FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2011-11-07** | Period of Report: **2011-09-30**
SEC Accession No. 0001193125-11-299572

FILER

POLARIS INDUSTRIES INC/MN

CIK:**931015**| IRS No.: **411790959** | State of Incorp.:**MN** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-11411** | Film No.: **111184299**
SIC: **3790** Miscellaneous transportation equipment

Mailing Address
2100 HIGHWAY 55
NONE
MEDINA MN 55340

Business Address
2100 HIGHWAY 55
MEDINA MN 55340
(763) 542-0500

Table of Contents

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

FORM 10-Q

(Mark one)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-11411

Polaris Industries Inc.
(Exact name of registrant as specified in its charter)

Minnesota	**41-1790959**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2100 Highway 55, Medina, MN	**55340**
(Address of principal executive offices)	**(Zip Code)**

(763) 542-0500

(Registrant' s telephone number, including area code)

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 ☑ 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer’ s classes of common stock, as of the latest practicable date.

As of October 31, 2011, 69,032,758 shares of Common Stock of the issuer were outstanding.

POLARIS INDUSTRIES INC.

FORM 10-Q

For Quarterly Period Ended September 30, 2011

Table of Contents

Part I FINANCIAL INFORMATION

Item 1 − Financial Statements

POLARIS INDUSTRIES INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands)

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 335,747	$ 393,927
Trade receivables, net	108,889	89,294
Inventories, net	338,285	235,927
Prepaid expenses and other	37,762	21,628
Income taxes receivable	9,037	–
Deferred tax assets	62,269	67,369
Total current assets	891,989	808,145
Property and equipment, net	198,018	184,011
Investment in finance affiliate	37,273	37,169
Investments in manufacturing affiliates	882	1,009
Deferred tax assets	10,240	–
Goodwill and other intangible assets, net	59,658	31,313
Total Assets	$ 1,198,060	$ 1,061,647
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term borrowings under credit agreement	$ –	$ 100,000
Accounts payable	187,780	113,248
Accrued expenses:		
Compensation	160,414	126,781
Warranties	36,724	32,651
Sales promotions and incentives	80,234	75,494
Dealer holdback	61,196	79,688
Other	66,189	52,194
Income taxes payable	1,598	2,604
Current liabilities of discontinued operations	1,550	1,550
Total current liabilities	595,685	584,210
Long-term income taxes payable	7,156	5,509
Deferred income taxes	–	937
Long-term debt	100,000	100,000
Total liabilities	702,841	690,656
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, 68,679 and 68,468 shares issued and outstanding	$ 687	$ 685
Additional paid-in capital	72,636	78,914

Retained earnings	403,020	285,494
Accumulated other comprehensive income, net	18,876	5,898
Total shareholders' equity	495,219	370,991
Total Liabilities and Shareholders' Equity	$ 1,198,060	$ 1,061,647

Shares outstanding and per share data have been adjusted to give effect to the two-for-one stock split declared on July 20, 2011, paid on September 12, 2011 to shareholders of record on September 2, 2011.

The accompanying footnotes are an integral part of these consolidated statements.

Table of Contents

POLARIS INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

(Unaudited)

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2011	2010	2011	2010
Sales	$729,861	$580,082	$1,874,980	$1,372,697
Cost of Sales	523,025	429,383	1,338,705	1,014,000
Gross profit	206,836	150,699	536,275	358,697
Operating expenses				
Selling and marketing	49,074	38,118	129,740	102,380
Research and development	25,750	22,257	74,248	59,507
General and administrative	28,049	26,764	92,632	66,872
Total operating expenses	102,873	87,139	296,620	228,759
Income from financial services	6,327	4,136	17,139	12,637
Operating Income	110,290	67,696	256,794	142,575
Non-operating expense (income):				
Interest expense	1,270	721	2,766	2,149
Gain on securities available for sale, net	–	(1,594)	–	(825)
Other expense (income), net	5,480	(1,482)	3,921	1,016
Income before income taxes	103,540	70,051	250,107	140,235
Provision for income taxes	35,903	22,830	86,431	47,619
Net Income	$67,637	$47,221	$163,676	$92,616
Basic Net Income per share	$0.98	$0.71	$2.38	$1.39
Diluted Net Income per share	$0.95	$0.69	$2.30	$1.36
Weighted average shares outstanding:				
Basic	68,937	66,811	68,761	66,487
Diluted	71,289	68,753	71,056	68,250

Shares outstanding and per share data have been adjusted to give effect to the two-for-one stock split declared on July 20, 2011, paid on September 12, 2011 to shareholders of record on September 2, 2011.

The accompanying footnotes are an integral part of these consolidated statements.

[Table of Contents](#)

POLARIS INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	For the Nine Months Ended September 30, 2011	2010
Operating Activities:		
Net income	$163,676	$92,616
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash impairment charge on securities held for sale	–	(825)
Depreciation and amortization	50,692	49,616
Noncash compensation	14,815	13,460
Noncash income from financial services	(3,398)	(3,313)
Noncash loss from manufacturing affiliates	127	1,203
Deferred income taxes	(6,404)	(4,423)
Changes in current operating items:		
Trade receivables	(17,563)	(7,745)
Inventories	(96,474)	(100,463)
Accounts payable	73,207	62,387
Accrued expenses	27,243	52,031
Income taxes payable/receivable	(8,542)	(3,086)
Prepaid expenses and others, net	700	5,455
Net cash provided by operating activities	198,079	156,913
Investing Activities:		
Purchase of property and equipment	(62,474)	(35,040)
Investments in finance affiliate, net	3,294	11,166
Proceeds from sale of securities available for sale	–	9,601
Acquisition of business, net of cash acquired	(27,960)	(2,500)
Net cash used for investing activities	(87,140)	(16,773)
Financing Activities:		
Borrowings under senior notes	100,000	–
Repayments under credit agreement	(200,000)	–
Repurchase and retirement of common shares	(62,462)	(27,486)
Cash dividends to shareholders	(46,147)	(39,538)
Tax effect of proceeds from share-based compensation exercises	13,361	7,502
Proceeds from stock issuances under employee plans	28,005	43,653
Net cash used for financing activities	(167,243)	(15,869)
Impact of currency translation on cash balances	(1,876)	–
Net (decrease) increase in cash and cash equivalents	(58,180)	124,271
Cash and cash equivalents at beginning of period	393,927	140,240
Cash and cash equivalents at end of period	$335,747	$264,511

The accompanying footnotes are an integral part of these consolidated statements.

POLARIS INDUSTRIES INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and, therefore, do not include all information and disclosures of results of operations, financial position and changes in cash flow in conformity with accounting principles generally accepted in the United States for complete financial statements. Accordingly, such statements should be read in conjunction with the Company' s Annual Report on Form 10-K for the year ended December 31, 2010 previously filed with the Securities and Exchange Commission. In the opinion of management, such statements reflect all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Due to the seasonality of the Snowmobiles; Off-Road Vehicles ("ORV"), which includes all-terrain vehicles ("ATV") and side-by-side vehicles; On-Road Vehicles, which is comprised of motorcycles and electric vehicles; and Parts, Garments and Accessories ("PG&A") businesses, and to certain changes in production and shipping cycles, results of such periods are not necessarily indicative of the results to be expected for the complete year.

During the third quarter, the Board of Directors declared a two-for-one split of the Company' s outstanding shares of Common Stock. On September 12, 2011, Polaris shareholders received one additional share of Common Stock for each share they held of record at the close of business on September 2, 2011.

Product Warranties

Polaris provides a limited warranty for ORVs for a period of six months and for a period of one year for its snowmobiles and motorcycles. Polaris may provide longer warranties related to certain promotional programs, as well as longer warranties in certain geographical markets as determined by local regulations and market conditions. Polaris' standard warranties require the Company or its dealers to repair or replace defective product during such warranty period at no cost to the consumer. The warranty reserve is established at the time of sale to the dealer or distributor based on management' s best estimate using historical rates and trends. Adjustments to the warranty reserve are made from time to time as actual claims become known in order to properly estimate the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors that could have an impact on the warranty accrual in any given period include the following: improved manufacturing quality, shifts in product mix, changes in warranty coverage periods, snowfall and its impact on snowmobile usage, product recalls and any significant changes in sales volume. The activity in Polaris' accrued warranty reserve for the periods presented is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Accrued warranty reserve, beginning	$31,862	$24,661	$32,651	$25,520
Additions to warranty reserve through acquisitions	–	–	2,018	–
Additions charged to expense	13,155	11,689	29,672	32,567
Warranty claims paid	(8,293)	(6,748)	(27,617)	(28,485)
Accrued warranty reserve, ending	$36,724	$29,602	$36,724	$29,602

NOTE 2. Share-Based Employee Compensation

The amount of compensation cost for share-based awards to be recognized during a period is based on the portion of the awards that are ultimately expected to vest. The Company estimates option forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company analyzes historical data to estimate pre-vesting forfeitures and records share compensation expense for those awards expected to vest.

