

**POLARIS INDUSTRIES INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In Thousands, Except Per Share Data)  
**UNAUDITED**

	<b>First Quarter Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Sales	\$ 312,024	\$ 388,684
Cost of sales	235,590	300,589
Gross profit	<u>76,434</u>	<u>88,095</u>
Operating expenses		
Selling and marketing	27,328	29,170
Research and development	16,600	19,257
General and administrative	14,119	15,923
Total operating expenses	<u>58,047</u>	<u>64,350</u>
Income from financial services	4,404	7,490
Operating Income	<u>22,791</u>	<u>31,235</u>
Non-operating Expense		
Interest expense	1,051	2,725
Impairment charge on securities held for sale	8,952	-
Other (income), net	(3)	(1,063)
Income before income taxes	<u>12,791</u>	<u>29,573</u>
Provision for Income Taxes	4,333	10,490
Net Income	<u>\$ 8,458</u>	<u>\$ 19,083</u>
Basic Net Income per share	<u>\$ 0.26</u>	<u>\$ 0.57</u>
Diluted Net Income per share	<u>\$ 0.26</u>	<u>\$ 0.55</u>
Weighted average shares outstanding:		
Basic	32,266	33,702
Diluted	32,559	34,534

**POLARIS INDUSTRIES INC.  
CONSOLIDATED BALANCE SHEETS**

**Subject to Reclassification**

**(In Thousands)**

**Unaudited**

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$17,895	\$17,578
Trade receivables, net	57,581	67,112
Inventories, net	245,600	279,262
Prepaid expenses and other	12,503	19,240
Income taxes receivable	4,278	—
Deferred tax assets	75,894	60,225
Total current assets	<u>413,751</u>	<u>443,417</u>
Property and equipment, net	214,298	211,132
Investments in finance affiliate	47,741	49,365
Investments in manufacturing affiliates	11,466	33,017
Deferred tax assets	—	6,161
Goodwill, net	24,540	26,088
Intangible and other assets, net	—	22
<b>Total Assets</b>	<u><u>\$711,796</u></u>	<u><u>\$769,202</u></u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable	\$104,823	\$122,196
Accrued expenses:		
Compensation	22,083	28,784
Warranties	24,244	26,816
Sales promotions and incentives	72,264	83,472
Dealer holdback	53,666	53,975
Other	36,918	31,393
Income taxes payable	7,377	6,425
Current liabilities of discontinued operations	1,850	2,302
Total current liabilities	<u>323,225</u>	<u>355,363</u>
Long term income taxes payable	4,938	8,827
Deferred income taxes	1,966	—
Borrowings under credit agreement	244,000	260,000
Total liabilities	<u>\$574,129</u>	<u>\$624,190</u>
<b>Shareholders' Equity:</b>		
Preferred stock \$0.01 par value, 20,000 shares authorized, no shares issued and outstanding	—	—
Common stock \$0.01 par value, 80,000 shares authorized, 32,580 and 33,053 shares issued and outstanding	\$326	\$331
Additional paid-in capital	—	—
Retained earnings	139,941	110,534
Accumulated other comprehensive income, net	(2,600)	34,147
Total shareholders' equity	<u>137,667</u>	<u>145,012</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$711,796</u></u>	<u><u>\$769,202</u></u>

**POLARIS INDUSTRIES INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Subject to Reclassification  
(In Thousands)  
Unaudited**

	<b>First Quarter Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<hr/>	<hr/>
Operating Activities:		
Net income	\$ 8,458	\$ 19,083
Adjustments to reconcile net income to net cash used for operating activities:		
Non cash impairment charge on securities held for sale	8,952	-
Depreciation and amortization	15,089	13,546
Noncash compensation	2,334	4,822
Noncash (income) from financial services	(1,135)	(1,285)
Noncash loss (income) from manufacturing affiliates	63	(37)
Deferred income taxes	(1,984)	4,592
Changes in current operating items:		
Trade receivables	41,017	15,772
Inventories	(23,288)	(60,920)
Accounts payable	(11,163)	32,151
Accrued expenses	(74,449)	(66,653)
Income taxes payable/receivable	4,082	1,792
Prepaid expenses and others, net	(1,093)	5,672
Net cash used for operating activities	<hr/> (33,117)	<hr/> (31,465)
Investing Activities:		
Purchase of property and equipment	(13,666)	(19,814)
Investments in finance affiliate, net	4,960	5,721
Net cash used for investing activities	<hr/> (8,706)	<hr/> (14,093)
Financing Activities:		
Borrowings under credit agreement	152,000	184,000
Repayments under credit agreement	(108,000)	(124,000)
Repurchase and retirement of common shares	(282)	(48,544)
Cash dividends to shareholders	(12,424)	(12,815)
Proceeds from stock issuances under employee plans	1,691	1,149
Tax effect of proceeds from stock based compensation exercises	(394)	65
Net cash provided by (used for) financing activities	<hr/> 32,591	<hr/> (145)
Net decrease in cash and cash equivalents	(9,232)	(45,703)
Cash and cash equivalents at beginning of period	27,127	63,281
Cash and cash equivalents at end of period	<hr/> <hr/> \$ 17,895	<hr/> <hr/> \$ 17,578