Technical Riding Gear. This acquisition adds KLIM to Polaris' growing parts, garments, and accessories (PG&A) business.

For the six months that ended 6-30-13, Polaris' sales were up 12 percent overall, including Off-Road Vehicles (+7%), Snowmobiles (71%), Motorcycles (–6%), Small Vehicles (+109%), and Parts, Garments & Accessories (+30%). The company's Small Vechicles division includes its GEM and Goupil electric vehicles as well as Aixam. For Q2 of 2013, Polaris reported record second quarter net income of $80.0 million, up 15 percent from the prior year's second quarter net income of $69.8 million. Sales for the second quarter 2013 totaled a record $844.8 million, up for last year's second quarter sales of $755.4 million.

History

The father of the snowmobile is considered to be Edgar Hetteen, who in 1955, with employees David Johnson, Paul Knochenmus, and Orlen Johnson, created a vehicle to ride through the snow. The primary use of the craft was to access better hunting areas that traditionally had required wearing snowshoes. An early Polaris snowmobile was called the Polaris Sno Traveler that rolled off the assembly line in Minnesota in 1956. Edgar displayed his snowmobile on a 1,200-mile trek across Alaska in 1960. However, unhappy with the performance of his Polaris vehicle, Edgar soon left the company, and started Polar Manufacturing, that later changed its name to Artic Enterprises, which ultimately went bankrupt in the 1980s. Artic emerged from bankruptcy and continues today under the Arctic Cat Brand, one of Polaris's major competitors in the snowmobile market. For the next 50 years, without Edgar, Polaris developed snowmobiles, all-terrain vehicles (ATVs), side-by-side vehicles (ORVs), and motorcycles.

Polaris began developing a smaller consumer-sized, front-engine snowmobile to compete with the SkiDoo in the early 1960s. In 1964, Polaris released the Comet, and then in 1965 the Mustang, which became a hit as a family snowmobile. In the early 1980s, Polaris created an Indy style snowmobile with a wider stance. In 1985, Polaris introduced the Trailboss, considered to be the first U.S.-made ATV. ATVs are a one-seat variation of ORVs. Today, Polaris is one of the top-selling ATV brands. In the 1990s, Polaris entered the motorcycle market and the watercraft market, producing jet skis, but exited the jet-ski market in 2004. In 2010, Polaris moved its parts plant from Wisconsin to Monterrey, Mexico, saving the company about $30 million annually in lower labor costs.

In 2011, Polaris announced an investment in Brammo, an electric vehicle company based in Ashland, Oregon. Its first production electric motorcycle, the Brammo Enertia, is assembled in Ashland and sold at dealerships. Polaris participated in the $13 million opening tranche of Brammo's Series C funding in July 2012. Polaris had been showing interest in electric propulsion, producing an electric version of its Ranger Side-by-Side and more recently buying Global Electric Motorcars (GEM) from Chrysler. As one publication put it, "This latest move likely signals the addition of clean and quiet drivetrains to ATVs and motorcycles under the global giant's brand umbrella—snowmobiles may have to wait on battery breakthroughs before they become commercially feasible."

Polaris purchased GEM from Chrysler in 2012 and also purchased France-based Goupil. Polaris recently restarted production on its Indy-named sleds (stopped in 2004 with the Indy 500) with the release of the 2013 Indy 600 and Indy 600 SP.

Internal Issues

Strategy

Polaris is a testament to the benefits of strategic planning. Led by Chief Executive Officer (CEO) Scott Wine, the company is in the mist of a 10-year strategic plan that is broken down into stated objectives, three- to five-year goals for each, annual actions for each, and last three-year results for each objective—all provided on the company website (http://phx.corporate-ir.net/phoenix.zhtml?c=108235&p=irol-progress). Polaris's overall objective is to increase sales to $5 billion and obtain a 10-percent net income margin by completion of its strategic plan in 2018. CEO Scott at the front of the company's 2011 *Annual Report* says:

> We again achieved record performance in a down market. Our success is the result of being extremely focused on our strategic plan and executing against it meticulously. Our disciplined approach has made us the best in Powersports and it's how we'll continue to deliver shareholder value well into the future.

Polaris has a history of successfully acquiring and divesting businesses to continue on a path of strategic improvement. Yet to its credit, Polaris reports minimal goodwill on its balance sheet. Some recent notable divestures include exiting the jet-ski market in 2004 after a 12-year stint. Polaris ceased production of its Breeze line of on-road vehicles in 2011 and acquired GEM and Goupil to fill this void. Currently, Polaris is producing more side-by-side ORVs because customers are favoring them over the traditional ATV style, single-driver, four-wheeler product.