Total share-based compensation expenses are as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Option plan	$ 2,326	$ 1,424	$ 7,047	$ 3,993
Other share-based awards	3,572	16,305	43,899	33,755
Total share-based compensation before tax	5,898	17,729	50,946	37,748
Tax benefit	2,243	6,883	19,338	14,742
Total share-based compensation expense included in net income	$ 3,655	$ 10,846	$ 31,608	$ 23,006

In addition to the above share-based compensation expense, Polaris sponsors a qualified non-leveraged employee stock ownership plan ("ESOP"). Shares allocated to eligible participants' accounts vest at various percentage rates based on years of service and require no cash payments from the recipient.

At September 30, 2011 there was $23,995,000 of total unrecognized share-based compensation expense related to unvested share-based awards. Unrecognized share-based compensation expense is expected to be recognized over a weighted-average period of 1.8 years. Included in unrecognized share-based compensation is $16,721,000 related to stock options and $7,274,000 related to restricted stock.

NOTE 3. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The major components of inventories are as follows (in thousands):

	September 30, 2011	December 31, 2010
Raw materials and purchased components	$ 69,521	$ 35,580
Service parts, garments and accessories	70,883	60,813
Finished goods	213,825	155,744
Less: reserves	(15,944)	(16,210)
Inventories	$ 338,285	$ 235,927

NOTE 4. Financing Agreement

In August 2011, Polaris entered into a new $350,000,000 unsecured revolving loan facility. The new bank agreement expires in August 2016. There were no borrowings under this revolving loan facility at September 30, 2011. Prior to August 2011, Polaris was a party to an unsecured bank agreement comprised of a $250,000,000 revolving loan facility for working capital needs. As part of the previous bank agreement, the Company had a $200,000,000 term loan outstanding at December 31, 2010 and March 31, 2011, which was paid off in its entirety in May 2011 with the issuance of the Senior Notes described below and $100,000,000 of cash on hand. In anticipation of the Senior Notes being issued in May 2011, the Company classified $100,000,000 of the $200,000,000 term loan outstanding as of December 31, 2010 as a long-term liability in the respective consolidated balance sheet.

In December 2010, the Company entered into a Master Note Purchase Agreement to issue $25,000,000 of 3.81 percent unsecured Senior Notes due May 2018 and $75,000,000 of 4.60 percent unsecured Senior Notes due May 2021 (collectively, "The Senior Notes"). The Senior Notes were issued in May 2011.

The unsecured revolving loan facility and the Master Note Purchase Agreement require Polaris to maintain certain financial ratios including minimum interest coverage and a maximum leverage ratio. Polaris was in compliance with each of the covenants as of September 30, 2011.

NOTE 5. Financial Services Arrangements

In 1996, a wholly-owned subsidiary of Polaris entered into a partnership agreement with an entity that is now a subsidiary of GE Commercial Distribution Finance Corporation ("GECDF") to form Polaris Acceptance. Polaris' subsidiary has a 50 percent equity interest in Polaris Acceptance. In November 2006, Polaris Acceptance sold a majority of its receivable portfolio (the "Securitized Receivables") to a securitization facility ("Securitization Facility") arranged by General Electric Capital Corporation, a GECDF affiliate, and the partnership agreement was amended to provide that Polaris Acceptance would continue to sell portions of its receivable portfolio to the Securitization Facility from time to time on an ongoing basis. The sale of receivables from Polaris Acceptance to the Securitization Facility is accounted for in Polaris Acceptance' s financial statements as a "true-sale" under ASC Topic 860. Substantially all of Polaris' U.S. sales are financed through Polaris Acceptance and the Securitization Facility whereby Polaris receives payment within a few days of shipment of the product. The net amount financed for dealers under this arrangement at September 30, 2011, including both the portfolio balance in Polaris Acceptance and the Securitized Receivables, was $535,058,000 which includes $203,549,000 in the Polaris Acceptance portfolio and $331,509,000 of Securitized Receivables. Polaris has agreed to repurchase products repossessed by Polaris Acceptance or the Securitization Facility up to an annual maximum of 15 percent of the aggregate average month-end balances outstanding during the prior calendar year with respect to receivables retained by Polaris Acceptance and Securitized Receivables. For calendar year 2011, the potential 15 percent aggregate repurchase obligation is approximately $74,073,000. Polaris' financial exposure under this arrangement is limited to the difference between the amount paid to the finance company for repurchases and the amount received on the resale of the repossessed product. No material losses have been incurred under this agreement. Polaris' total investment in Polaris Acceptance at September 30, 2011 of $37,273,000 is accounted for under the equity method, and is recorded as Investment in finance affiliate in the accompanying consolidated balance sheets. Polaris' allocable share of the income of Polaris Acceptance and the Securitization Facility has been included as a component of Income from financial services in the accompanying consolidated statements of income. During February 2011, Polaris and GECDF amended and restated its Polaris Acceptance partnership agreement through February 2017 with similar terms to the previous agreement.

In August 2005, a wholly-owned subsidiary of Polaris entered into a multi-year contract with HSBC Bank Nevada, National Association ("HSBC"), formerly known as Household Bank (SB), N.A., under which HSBC manages the Polaris private label credit card program under the StarCard label, currently providing revolving retail credit for Polaris products. During the 2010 second quarter, Polaris and HSBC extended the agreement to October 2013. Polaris' income generated from the HSBC agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

In April 2006, a wholly-owned subsidiary of Polaris entered into a multi-year contract with GE Money Bank ("GE Bank") under which GE Bank makes available closed-end installment consumer and commercial credit to customers of Polaris dealers for both Polaris and non-Polaris products. In November 2010, the Company extended its installment credit agreement to March 2016 under which GE Bank provides installment credit lending for motorcycles. Polaris' income generated from the GE Bank agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

In January 2009, a wholly-owned subsidiary of Polaris entered into a multi-year contract with Sheffield Financial ("Sheffield") pursuant to which Sheffield agreed to make available closed-end installment consumer and commercial credit to customers of Polaris dealers for Polaris products. In October 2010, Polaris extended its installment credit agreement to February 2016 under which Sheffield provides installment credit lending for ORVs, Snowmobiles and certain other Polaris products. Polaris' income generated from the Sheffield agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

Polaris also provides extended service contracts to consumers and certain insurance contracts to dealers and consumers through various third-party suppliers. Polaris does not retain any warranty, insurance or financial risk in any of these arrangements. Polaris' service fee income generated from these arrangements has been included as a component of Income from financial services in the accompanying consolidated statements of income.

NOTE 6. Investments in Manufacturing Affiliates

The caption Investments in manufacturing affiliates in the consolidated balance sheets represents Polaris' 40 percent equity ownership investment in Robin Manufacturing, U.S.A. ("Robin"), which builds engines in the United States for recreational and industrial products. The Robin facility was closed during the third quarter 2011 as the production volume of engines made at the facility has declined significantly in recent years. Polaris expects to receive a payment for its equity investment during the 2011 fourth quarter. In the third quarter of 2010, the Company sold its remaining equity investment in the Austrian motorcycle company, KTM Power Sports AG ("KTM") which manufactures off-road and on-road motorcycles. Prior to the sale of the KTM investment, the Company owned less than 5 percent of KTM' s outstanding shares. The KTM investment, prior to the sale, had been classified as available for sale securities under ASC Topic 320.

NOTE 7. Goodwill and Other Intangible Assets

Goodwill and other intangible assets, net, consist of $35,043,000 and $28,354,000 of goodwill and $24,615,000 and $2,959,000 of intangible assets, net of accumulated depreciation, for the periods ended September 30, 2011 and December 31, 2010, respectively.

Additions to goodwill and other intangible assets in the first nine months of 2011 relate to the acquisition of Indian Motorcycle Company during April 2011 and the acquisition of certain assets of Global Electric Motorcars LLC (GEM), a division of Chrysler, during June 2011. Goodwill associated with these acquisitions is tax deductible. Financial results for each of the above acquisitions are included in the Company' s consolidated results from the date of acquisition. Pro forma financial results are not presented as the acquisitions are not material, individually or in the aggregate.

Table of Contents

The changes in the net carrying amount of goodwill for the three and nine months ended September 30, 2011 and 2010 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Goodwill, beginning	$35,696	$26,554	$28,354	$25,869
Goodwill acquired during the period	–	–	6,865	690
Translation and other adjustments	(653)	230	(176)	225
Goodwill, ending	$35,043	$26,784	$35,043	$26,784

For other intangible assets the changes in the net carrying amount for the three and nine months ended September 30, 2011 and 2010 were as follows (in thousands):

	Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other Intangible assets, beginning	$25,665	$(483)	$3,147	$(188)
Other Intangible assets acquired during the period	–	–	22,110	–
Amortization expense	–	(327)	–	(599)
Foreign currency translation effect on balances	(255)	15	153	(8)
Other Intangible assets, ending	$25,410	$(795)	$25,410	$(795)

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other Intangible assets, beginning	$1,090	$(65)	–	–
Other Intangible assets acquired during the period	–	–	$1,111	–
Amortization expense	–	(50)	–	$(115)
Foreign currency translation effect on balances	121	–	100	–
Other Intangible assets, ending	$1,211	$(115)	$1,211	$(115)

The components of other intangible assets were as follows (in thousands):

September 30, 2011	Estimated Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
Non-compete agreements	5	$240	$(12)	$228
Dealer/customer related	7	3,740	(151)	3,589
Developed technology	7	4,700	(632)	4,068
Total amortizable		8,680	(795)	7,885
Non-amortizable – brand names		16,730	–	16,730
Total other intangible assets, net		$25,410	$(795)	$24,615

September 30, 2010	Estimated Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
Developed technology	7	$ 1,211	$(115)	$ 1,096
Total other intangible assets, net		$1,211	$(115)	$1,096

Amortization expense for intangible assets during the first nine months of 2011 was $599,000. Estimated amortization expense for the remainder of 2011 and succeeding fiscal years is as follows: 2011 (remainder), $313,000; 2012, $1,254,000; 2013, $1,254,000; 2014, $1,254,000; 2015, $1,254,000; 2016, $1,229,000; and after 2016, $1,326,000.

NOTE 8. Shareholders' Equity

During the first nine months of 2011, Polaris paid $62,462,000 to repurchase and retire approximately 1,442,000 shares (post-split) of its common stock related primarily to open market share repurchases. As of September 30, 2011, the Company has authorization from its Board of Directors to repurchase up to an additional 4,795,000 shares of Polaris stock. The repurchase of any or all such shares authorized for repurchase will be governed by applicable SEC rules and dependent on management's assessment of market conditions. Polaris paid a regular cash dividend of $0.225 per share (post-split) on August 15, 2011 to holders of record on August 1, 2011. On October 20, 2011, the Polaris Board of Directors declared a regular cash dividend of $0.225 per share payable on November 15, 2011 to holders of record of such shares at the close of business on November 1, 2011. Cash dividends declared per common share for the third quarter and year-to-date periods is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Cash Dividends Declared Per Common Share	$ 0.225	$ 0.20	$ 0.675	$ 0.60

Net Income per Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during each period, including shares earned under the nonqualified deferred compensation plan ("Director Plan"), the ESOP and deferred stock units under the Omnibus Incentive Plan ("Omnibus Plan"). Diluted earnings per share is computed under the treasury stock method and is calculated to compute the dilutive effect of outstanding stock options issued under the 1995 Stock Option Plan and the 2003 Non-Employee Director Stock Option Plan (collectively, the "Option Plans") and the Omnibus Plan and certain shares issued under the Restricted Stock Plan ("Restricted Plan"). A reconciliation of these amounts is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average number of common shares outstanding	68,449	66,251	68,284	65,886
Director plan and deferred stock units	349	313	339	328
ESOP	139	247	138	273
Common shares outstanding − basic	68,937	66,811	68,761	66,487
Dilutive effect of Restricted Plan and Omnibus Plan	186	135	178	127
Dilutive effect of Option Plans and Omnibus Plan	2,166	1,807	2,117	1,636
Common and potential common shares outstanding − diluted	71,289	68,753	71,056	68,250

During the third quarter and year-to-date periods ending September 30, 2011, the number of options that could potentially dilute earnings per share on a fully diluted basis that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive were approximately 44,000 and 530,000, respectively, compared to 738,000 and 1,236,000, respectively, for the same periods in 2010.

Comprehensive Income

Comprehensive income represents net income adjusted for foreign currency translation adjustments, realized and unrealized gains or losses on available for sale securities and deferred gains or losses on derivative instruments utilized to hedge Polaris' interest and foreign exchange exposures. Comprehensive income is as follows (in thousands):

	For the Three Months Ended September 30,	For the Nine Months Ended September 30,

	2011	2010	2011	2010
Net income	$67,637	$47,221	$163,676	$92,616
Other comprehensive income:				
Foreign currency translation adjustments, net of tax benefit of $2,527 and $6,318 in 2011, and tax benefit of $383 and tax of $203 in 2010	(4,189)	6,667	4,390	2,356
Reclassification of unrealized loss on available for sale securities to the income statement	–	(387)	–	382
Unrealized loss on available for sale securities, net of tax	–	387	–	–
Unrealized (loss) gain on derivative instruments, net of tax of $7,063 and $5,105 in 2011 and tax benefit of $2,010 and tax of $256 in 2010	11,878	(3,335)	8,588	426
Comprehensive income	$75,326	$50,553	$176,654	$95,780

Changes in the Accumulated other comprehensive income balances are as follows (in thousands):

	Foreign Currency Items	Cash Flow Hedging Derivatives	Accumulated Other Comprehensive Income
Balance at December 31, 2010	$ 6,991	$ (1,093)	$ 5,898
Reclassification to the income statement	–	3,198	3,198
Change in fair value	4,390	5,390	9,780
Balance at September 30, 2011	$ 11,381	$ 7,495	$ 18,876

NOTE 9. Commitments and Contingencies

Polaris is subject to product liability claims in the normal course of business. Polaris is currently self-insured for all product liability claims. The estimated costs resulting from any losses are charged to Operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably determinable. The Company utilizes historical trends and actuarial analysis tools to assist in determining the appropriate loss reserve levels.

Polaris is a defendant in lawsuits and subject to claims arising in the normal course of business. In the opinion of management, it is not probable that any legal proceedings pending against or involving Polaris will have a material adverse effect on Polaris' financial position or results of operations.

NOTE 10. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are foreign currency risk, interest rate risk and commodity price fluctuations. Derivative contracts on various currencies are entered into in order to manage foreign currency exposures associated with certain product sourcing activities and intercompany sales. Interest rate swaps are entered into in order to manage interest rate risk associated with the Company' s variable-rate borrowings. Commodity hedging contracts are entered into in order to manage fluctuating market prices of certain purchased commodities and raw materials that are integrated into the Company' s end products.

The Company' s foreign currency management objective is to mitigate the potential impact of currency fluctuations on the value of its U.S. dollar cash flows and to reduce the variability of certain cash flows at the subsidiary level. The Company actively manages certain forecasted foreign currency exposures and uses a centralized currency management operation to take advantage of potential opportunities to naturally offset foreign currency exposures against each other. The decision of whether and when to execute derivative instruments, along with the duration of the instrument, can vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. Polaris does not use any financial contracts for trading purposes. At September 30, 2011, Polaris had the following open contracts (in thousands):

Foreign Currency	Notional Amounts (in US Dollars)	Unrealized Gain (Loss)
Australian Dollar	$ 11,136	$ 738
Canadian Dollar	246,403	10,786
Swedish Krona	2,327	80
Euro	1,439	(34)
Total	$ 261,305	$ 11,570

Table of Contents

These contracts, with maturities through December 2012, met the criteria for cash flow hedges and the unrealized gains or losses, after tax, are recorded as a component of Accumulated other comprehensive income in Shareholders' Equity.

Polaris has entered into derivative contracts to hedge a portion of the exposure related to diesel fuel and aluminum for 2011 and 2012. These diesel fuel and aluminum derivative contracts did not meet the criteria for hedge accounting.

The table below summarizes the carrying values of derivative instruments as of September 30, 2011 and 2010 (in thousands):

	Carrying Values of Derivative Instruments as of September 30, 2011		
	Fair Value– Assets	Fair Value– (Liabilities)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Foreign exchange contracts(1)	11,707	$ (137)	$ 11,570
Total derivatives designated as hedging instruments	11,707	$ (137)	$ 11,570
Commodity contracts(1)	$ –	(1,159)	$ (1,159)
Total derivatives not designated as hedging instruments	$ –	(1,159)	$ (1,159)
Total Derivatives	$ 11,707	$ (1,296)	$ 10,411

	Carrying Values of Derivative Instruments as of September 30, 2010		
	Fair Value– Assets	Fair Value– (Liabilities)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Interest rate contracts(1)	–	$ (253)	$ (253)
Foreign exchange contracts(1)	$ 671	(785)	(114)
Total derivatives designated as hedging instruments	$ 671	$ (1,038)	$ (367)
Commodity contracts(1)	$ 2,144	$ (26)	$ 2,118
Total derivatives not designated as hedging instruments	$ 2,144	$ (26)	$ 2,118
Total Derivatives	$ 2,815	$ (1,064)	$ 1,751

(1) Assets are included in Prepaid expenses and other and liabilities are included in Other accrued expenses on the accompanying consolidated balance sheets.