Vision and Mission

Despite placing great emphasis on strategic planning, Polaris does not have a clearly stated vision or mission statement, but various statements on the company's elaborate website could be construed to represent those statements.

Organizational Structure

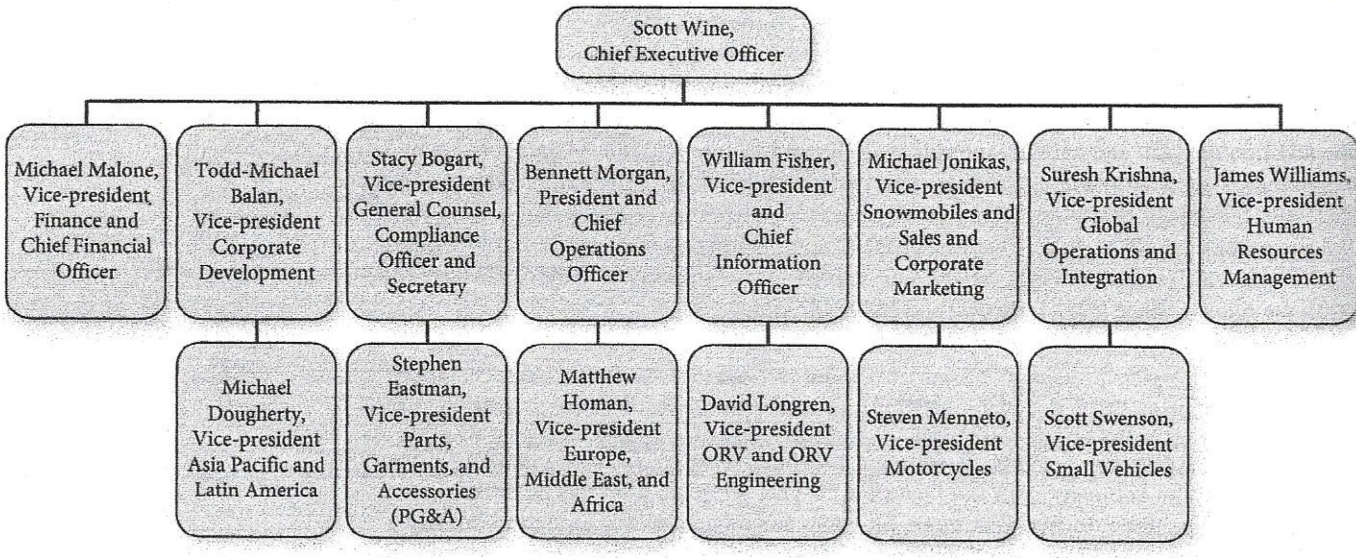
Polaris has a hybrid divisional-by-product-by-region organizational structure as illustrated in Exhibit 1. Note in the diagram it is somewhat unusual for the Vice-president of Sales and Marketing (a staff officer) to also be a line executive. It is also unclear who in the hierarchy has command and control over the U.S. operations analogously to the two other geographic vice-presidents. For example, who would be responsible for motorcycle sales in Texas, or for that matter, motorcycle sales in Germany? Also, notice that there is only one female in the corporate hierarchy.

Production

Polaris assembles products in Minnesota, Iowa, Wisconsin, and Mexico. To save costs and improve component part quality, many of the firm's product lines are vertically integrated. Plastic injection molding, welding, clutch assembly, and painting are all produced in house. Items such as fuel tank, tires, seats, and instruments are purchased from third-party vendors.

Polaris has an effective inventory management process called Maximum Velocity program (MVP) in which ORV orders can be placed in two-week intervals for high-volume dealers.

EXHIBIT 1 The Polaris Organizational Structure



Source: Based on company documents.

Smaller dealers can use a similar process. The new process helps to keep costs down and inventories at manageable levels. Although ORV orders can be placed at any time, snowmobile orders must be placed in the spring and secured by deposit. Victory motorcycle orders are currently under MVP testing.