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of Accumulated other comprehensive income and reclassified into the income statement in the same period or periods during which the hedged transaction affects the income statement. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in the current income statement. The table below provides data about the amount of gains and losses, net of tax, related to derivative instruments designated as cash flow hedges included in Accumulated other comprehensive income for the three and nine months ended September 30 (in thousands):

Derivatives in Cash Flow Hedging Relationships	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Interest rate contracts	$(6)	$101	$68	$279

Foreign currency contracts	11,884	(3,436)	8,520	147
Total	$11,878	$(3,335)	$ 8,588	$ 426

The table below provides data about the amount of gains and losses, net of tax, reclassified from Accumulated other comprehensive income into income (loss) on derivative instruments designated as hedging instruments for the three and nine month periods ended September 30, 2011 and 2010 (in thousands):

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated OCI Into Income	For the Three Months Ended September 30, 2011	2010	For the Nine Months Ended September 30, 2011	2010
Interest rate contracts	Interest expense	$−	$(278)	$(152)	$(866)
Foreign currency contracts	Other expense (income) net	1,328	(1,695)	3,350	(1,138)
Foreign currency contracts	Cost of Sales	−	−	−	24
Total		$1,328	$(1,973)	$3,198	$(1,980)

The net amount of the existing gains or losses at September 30, 2011 that is expected to be reclassified into the income statement within the next 12 months is expected to not be material. The ineffective portion of foreign currency contracts was not material for the three and nine months ended September 30, 2011.

The Company recognized a loss of $1,342,000 and a loss of $681,000 in Cost of sales on commodity contracts not designated as hedging instruments for the three and nine month periods ended September 30, 2011, respectively, versus a gain of $1,071,000 and a loss of $1,367,000 for the three and nine month periods ended September 30, 2010.

NOTE 11. Fair Value Measurements

ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 − Quoted prices in active markets for identical assets or liabilities.

Level 2 − Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 − Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company utilizes the market approach to measure fair value for its non-qualified deferred compensation assets and the income approach for the interest rate swap agreements, foreign currency contracts and commodity contracts. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities and for the income approach the Company uses significant other observable inputs such as quotations from third parties, to value its derivative instruments used to hedge interest rate volatility and foreign currency and commodity transactions (see Note 10 for additional details). Assets and liabilities measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements as of September 30, 2011			
	Total	Level 1	Level 2	Level 3
Non-qualified deferred compensation assets	$3,257	$3,257	−	−
Foreign exchange contracts, net	11,570	−	$11,570	−
Commodity contracts	(1,159)	−	(1,159)	−
Total	$13,668	$3,257	$10,411	−

NOTE 12. Manufacturing Realignment

In May 2010, the Company announced that it was realigning its manufacturing operations. The realignment will consolidate operations into existing operations in Roseau, MN and Spirit Lake, IA as well as establish a new facility in Monterrey, Mexico. The realignment will lead to the sale or closure of a portion of the Osceola, WI manufacturing operations by 2012. Due to the increased demand for Polaris product, in April 2011, the Company reconsidered its decision regarding the Osceola operations and announced that it would maintain its snowmobile and motorcycle engine assembly in Osceola, WI. The Company expects to record transition charges, including both exit costs and startup costs, over the 2010 to 2012 periods. The Company has reevaluated the total exit costs pertaining to the manufacturing realignment and, in light of maintaining certain operations in Osceola, WI, are now expected to total approximately $7,500,000 rather than the previous estimate of $10,000,000 over that time period. The exit costs are classified within Cost of sales in the consolidated statements of income. A summary of these exit costs follows (in thousands):

	Total Amount Expected to be Incurred	Amount Incurred during the Three Months Ended September 30, 2011	Cumulative Amounts Incurred through September 30, 2011
Employee termination benefits	$ 6,400	$ 111	$ 6,152
Other associated costs	1,100	266	883
Total Exit Costs	$ 7,500	$ 377	$ 7,035

Utilization of components of the accrued exit costs during the three months ended September 30, 2011 is as follows (in thousands):

	Balance June 30, 2011	Amount provided for during the Three Months Ended September 30, 2011	Amount Utilized during the Three Months Ended September 30, 2011	Balance September 30, 2011
Employee termination benefits	$ 4,567	$ 111	$ (1,101)	$ 3,577
Other associated costs	–	266	(266)	–
Total Exit Costs	$ 4,567	$ 377	$ (1,367)	$ 3,577

Item 2

MANAGEMENT' S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following discussion pertains to the results of operations and financial position of Polaris Industries Inc., a Minnesota corporation, for the quarter and nine months ended September 30, 2011. The terms "Polaris," the "Company," "we," "us," and "our" as used herein refer to the business and operations of Polaris Industries Inc., its subsidiaries and its predecessors, which began doing business in the early 1950' s. Due to the seasonality of the Snowmobiles; Off-Road Vehicles ("ORV"), which includes all-terrain vehicles ("ATV") and side-by-side vehicles; On-Road Vehicles, which is comprised of motorcycles and low emission vehicles ("LEV"); and Parts, Garments and Accessories ("PG&A") businesses, and to certain changes in production and shipping cycles, results of such periods are not necessarily indicative of the results to be expected for the complete year.

During the third quarter, the Board of Directors declared a two-for-one split of the Company' s outstanding shares of Common Stock. On September 12, 2011, Polaris shareholders received one additional share of Common Stock for each share they held of record at the close of business on September 2, 2011.

For the third quarter ended September 30, 2011, we reported net income of $67.6 million, or $0.95 per diluted share, driven primarily by an increase in our gross profit margin percentage. By comparison, 2010 third quarter net income was $47.2 million, or $0.69 per diluted share. Sales for the third quarter 2011 totaled $729.9 million, an increase of 26 percent from last year' s third quarter sales of $580.1 million. The third quarter 2011 sales and earnings growth was driven by strong retail sales demand for our products and continued market share gains. Our unit retail sales to consumers in North America grew 16 percent during the third quarter of 2011 compared to the third quarter of 2010, with strong demand experienced for our off-road vehicles, Victory motorcycles and snowmobiles. We achieved market share improvements in ORV and motorcycles in North America as the retail sales performance was notably stronger than overall industry retail sales. Our sales to customers outside of North America grew 59 percent in the third quarter of 2011. All geographic regions experienced sales growth during the 2011 third quarter. As a result of continuous improvement efforts directed at cost reduction and profitability enhancements, we continued to generate significant margin expansion. In the third quarter 2011, the gross profit margin percentage improved by 230 basis points. The increase in gross margin contributed to a 9.3 percent net income margin for the 2011 third quarter, a 120 basis point increase from the third quarter last year. Our balance sheet remained healthy with $335.7 million in cash on hand and $100.0 million in long-term debt at September 30, 2011. During the 2011 third quarter, we entered into a new $350 million unsecured revolving loan facility. The new bank agreement runs through August 2016. There were no borrowings under this revolving loan facility at September 30, 2011.

Results of Operations

Sales: Sales were $729.9 million in the third quarter 2011, a 26 percent increase from $580.1 million in sales for the same period in 2010. Year-to-date, sales were $1,875.0 million, a 37 percent increase from $1,372.7 million for the year-to-date period last year.

The following table is an analysis of the percentage change in our sales for the 2011 and 2010 third quarter and year-to-date periods when compared to the same prior periods:

	Percent Change in Total Company Sales Compared to Corresponding Periods of the Prior Year Periods	
	Three Months Ended September 30, 2011	**Nine Months Ended September 30, 2011**
Volume	12 %	25 %
Product mix and price	12	9
Currency	2	3
Total	26 %	37 %

Volume for the 2011 third quarter and year-to-date periods increased 12 percent and 25 percent, respectively, compared to the same periods in 2010 as we shipped more off-road vehicles, Victory motorcycles, and snowmobiles to dealers given the strong consumer retail demand for our products both in North America and internationally and lower year over year dealer inventory levels. Product mix and price increased for the 2011 third quarter and year-to-date compared to the same periods in 2010, primarily due to the positive benefit of a greater number of higher priced side-by-side vehicles sold to dealers relative to our other businesses and select selling price increases on several of the new model year products. Favorable movements in currency rates for the 2011 third quarter and year-to-date periods increased sales two percent and three percent, respectively, compared to the same periods in 2010 due to the change in the currency rates and their effect on our Canadian and other foreign subsidiaries when translated to U.S. dollars.