Sales and Marketing

Polaris has a network of about 1,650 independent dealers in North America and 15 subsidiaries and 80 distributors in over 100 countries outside of North America. The company's brands include RZR and Ranger ATVs, Indian and Victory motorcycles, and Polaris Rush snowmobiles. Snowmobiles are sold to dealers in the USA and Canada; many dealers also carry Polaris ORVs. A little more than half of all Polaris dealers in North America sell snowmobiles. ORVs are also sold through lawn and garden dealers in North America, but outside of North America, ORVs are generally handled through independent distributors. Polaris is shifting this strategy to wholly owned subsidiaries, which are now operating in Spain, China, Brazil, and India.

The Polaris Victory and Indian motorcycles are distributed through independently owned dealers outside the USA, with Melbourne and Sydney, Australia, being exceptions, in which Polaris has company owned dealers. As of 2012, Polaris had 400 dealers of Victory brand motorcycles in North America and 20 dealers of Indian motorcycles. The Polaris GEM business has around 130 dealers, and Groupil sells direct to customers in France and to dealers outside of France. The firm's military products are sold directly to the military and other government agencies.

Polaris uses group publications, billboards, and traditional television and radio for advertising. Product brochures, leaflets, posters, dealer signs, and other items are also used to help dealers market the products. Polaris spent $210 million in marketing in 2012, up from $179 million the prior year.

Research and Development (R&D)

Polaris has about 550 employees in R&D that concentrate on improving production techniques and developing new and improved products. R&D has a long tradition at Polaris because the company claims to have produced the first snowmobile with liquid cooled brakes, hydraulic breaks, three cylinder engines, and recently the MacPherson strut front suspension and Concentric Drive System in ORVs. Many of the R&D employees work in the 127,000-square foot R&D facility in Minnesota. Polaris spent about $127 million on R&D in 2012, up from $106 million the prior year.

Segments

Polaris competes in four distinct product segments: (1) ORVs, (2) snowmobiles, (3) on-road, and (4) PG&A. ORVs include side-by-side and ATV vehicles. Total revenues, as well as percent share each segment, are provided in Exhibit 2. Note that ORVs overwhelmingly are Polaris's best selling segment.

ORVs

As illustrated on the corporate website, Polaris produces 7 ORV models designed for the military, ranging in price from $7,000 to $35,000. The full line of ORVs, excluding military, consist of 35 vehicles in two-, four-, and six-wheel designs ranging in price from $7,000 to $35,000. A nice feature of most Polaris ORVs is that they offer a variable transmission, resulting in no manual shifting, and several models come with the MacPherson strut front suspension, enabling better control and stability. ORV sales increased 22 percent in 2012.

Snowmobiles

Although snowmobiles are where Polaris got its start, snowmobiles today account for about 9 percent of all sales, but the company's snowmobile sales increased 1.0 percent in 2012. Polaris today produces 28 different models of snowmobiles, including youth models, utility models to performance, and competition models used in racing. In 2012, U.S. retail prices for snowmobiles averaged $2,700 to $12,300 and are sold in Canada, Europe, and Russia. The company has a history of snowmobile innovation.

On-Road Vehicles

Polaris offers many options of its Victory brand motorcycles and many designed for cross-country trips. Acquired by Polaris in 2011, the Indian Motorcycle Company was the first motorcycle company in the USA, even predating Harley Davidson. Founded in 1901, Indian Motorcycle has earned distinction as one of the most legendary and iconic brands in the USA through unrivaled racing dominance, engineering prowess, and countless innovations and industry firsts (see www.indianmotorcycle.com). In total, Polaris makes 20 different motorcycle options available ranging in price from $12,500 to $36,000. Prices on the Polaris GEM range from $7,600 to $13,500, and the higher-end Goupil has 2012 prices ranging from $25,000 to $35,000.

PG&A

Polaris's PG&A segment is used to supply replacement parts and provide accessories for Polaris product lines. Items included in this category for ORVs include winches, bumper guards, plows, racks, mowers, tires, cargo box accessories, and many more. Snowmobile accessories include covers, traction products, electric starters, bags, and windshields. Motorcycle accessories include saddle bags, backrests, windshields, seats, and various chrome accessories. In addition to parts designed for use with specific products, the Polaris also produces apparel, including helmets, jackets, bibs, and pants.