Our sales by product line are as follows:

(in millions)	Three Months Ended September 30, 2011	Percent of Total Sales	2010	Percent of Total Sales	Dollar Percent Change	Nine Months Ended September 30, 2011	Percent of Total Sales	2010	Percent of Total Sales	Dollar Percent Change
Off-Road Vehicles	$486.2	67 %	$389.4	68 %	25 %	$1,356.6	72 %	$981.8	72 %	38 %
Snowmobiles	95.1	13 %	77.3	13 %	23 %	110.9	6 %	84.8	6 %	31 %
On-Road/Victory Motorcycles	35.7	5 %	20.1	3 %	77 %	111.4	6 %	61.0	4 %	83 %
PG&A	112.9	15 %	93.3	16 %	21 %	296.1	16 %	245.1	18 %	21 %
Total Sales	$729.9	100 %	$580.1	100 %	26 %	$1,875.0	100 %	$1,372.7	100 %	37 %

ORV sales of $486.2 million in the 2011 third quarter increased 25 percent from the third quarter 2010. Year-to-date 2011 ORV sales increased 38 percent from the same period in 2010 to a total of $1,356.6 million. This increase for the quarter and year-to-date periods reflects continued significant North American market share gains for both ATVs and side-by-side vehicles. North American consumer ORV unit retail sales increased 16 percent for the 2011 third quarter from the third quarter last year, with side-by-side vehicle unit retail sales increasing significantly and ATV unit retail sales down mid-single digits percent. North American dealer inventories of ORVs for the 2011 third quarter were up modestly from the third quarter of 2010 with higher side-by-side inventory as retail sales continued very strong offset by lower ATV dealer inventory levels. Sales of ORVs outside of North America increased 59 percent in the third quarter 2011 when compared to the third quarter 2010, due to positive mix benefit from increased sales of higher priced side-by-side vehicles, and positive currency benefit from the weaker US dollar. For the 2011 third quarter, the average ORV per unit sales price increased 13 percent over last year' s comparable period primarily as a result of the increased sales of the higher priced side-by-side vehicle models and select selling price increases on several of the model year 2012 products.

Snowmobile sales increased 23 percent during the 2011 third quarter to $95.1 million compared to the third quarter of 2010. For the year-to-date period, snowmobile sales were $110.9 million, a 31 percent increase compared to the same period last year. These results reflect significantly reduced snowmobile dealer inventory levels entering the 2011 – 2012 selling season, compared to the prior year, and the benefit of improved product mix as more higher priced snowmobiles were shipped during the 2011 third quarter compared to the 2010 third quarter. The average snowmobile per unit sales price for the third quarter 2011 increased 19 percent compared to the same period last year primarily due to timing of shipments of certain higher priced models in the third quarter 2011 compared to 2010.

Sales of the On-Road Vehicles division, which consists of Victory motorcycles and low emission vehicles ("LEV"), increased 77 percent to $35.7 million during the third quarter of 2011 when compared to the same period in 2010 primarily due to the increase in sales of Victory motorcycles. Year-to-date 2011 On-Road Vehicle sales increased 83 percent compared to the comparable period of 2010, to a total of $111.4 million. Polaris sales of On-Road Vehicles to customers outside of North America increased 74 percent during the 2011 third quarter compared to the prior year' s third quarter. The North American heavyweight cruiser and touring motorcycle industry retail sales were up mid-single digits percent during the 2011 third quarter compared to the prior year' s third quarter, while Victory unit retail sales to consumers in North America increased upper-teens percent during the 2011 third quarter. A modest amount of On-Road Vehicle sales related to the GEM and Indian Motorcycle Company acquisitions were recorded in the third quarter 2011. The average per unit sales price for the On-Road Vehicles division in the 2011 third quarter increased ten percent compared to the third quarter 2010, primarily due to shipments of higher priced touring motorcycles during the 2011 third quarter.

PG&A sales increased 21 percent during the third quarter and year-to-date periods of 2011 compared to the same period in 2010, with PG&A sales increasing across all businesses and geographic regions.

Table of Contents

Sales by geographic region were as follows:

($ in millions)	Three Months Ended September 30, 2011	Percent of Total Sales	2010	Percent of Total Sales	Dollar Percent Change	Nine Months Ended September 30, 2011	Percent of Total Sales	2010	Percent of Total Sales	Dollar Percent Change
United States	$519.2	*71* %	$429.2	*74* %	*21* %	$1,309.7	*70* %	$968.8	*70* %	*35* %
Canada	112.8	*15* %	89.5	*15* %	*26* %	272.0	*14* %	189.9	*14* %	*43* %
Other foreign countries	97.9	*14* %	61.4	*11* %	*59* %	293.3	*16* %	214.0	*16* %	*37* %
Total Sales	$729.9	*100* %	$580.1	*100* %	*26* %	$1,875.0	*100* %	$1,372.7	*100* %	*37* %

Significant regional trends were as follows:

United States:

Net sales in the United States for the third quarter of 2011 increased 21 percent compared to the third quarter of 2010. Net sales in the United States during the nine months ended September 30, 2011 increased 35 percent compared to the same period in 2010. An increase in shipments of ORV and On-Road Vehicles and market share gains accounted for the increase for the third quarter and year-to-date periods. The United States represented 71 percent and 70 percent of total Company sales in the 2011 third quarter and year-to-date periods, respectively, compared to 74 percent and 70 percent of total Company sales for the 2010 third quarter and year-to-date periods, respectively.

Canada:

Canadian sales increased 26 percent for the 2011 third quarter compared to the same period in 2010. Year-to-date, sales in Canada increased 43 percent compared to the same period last year. Favorable currency rate movements accounted for seven percent and eight percent of the increase in sales for the 2011 third quarter and year-to-date periods, respectively, compared to the same periods in 2010. Increased volume was the primary contributor for the remainder of the increase in sales for the 2011 third quarter and year-to-date periods. Canada represented 15 percent and 14 percent of total Company sales for both the 2010 and 2011 third quarter and year-to-date periods, respectively.

Other Foreign Countries:

Sales in other foreign countries, primarily in Europe, increased 59 percent for the 2011 third quarter compared to the same period in 2010. Year-to-date, sales in other foreign countries increased 37 percent compared to the same period last year. Favorable currency rate movements accounted for nine percent and eight percent of the increase in sales for the 2011 third quarter and year-to-date periods, respectively, compared to the same periods in 2010. The remainder of the increase in the third quarter 2011 was primarily driven by volume increases in ORV and Victory motorcycles resulting from higher retail sales. Other foreign countries represented 14 percent and 16 percent of total Company sales for the 2011 third quarter and year-to-date periods, respectively, compared to 11 percent and 16 percent of total Company sales for the third quarter and year-to-date periods in 2010, respectively.

Cost of Sales:

($ in millions)	Three Months Ended September 30, 2011	Percent of Total Cost of Sales	2010	Percent of Total Cost of Sales	Change 2011 vs. 2010	Nine Months Ended September 30, 2011	Percent of Total Cost of Sales	2010	Percent of Total Cost of Sales	Change 2011 vs. 2010

Purchased materials and services	$450.8	86 %	$354.2	82 %	27 %	$1,142.4	86 %	$828.7	82 %	38 %
Labor and benefits	45.1	9 %	47.6	11 %	(5)%	125.0	9 %	110.4	11 %	13 %
Depreciation and amortization	13.9	3 %	15.9	4 %	(13)%	41.6	3 %	42.3	4 %	(2)%
Warranty costs	13.2	2 %	11.7	3 %	13 %	29.7	2 %	32.6	3 %	(9)%
Total Cost of Sales	$523.0	100 %	$429.4	100 %	22 %	$1,338.7	100 %	$1,014.0	100 %	32 %
Percentage of Sales	71.7 %		74.0 %		-230 basis points	71.4 %		73.9 %		-250 basis points

[Table of Contents](#)

For the 2011 third quarter and year-to-date periods, Cost of sales increased 22 percent and 32 percent to $523.0 million and $1,338.7 million, respectively, compared to $429.4 million and $1,014.0 million, respectively, in 2010. The increase in Cost of sales for the 2011 third quarter and year-to-date periods resulted primarily from the effect of increases in volume on purchased materials and labor costs and higher commodity costs offset somewhat by production efficiencies and labor and benefit savings from the new Monterrey, Mexico plant ramping up production.