By Region

Polaris provides a geographic breakdown of its revenues. Polaris sells products worldwide, but as revealed in Exhibit 3, 72 percent of all revenues in 2012 came from the USA and 14 percent from Canada. Polaris is trying to further expand into Western Europe and Russia, especially with its ORV and Victory motorcycle lines of products. Not revealed in Exhibit 3, Latin America and

EXHIBIT 2 Revenues by Product Category (in millions)

Year	ORV		Snowmobiles		On Road		PG&A	
2012	$2,225	69%	$283	9%	$240	8%	$408	14%
2011	1,822	69	280	11	146	5	408	15
2010	1,376	69	189	10	82	4	344	17
2009	1,021	65	179	12	53	3	313	20

Source: Based on 2012 *Form 10K*, page 30.

EXHIBIT 3 Revenues by Geographic Region (in millions)

Year	USA		Canada		Other Nations	
2012	$2,311	72%	$438	14%	460	16%
2011	1,864	70	369	14	424	16
2010	1,406	71	279	14	306	15
2009	1,074	69	239	15	252	16

Source: Based on 2012 *Form 10K*, page 31.

Asia Pacific sales grew 21 percent, respectively in 2012. However, these regions remain a negligible contribution to total revenues. With the new manufacturing plant in Mexico, Polaris hopes to improve on this weakness.

Finance

Polaris reported sales of $3.21 billion in 2012, up 21 percent from the prior year. In early 2012 Polaris announced a 14 percent increase in its quarterly cash dividend of $0.42 per a share.

Income Statements
Note in the income statements in Exhibit 4 that the company's revenue and net income have increased nicely in recent years.

EXHIBIT 4

POLARIS INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	For the Years Ended December 31,		
	2012	2011	2010
Sales	$3,209,782	$2,656,949	$1,991,139
Cost of sales	2,284,485	1,916,366	1,460,926
Gross profit	925,297	740,583	530,213
Operating expenses:			
Selling and marketing	210,367	178,725	142,353
Research and development	127,361	105,631	84,940
General and administrative	143,064	130,395	99,055
Total operating expenses	480,792	414,751	326,348
Income from financial services	33,920	24,092	16,856
Operating income	478,425	349,924	220,721
Non-operating expense (income):			
Interest expense	5,932	3,987	2,680
Gain on securities available for sale	—	—	(825)
Equity in loss of other affiliates	179	—	—
Other (income) expense, net	(7,529)	(689)	325
Income before income taxes	479,843	346,626	218,541
Provision for income taxes	167,533	119,051	71,403
Net income	**$312,310**	**$227,575**	**$147,138**
Basic net income per share	$ 4.54	$ 3.31	$ 2.20
Diluted net income per share	$ 4.40	$ 3.20	$ 2.14
Weighted average shares outstanding:			
Basic	68,849	68,792	66,900
Diluted	71,005	71,057	68,765

Source: 2012 *Form 10K*, p. 48.

Balance Sheets

Note in the balance sheets provided in Exhibit 5 that the company's long-term debt is relatively low and the firm is in good financial shape.

EXHIBIT 5 The Polaris Balance Sheets

POLARIS INDUSTRIES INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$417,015	$325,336
Trade receivables net	119,769	115,302
Inventories, net	344,996	298,042
Prepaid expenses and other	34,039	33,969
Income taxes receivable	15,730	24,723
Deferred tax assets	86,292	77,665
Total current assets	**1,017,841**	**875,037**
Property and Equipment:		
Land, buildings and improvements	133,688	123,771
Equipment and tooling	557,880	524,382
	691,568	648,153
Less accumulated depreciation	(438,199)	(434,375)
Property and equipment net	253,369	213,778
Investment in finance affiliate	56,988	42,251
Investment in other affiliates	12,817	5,000
Deferred tax assets	22,389	10,601
Goodwill and other intangible assets net	107,216	77,718
Other long-term assets	15,872	3,639
Total Assets	**$1,486,492**	**$1,228,024**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of capital lease obligations	$2,887	$2,653
Accounts payable	169,036	146,743
Accrued expenses:		
Compensation	139,140	165,347
Warranties	47,723	44,355
Sales promotions and incentives	107,008	81,228
Dealer holdback	86,733	76,512
Other	73,529	68,856
Income taxes payable	4,973	639
Total current liabilities	631,029	586,333
Long term income taxes payable	7,063	7,837
Capital lease obligations	4,292	4,600
Long-term debt	100,000	100,000
Other long-term liabilities	53,578	29,198
Total liabilities	**795,962**	**727,968**
Shareholders' Equity:		
Preferred stock $0.01 par value, 20,000 shares authorized, no shares issued and outstanding	—	—
Common stock $0.01 par value, 160,000 shares authorized, 68,647 and 68,430 shares issued and outstanding	686	684
Additional paid-in capital	268,515	165,518
Retained earnings	409,091	321,831
Accumulated other comprehensive income, net	12,238	12,023
Total shareholders' equity	**690,530**	**500,056**
Total Liabilities and Shareholders' Equity	**$1,486,492**	**$1,228,024**