Gross Profit:

The following table reflects the Company' s gross profits in dollars and as a percentage of sales for the third quarter and year-to-date periods:

($ in millions)	Three Months Ended September 30, 2011	2010	Change	Nine Months Ended September 30, 2011	2010	Change
Gross profit dollars	$206.8	$150.7	37 %	$536.3	$358.7	50 %
Percentage of Sales	28.3 %	26.0 %	+230 basis points	28.6 %	26.1 %	+250 basis points

Gross profit, as a percentage of sales, was 28.3 percent and 28.6 percent for the 2011 third quarter and year-to-date periods, respectively, an increase of 230 basis points and 250 basis points from the same periods last year, respectively. Gross profit dollars increased 37 percent and 50 percent to $206.8 million and $536.3 million for the 2011 third quarter and year-to-date periods compared to the same periods in 2010, respectively. The increase in the gross profit dollars and margin percentage during the 2011 third quarter and year-to-date periods resulted primarily from continued product cost reduction efforts, production efficiencies on increased volumes and higher selling prices, partially offset by increasing commodity costs and unfavorable third quarter currency movements.

Operating expenses:

The following table reflects the Company' s operating expenses in dollars and as a percentage of sales for the third quarter and year-to-date periods:

($ in millions)	Three Months Ended September 30, 2011	2010	Change	Nine Months Ended September 30, 2011	2010	Change
Selling and marketing	$49.1	$38.1	29 %	$129.8	$102.4	27 %
Research and development	25.8	22.2	16 %	74.2	59.5	25 %
General and administrative	28.0	26.8	5 %	92.6	66.9	39 %
Total operating expenses	$102.9	$87.1	18 %	$296.6	$228.8	30 %
Percentage of Sales	14.1 %	15.0%	-90 basis points	15.8 %	16.7 %	-90 basis points

Operating expenses for the 2011 third quarter and year-to-date periods increased 18 percent and 30 percent to $102.9 million and $296.6 million, respectively, compared to $87.1 million and $228.8 million for the same periods in 2010. Operating expenses in absolute dollars for the 2011 third quarter and year-to-date periods increased primarily due to continued investments being made in international and adjacent markets for future growth opportunities and acquisition integration; offset somewhat by lower share-based incentive compensation plan expenses in the third quarter 2011 primarily as a result of the lower stock price at September 30, 2011 versus June 30, 2011. Operating expenses as a percentage of sales was 14.1 percent and 15.8 percent for the 2011 third quarter and year to date periods, respectively, compared to 15.0 percent and 16.7 percent for the same periods in 2010, respectively.

Income from financial services:

($ in millions)	Three Months Ended September 30, 2011	2010	Change	Nine Months Ended September 30, 2011	2010	Change
Income from financial services	$6.3	$4.1	53 %	$17.1	$12.6	36 %
Percentage of Sales	0.9%	0.7%	+20 basis points	0.9 %	0.9 %	0 basis points

Income from financial services increased 53 percent to $6.3 million in the 2011 third quarter compared to $4.1 million in the 2010 third quarter. Income from financial services increased 36 percent to $17.1 million for the nine months ended September 30, 2011 from $12.6 million for the same period of 2010. Income from financial services for the third quarter and year-to-date periods in 2011 increased primarily due to increased profitability generated from the retail credit portfolios with GE, HSBC and Sheffield. Further discussion can be found in the *"Liquidity and Capital Resources"* section below.

Table of Contents

Interest expense:

Interest expense increased to $1.3 million and $2.8 million for the three and nine months ended September 30, 2011, respectively, compared to $0.7 million and $2.1 million for the same periods of 2010 due to higher interest rates on the long-term senior notes issued in May 2011.

Gain on securities held for sale

The gain on securities held for sale recorded in the third quarter 2010 of $1.6 million resulted from the sale of the Company' s remaining investment in KTM Power Sports AG during the 2010 third quarter.

Other expense/income, net:

Non-operating other expense/income was $5.5 million of expense in the third quarter of 2011 compared to $1.5 million of income for the same period in 2010. Year-to-date non-operating other expense was $3.9 million of expense compared to $1.0 million of expense for the same period in 2010. The decrease in profitability for the quarter and year-to-date periods was primarily due to foreign currency exchange rate movements and the resulting effects of foreign currency transactions and balance sheet positions related to the Company' s foreign subsidiaries.

Provision for income taxes:

The income tax provision for the third quarter 2011 was recorded at a rate of 34.7 percent of pretax income compared to 32.6 percent of pretax income for the third quarter 2010. Year-to-date the income tax provision for 2011 was recorded at a rate of 34.6 percent of pretax income compared to 34.0 percent of pretax income for the 2010 year-to-date period.

Reported Net Income:

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ in millions except per share data)	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Net Income	$67.6	$47.2	43 %	$163.7	$92.6	77 %
Diluted Net Income per share	$0.95	$0.69	38 %	$2.30	$1.36	69 %

Reported net income for the third quarter 2011 was $67.6 million, or $0.95 per diluted share, compared to $47.2 million or $0.69 per diluted share for the third quarter 2010. Year-to-date 2011 reported net income was $163.7 million, or $2.30 per diluted share, compared to $92.6 million or $1.36 per diluted share for the 2010 period. The increase for the 2011 third quarter and year-to-date periods is primarily due to higher sales volume and higher gross profit margin percentage generated by the Company in 2011.

Weighted Average Shares Outstanding:

The weighted average diluted shares outstanding for the third quarter ended September 30, 2011 of 71.3 million shares is four percent higher than the comparable period in 2010. For the 2011 year-to-date period, the weighted average diluted shares outstanding of 71.1 million shares is four percent higher when compared to the same period in 2010. The increase in both periods is due to share issuances under employee plans.

Cash Dividends:

Polaris paid a $0.225 per share (post-split) dividend on August 15, 2011 to shareholders of record on August 1, 2011. On October 20, 2011, the Polaris Board of Directors declared a regular cash dividend of $0.225 per share payable on November 15, 2011 to holders of record of such shares at the close of business on November 1, 2011.

Liquidity and Capital Resources

Polaris' primary sources of funds have been cash provided by operating activities and borrowings under its credit arrangements. Polaris' primary uses of funds have been for repayments under the credit agreement, repurchase and retirement of common stock, capital investments, acquisitions, cash dividends to shareholders and new product development.

The following table summarizes the cash flows from operating, investing and financing activities for the nine months ended September 30, 2011 and 2010 ($ in millions):

	For the Nine Months Ended September 30,		
	2011	2010	Change
Total cash provided by (used for):			
Operating activities	$ 198.1	$ 156.9	$ 41.2
Investing activities	(87.1)	(16.8)	(70.3)
Financing activities	(167.2)	(15.8)	(151.4)
Impact of currency translation on cash balances	(1.9)	–	(1.9)
Increase (decrease) in cash and cash equivalents	$ (58.1)	$ 124.3	$ (182.4)

Operating activities:

Net cash provided by operating activities totaled $198.1 million for the nine months ended September 30, 2011, an increase of 26 percent from $156.9 million net cash provided in the first nine months of 2010. The $41.2 million increase in net cash provided by operating activities for the nine months ended September 30, 2011, compared to the same period in 2010, is primarily due to a $71.1 million increase in net income partially offset by a higher investment in working capital primarily related to the growth in the business.

Investing activities:

Net cash used for investing activities was $87.1 million for the nine months of 2011 compared to cash used of $16.8 million for the same period in 2010. The primary use of cash for the first nine months of 2011 and 2010 was the investment of $62.5 million and $35.0 million, respectively, for the purchase of property and equipment, including new product development tooling. In addition, we acquired Indian Motorcycle Company and GEM utilizing cash of $28.0 million during the nine months ended September 30, 2011.

Financing activities:

Net cash used for financing activities was $167.2 million for the first nine months of 2011 compared to cash used of $15.8 million for financing activities in the same period in 2010. In May 2011, we paid off the $200.0 million term loan with cash received from the issuance of $100.0 million of senior notes discussed below and $100.0 million of cash on hand. We paid cash dividends of $46.1 million and $39.5 million in the nine months ended September 30, 2011 and 2010, respectively. Common stock repurchased during the first nine months of 2011 and 2010 totaled $62.5 million and $27.5 million, respectively. Proceeds from the issuance of stock under employee plans were $28.0 million and $43.7 million for the nine months ended September 30, 2011 and 2010, respectively.

The seasonality of production and shipments causes working capital requirements to fluctuate during the year. Polaris is party to an unsecured variable interest rate bank lending agreement that expires in August 2016, comprised of a $350 million revolving loan facility. There were no borrowings under the revolving loan at September 30, 2011.

In December 2010, the Company entered into a Master Note Purchase Agreement to issue $25.0 million of 3.81 percent unsecured Senior Notes due May 2018 and $75.0 million of 4.60 percent unsecured Senior Notes due May 2021. The Senior Notes were issued in May 2011. Our debt to total capital ratio was 17 percent and 40 percent at September 30, 2011 and 2010, respectively.

Additionally, at September 30, 2011, Polaris had letters of credit outstanding of $10.8 million related to purchase obligations for raw materials.

The Polaris Board of Directors has authorized the cumulative repurchase of up to 75.0 million shares of the Company’ s common stock. Of that total, approximately 70.2 million shares have been repurchased cumulatively from 1996 through September 30, 2011. Polaris repurchased 1.4 million shares of Polaris stock for $62.5 million during the first nine months of 2011, which increased reported earnings per share by approximately two cents.

The Company has authorization from its Board of Directors to repurchase up to an additional 4.8 million shares of Polaris stock as of September 30, 2011. The repurchase of any or all such shares authorized remaining for repurchase will be governed by applicable SEC rules.

Management believes that existing cash balances, and cash flow to be generated from operating activities and available borrowing capacity under the line of credit arrangement will be sufficient to fund operations, regular dividends, share repurchases, acquisitions, and capital requirements for the foreseeable future. At this time, management is not aware of any adverse factors that would have a material impact on cash flow.

In 1996, a wholly owned subsidiary of Polaris entered into a partnership agreement with an entity that is now a subsidiary of GE Commercial Distribution Finance Corporation ("GECDF") to form Polaris Acceptance. Polaris Acceptance provides floor plan financing to Polaris' dealers in the United States. Polaris' subsidiary has a 50 percent equity interest in Polaris Acceptance. In November 2006, Polaris Acceptance sold a majority of its receivable portfolio (the "Securitized Receivables") to a securitization facility ("Securitization Facility") arranged by General Electric Capital Corporation, a GECDF affiliate, and the partnership agreement was amended to provide that Polaris

Acceptance would continue to sell portions of its receivable portfolio to the Securitization Facility from time to time on an ongoing basis. The sale of receivables from Polaris Acceptance to the Securitization Facility is accounted for in Polaris Acceptance' s financial statements as a "true-sale" under ASC Topic 860. Polaris Acceptance is not responsible for any continuing servicing costs or obligations with respect to the Securitized Receivables. The remaining portion of the receivable portfolio is recorded on Polaris Acceptance' s books, and is funded to the extent of 85 percent through a loan from an affiliate of GECDF.

We have not guaranteed the outstanding indebtedness of Polaris Acceptance or the Securitized Receivables. In addition, the two partners of Polaris Acceptance share equally an equity cash investment equal to 15 percent of the sum of the portfolio balance in Polaris Acceptance plus the Securitized Receivables. Our total investment in Polaris Acceptance at September 30, 2011 was $37.3 million. Substantially all of our U.S. sales are financed through Polaris Acceptance and the Securitization Facility whereby Polaris receives payment within a few days of shipment of the product. The partnership agreement provides that all income and losses of the Polaris Acceptance portfolio and income and losses realized by GECDF' s affiliates with respect to the Securitized Receivables are shared 50 percent by our wholly-owned subsidiary and 50 percent by GECDF' s subsidiary. Polaris' exposure to losses associated with respect to the Polaris Acceptance Portfolio and the Securitized Receivables is limited to its equity in its wholly-owned subsidiary that is a partner in Polaris Acceptance. We have agreed to repurchase products repossessed by Polaris Acceptance or the Securitization Facility up to an annual maximum of 15 percent of the aggregate average month-end balances outstanding during the prior calendar year with respect to receivables retained by Polaris Acceptance and Securitized Receivables. For calendar year 2011, the potential 15 percent aggregate repurchase obligation is approximately $74.1 million. Our financial exposure under this arrangement is limited to the difference between the amount paid to the finance company for repurchases and the amount received on the resale of the repossessed product. No material losses have been incurred under this agreement. During February 2011, Polaris and GECDF amended and restated its Polaris Acceptance partnership agreement through February 2017 with similar terms to the previous agreement.

Our investment in Polaris Acceptance is accounted for under the equity method, and is recorded as Investments in finance affiliate in the accompanying consolidated balance sheets. Our allocable share of the income of Polaris Acceptance and the Securitized Receivables has been included as a component of Income from financial services in the accompanying consolidated statements of income. At September 30, 2011, Polaris Acceptance' s wholesale portfolio receivables from dealers in the United States (including the Securitized Receivables) was $535.1 million, a six percent increase from $502.7 million at September 30, 2010. Credit losses in the Polaris Acceptance portfolio have been modest, averaging less than one percent of the portfolio.

In April 2006, a wholly owned subsidiary of Polaris entered into a multi-year contract with GE Money Bank ("GE Bank") under which GE Bank makes available closed-end installment consumer and commercial credit to customers of Polaris dealers for Polaris products. In November 2010, the Company extended its installment credit agreement to March 2016 under which GE Bank provides installment credit lending for motorcycles. Polaris' income generated from the GE Bank agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

In January 2009, a wholly owned subsidiary of Polaris entered into a multi-year contract with Sheffield Financial ("Sheffield") pursuant to which Sheffield agreed to make available closed-end installment consumer and commercial credit to customers of Polaris dealers for Polaris products in the United States. In October 2010, the Company extended its installment credit agreement with Sheffield to February 2016 under which Sheffield provides exclusive installment credit lending for ORV, Snowmobiles and certain other Polaris products. Polaris' income generated from the Sheffield agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

In August 2005, a wholly owned subsidiary of Polaris entered into a multi-year contract with HSBC under which HSBC manages the Polaris private label revolving credit card program under the StarCard label. During the 2010 second quarter, Polaris and HSBC extended the term of the agreement on similar terms to October 2013. Polaris' income generated from the HSBC agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income. During the quarter it was announced that HSBC' s U.S. Credit Card and Retail Services business would be acquired by Capital One, subject to regulatory approval. The transaction is expected to close in the second quarter of 2012. At this time we do not expect any change in the contractual terms governing our StarCard program as a result of the sale, other than an assignment to Capital One.

Inflation and Foreign Exchange Rates

Commodity inflation has had an impact on the results of Polaris' recent operations. The changing relationships of the U.S. dollar to the Japanese yen, the Canadian dollar, the Euro and other foreign currencies have also had a material impact from time to time.

During calendar year 2011, purchases totaling approximately five percent of our Cost of sales were from yen-denominated suppliers. Our Cost of sales in the third quarter ended September 30, 2011 was negatively impacted by the Japanese yen-U.S. dollar exchange rate fluctuation when compared to the same period in 2010. At September 30, 2011, we had no Japanese yen foreign exchange hedging contracts in place. In view of current exchange rates, we anticipate that the Japanese yen-U.S. dollar exchange rate will have a negative impact on Cost of sales for the remainder of 2011 when compared to the same period in the prior year.

We operate in Canada through a wholly owned subsidiary. The weakening of the U.S. dollar in relation to the Canadian dollar has resulted in higher sales and gross margin levels in the third quarter and nine months ended September 30, 2011 when compared to the same periods in 2010. At September 30, 2011, we had open Canadian dollar foreign exchange hedging contracts in place through December 2012. The notional amount for 2011 contracts total $89.5 million with an average exchange rate of approximately 0.98 U.S. dollar to Canadian dollar. The notional amount for 2012 contracts is $156.9 million at an average exchange rate of approximately 1.01 U.S. Dollar to Canadian dollar. In view of current exchange rates and the foreign exchange hedging contracts currently in place, we anticipate that the Canadian dollar-U.S. dollar exchange rate will have a negative impact on sales and net income for the remainder of 2011 when compared to the same periods in the prior year.

We operate in various countries, principally in Europe, through wholly owned subsidiaries and also sell to certain distributors in other countries and purchase components from certain suppliers directly for our U.S. operations in transactions denominated in Euros and other foreign currencies. The fluctuation of the U.S. dollar in relation to the Euro has resulted in an approximately neutral impact on gross margins for the third quarter and nine month periods of 2011 when compared to the same period in 2010. At September 30, 2011 we had open Euro foreign exchange contracts in place through December 2011. The notional amounts totaled $1.4 million with an average exchange rate of 1.39 US Dollar to the Euro. We had open Swedish Krona and Australian Dollar foreign exchange hedging contracts in place through December 2011 and December 2012, respectively. The open Swedish Krona contracts through December 2011, had notional amounts totaling $2.3 million with an average exchange rate of approximately .15 U.S. dollar to the Swedish Krona. The open Australian Dollar contracts for 2011 had notional amounts totaling $2.8 million with an average exchange rate of approximately .95 U.S. dollar to the Australian Dollar. The open Australian Dollar contracts for 2012 had notional amounts totaling $8.3 million with an average exchange rate of approximately 1.04 U.S. dollar to Australian dollar. In view of the current exchange rates and the foreign exchange hedging contracts currently in place, we anticipate that the exchange rates for other foreign currencies will have a negative impact on sales and net income for the remainder of 2011 when compared to the same periods in the prior year.