Source: 2012 *Form 10K*, p. 47

External Issues

The recreational vehicle industry has been one of the most consistent performers in terms of stock price over the last five years, which is pretty amazing for what some analysts say is a bunch of companies selling expensive toys. According to Morningstar, the recreational vehicle industry achieved an annualized total return of 10 percent over the past five years, which is 610 basis points higher than the S&P 500. In fact, the stocks in that sector performed in the top quartile over the last five-year, three-year, one-year, and year-to-date periods. Many analysts think that an improving economy should keep the party going for some time.

Industry Background

ORVs are designed for traversing through rough terrain such as swamps and marshlands and can often carry two to six passengers depending on the model. Their main purpose is for hunting and fishing, but they are also used on farms and ranches, in the military, and for mud riding or other rough-riding activities. ORVs were introduced in the USA in 1970 by Honda, followed later by Yamaha, Kawasaki, and Suzuki. Polaris entered the ATV market in 1985 followed by Artic Cat in 1995 and Bombardier in 1998. Both the USA and Western Europe, also a primary market for ATVs, have experienced a sales decline as customers prefer side-by-side ORVs. Polaris estimates during 2012, worldwide sales of ATVS increased 2 percent to 419,000 ATVs sold, whereas the side-by-side ORV sales increased 13 percent during the same period with around 353,000 units sold worldwide. Currently, the main competitors of Polaris in the side-by-side market are Deere & Company, Kawasaki, Yamaha, and Artic Cat.

Snowmobiles have been produced in the USA since at least the early 1950s and under the Polaris name since 1954. Originally, their designed purpose was for work in northern and snow-covered rural environments, however, like the ATV, many recreational fans have arisen providing additional markets for manufacturers. The novelty of snowmobiles peaked in the 1960s with more than 100 producers and 495,000 units produced in 1971. Today, the only makers of snowmobiles are Yamaha, BRP, Artic Cat, and Polaris. Industry-wide sales were around 131,000 units in 2012.

The on-road vehicle market consists of motorcycles and small electric vehicles. Polaris makes both the Victory and Indian motorcycles and a brand of small electric vehicles. There are generally four segments of motorcycles: (1) cruisers, (2) touring, (3) sports bikes, and (4) standard. Entering the motorcycle market in 1998 in the cruiser segment, Polaris enjoyed an overall industry doubling in sales from 1996 to 2006, but sales declined from 2007 to 2010 with the weakening economic conditions. Polaris entered the cruiser and touring market (defined as a bike with 1,400 cc and above) in 2010, and estimates this brand of bike had industry-wide sales of about 173,000 units in 2012 in North America, up 2 percent from the prior year.

Safety Regulations

Polaris products can be dangerous, especially because they are often used by youth. Both the federal and state governments continually promulgate laws to increase product safety and awareness in regard to ORVs, ATVs, snowmobiles, and motorcycles. International governments have taken similar measures. Two key commissions in the USA are the Consumer Product Safety Commission (CPSC), which has oversight on ATVs, snowmobiles, and side-by-side vehicles. The National Highway Transportation Safety Administration (NHTSA) has oversight on motorcycles and other small electric vehicles that Polaris produces. In 1988, for example, the CPSC forced Polaris and five of its competitors to recall all three- and four-wheel ATVS sold that could be used by youth younger than 16 years of age. The government is constantly imposing better suspension, breaks, and handing of vehicles. As recently as 2006, the U.S. government banned the sale of all three-wheel ATVs. Governmental oversight puts increased pressure on Polaris to closely monitor its dealers and ensure all dealers are in compliance with safety regulations.

Environmental Concerns

Recent governmental oversight has restricted the amount of lead paint that can be used on products aimed at youth 12 years of age and younger. In addition, to better protect the environment, the federal government and many state governments have restricted the use or banned all together the use of ATVs, ORVs, and snowmobiles from some national parks, federal lands, and state lands. It is unclear how these bans will impact sales.

The Environmental Protection Agency (EPA) continues to adopt and revise more stringent emission regulations for ATVs and ORVs. The laws require firms in the industry to increase its R&D expenditures to improve on emission technologies to meet not only current regulations but also future regulations. With Polaris products being sold in many different nations, it often results in all products being developed for the most stringent set of laws regarding emissions, further adding to costs.

Competition

Polaris competes in an industry that is fiercely competitive based on price, perceived quality, reliability, style, service, and warranties. In addition, dealers compete on financing, local advertising, and location of stores. Major Polaris competitors are Arctic Cat, Honda, Harley-Davidson, and Kawasaki, with John Deere also entering the side-by-side market. Note in Exhibit 6 that Honda is more than 30 times larger than Polaris, but Polaris is four times larger than Arctic Cat.

Arctic Cat

Headquartered in Plymouth, Minnesota, Arctic Cat designs, engineers, and produces snowmobiles, side-by-sides, and ATVs under the Arctic Cat brand name. Arctic Cat's fiscal year ends March 31. With 1,300 employees, Arctic Cat also makes garments and accessories for its products. As noted previously, one of the founders of Polaris also founded rival Arctic Cat after leaving Polaris. The two companies make similar products, are structured similarly, and are located in the same region of the USA. Arctic Cat does business in the USA, Canada, and Europe through independent dealers, whereas customers in South America, the Middle East, and Asia can purchase products through third-party distributers.

For reporting purposes, Arctic Cat combines its ATVs, ORVs, and snowmobiles into one segment and lists its PGA in a separate segment. In fiscal 2013, Arctic Cat reported revenues of $250 million for snowmobiles, $227 million for its ATVs and ORVs, and $108 million for PGA. As revealed in Exhibit 6, Arctic Cat reported revenues of $671 million in fiscal 2013 and spent $37 million on marketing and $21 million on R&D.

The Arctic Cat brand is well respected in the recreational vehicles (RV) industry and controls 23 percent of the North American snowmobile market, about the same as larger rival Polaris. On the ATV side in North America, Artic Cat has just a 7.5-percent market share but recently introduced a side-by-side product line. Arctic Cat's Wildcat 4 1000 is especially popular. The company's stock's performance over the past five years is spectacular, up nearly 25 percent on an annualized basis.

Honda

Founded in 1946 and headquartered in Tokyo, Japan, Honda develops and sells motorcycles, ATVs, automobiles, and other power products such snow blowers, lawn mowers, weed eaters, generators, among many other power products. Honda is the world's largest motorcycle company and one of the world's largest automakers. Honda has recently initiated a new strategy with

EXHIBIT 6 Polaris versus Rival Firms (in millions except for debt/equity and EPS)

	Polaris	Arctic Cat	Honda
Sales	$3,028	$671	$98,090
Income	$327	$40	$3,650
Debt/Equity	0.15	0.00	0.98
EPS	4.62	3.24	1.92
Market Cap.	6,570	520	68,420
Shares Outstanding	69	13.19	1,810

EPS, earnings per share.
Source: Based on year-end 2012 company information.

its motorcycles to target the "fun segment." Honda's research reveals there is a growing demand for motorcycles in the smaller 125-cc and 700-cc sizes used for leisure, enjoyment, and everyday use. These products cost less and are cheaper to operate, having excellent fuel economy. The 125-cc size is targeted primarily at Asian and Indian customers.

In fiscal 2012, Honda reported that 17 percent of all its revenue was derived from motorcycles and ATVs, with total revenues of around 1,400 billion yen or approximately $16 billion. Like Honda's other divisions, the motorcycle and ATV division has experienced declining sales over the last five years. Sales in this division are down since 2008 in Japan, North America, and Europe with sales down around 60 percent in both the North America and European markets since 2008. Sales in Asia, South America, and the Middle East however are up 11 percent collectively since 2008. In 2012, Honda reported sales of 7,948 billion yen or around U.S. $93 billion.

The Future

In mid-2013, Polaris raised guidance for its full year 2013 earnings to a range of $5.20 to $5.30 per diluted share, up 19 percent over 2012 based on expected full year 2013 sales growth of 14 percent. Polaris acquired Indian Motorcycle Company in 2011 and has been focusing on re-launching the Indian brand. The company will soon compete directly with Harley Davidson in the 1400cc heavyweight motorcycle segment, which has a global addressable market of around 214,000 units. However, Polaris has less than one percent global market share in this segment, or just 428 units in 2012. The company is planning to increase Indian's dealer base from 20 in 2012 to nearly 140 by year-end 2013.

Develop a clear strategic plan for Polaris Industries.