The assets and liabilities in all Polaris foreign entities are translated at the foreign exchange rate in effect at the balance sheet date. Translation gains and losses are reflected as a component of Accumulated other comprehensive income, net in the Shareholders' Equity section of the accompanying consolidated balance sheet. Revenues and expenses in all Polaris foreign entities are translated at the average foreign exchange rate in effect for each month of the quarter. Certain assets and liabilities related to intercompany positions reported on Polaris' consolidated balance sheet that are denominated in a currency other than the entity' s functional currency are translated at the foreign exchange rate in effect at the balance sheet date and the associated gains and losses are included in net income.

We are subject to market risk from fluctuating market prices of certain purchased commodities and raw materials including steel, aluminum, diesel fuel, natural gas, and petroleum-based resins. In addition, we are a purchaser of components and parts containing various commodities, including steel, aluminum, rubber and others, which are integrated into the Company' s end products. While such materials are typically available from numerous suppliers, commodity raw materials are subject to price fluctuations. We generally buy these commodities and components based upon market prices that are established with the vendor as part of the purchase process and from time to time will enter into derivative contracts to hedge a portion of the exposure to commodity risk. At September 30, 2011, there were derivative contracts in place to hedge a portion of our aluminum and diesel fuel exposures during 2011 and 2012. Based on our current outlook for commodity prices, the total impact of commodities is expected to have a negative impact on our gross margins for the remainder of 2011 when compared to the same period in the prior year.

Critical Accounting Policies

See our most recent Annual Report on Form 10-K for the year ended December 31, 2010 for a discussion of our critical accounting policies.

Note Regarding Forward Looking Statements

Certain matters discussed in this report are "forward-looking statements" intended to qualify for the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These "forward-looking statements" including but not limited to the impact of foreign exchange rate movements on sales and net income, and commodity price changes on gross margins, can generally be identified as such because the context of the statement will include words such as the Company or management "believes," "anticipates," "expects," "estimates" or words of similar import. Similarly, statements that describe the Company' s future plans, objectives or goals are also forward-looking. Forward-looking statements may also be made from time to time in oral presentations, including telephone, conferences and/or webcasts open to the public. Shareholders, potential investors and others are cautioned that all forward-looking statements involve risks and uncertainties that could cause results in future periods to differ materially from those anticipated by some of the statements made in this report, including the risks and uncertainties described under the heading entitled "Item 1A-Risk Factors" appearing in the Company' s Annual Report on Form 10-K for the year ended December 31, 2010. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are the following: product offerings, promotional activities and pricing strategies by competitors; acquisition integration costs; future conduct of litigation processes; warranty expenses; foreign currency exchange rate fluctuations; commodity and transportation costs; environmental and product safety regulatory activity; effects of weather; uninsured product liability claims; uncertainty in the retail and wholesale credit markets and relationships with HSBC, GE and Sheffield Financial; changes in tax policy; and overall economic conditions, including inflation and consumer confidence and spending. The Company does not undertake any duty to any person to provide updates to its forward-looking statements.

Table of Contents

Item 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to the Company' s Annual Report on Form 10-K for the year ended December 31, 2010 for a complete discussion on the Company' s market risk. There have been no material changes in market risk from those disclosed in the Company' s Form 10-K for the year ended December 31, 2010.

Item 4

CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company' s management, including the Company' s Chief Executive Officer and its Vice President − Finance and Chief Financial Officer, of the effectiveness of the design and operation of the Company' s disclosure controls and procedures (as defined in Exchange Act Rule 13a-15) as of the end of the period covered by this report. Based on that evaluation, the Company' s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q the Company' s disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to the Company' s management, including its Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure. There have been no changes in the Company' s internal controls over financial reporting during the period covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company' s internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1A − Risk Factors

In addition to the risk factors set forth in this report, please consider the factors discussed in "Part I, Item 1A. Risk Factors" in Polaris' fiscal year 2010 Annual Report filed on Form 10-K, which could materially affect the Company' s business, financial condition, or future results.

Item 2 − Unregistered Sales of Equity Securities and Use of Proceeds

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares That May Yet Be Purchased Under the Program (1)
July 1 − 31, 2011	−	−	−	5,400,000
August 1 − 31, 2011	605,000	$48.93	605,000	4,795,000
September 1 − 30, 2011	−	−	−	4,795,000
Total	605,000	$48.93	605,000	4,795,000

(1) The Board of Directors has authorized the cumulative repurchase of up to an aggregate of 75.0 million shares of the Company' s common stock (the "Program"). Of that total, 70.2 million shares have been repurchased cumulatively from 1996 through September 30, 2011. This Program does not have an expiration date.

Item 6 – Exhibits

A list of exhibits to this Form 10-Q is set forth on the Exhibit Index and is incorporated herein by reference.

Exhibit Index

Exhibit Number	Description
3.a*	Restated Articles of Incorporation of Polaris Industries Inc. (the "Company"), effective October 24, 2011.
3.b	Bylaws of the Company, as amended and restated on April 29, 2010, incorporated by reference to Exhibit 3 to the Company' s Quarterly Report on Form 10-Q for the quarter ended September 30, 2010.
4.c*	First Amendment to Master Note Purchase Agreement effective as of August 18, 2011 filed herewith.
10.a	Credit Agreement, dated as of August 18, 2011, by and among Polaris Industries Inc., one or more of its foreign subsidiaries designated thereafter as foreign borrowers, the lenders identified therein, U.S. Bank National Association, as Administrative Agent, Lead Arranger and Lead Book Runner, RBC Capital Markets and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Book Runners, RBC Capital Markets and Wells Fargo Bank National Association, as Syndication Agents, and The Bank of Tokyo-Mitsubishi UFJ, LTD., as Documentation Agent, incorporated by reference to Exhibit 10.1 to the Company' s Report on Form 8-K filed on August 22, 2011.
31.a	Certification of Chief Executive Officer – Section 302
31.b	Certification of Chief Financial Officer – Section 302
32.a	Certification of Chief Executive Officer – Section 906
32.b	Certification of Chief Financial Officer – Section 906
101	The following financial information from Polaris Industries Inc.' s Quarterly Report on Form 10-Q for the period ended September 30, 2011, filed with the SEC on November 7, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets at September 30, 2011 and December 31, 2010, (ii) the Consolidated Statements of Income for the three and nine month periods ended September 30, 2011 and 2010, (iii) the Consolidated Statements of Cash Flows for the nine month periods ended September 30, 2011 and 2010, and (iv) Notes to Consolidated Financial Statements.**

* Filed herewith.

** Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed part of a registration statement, prospectus or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POLARIS INDUSTRIES INC.
(Registrant)

Date: November 7, 2011	/s/ SCOTT W. WINE **Scott W. Wine** **Chief Executive Officer** **(Principal Executive Officer)**
Date: November 7, 2011	/s/ MICHAEL W. MALONE **Michael W. Malone** **Vice President – Finance and** **Chief Financial Officer** **(Principal Financial and Chief Accounting Officer)**

Exhibit 3.a

RESTATED ARTICLES OF INCORPORATION OF POLARIS INDUSTRIES INC.

ARTICLE I
NAME

The name of the corporation is Polaris Industries Inc. (hereinafter the "Corporation").

ARTICLE II
REGISTERED OFFICE

The registered office of the Corporation is located at 100 South Fifth Street, Suite 1075, Minneapolis, Minnesota 55402

ARTICLE III
INCORPORATOR

The name and address of the incorporator are:

Name	Mailing Address
Andris A. Baltins	5500 Norwest Center 90 South Seventh Street Minneapolis, Minnesota 55402

ARTICLE IV
CAPITAL

The aggregate number of shares of stock the Corporation is authorized to issue is one hundred eighty million (180,000,000), consisting of twenty million (20,000,000) shares of preferred stock, par value of $.01 per share (the "Preferred Stock") and one hundred sixty million (160,000,000) shares of common stock, par value of $.01 per share (the "Common Stock").

All shares of Common Stock shall be voting shares and shall be entitled to one vote per share. Holders of Common Stock shall not be entitled to cumulate their votes in the election of directors and shall not be entitled to any preemptive rights to acquire shares of any class or series of capital stock of the Corporation. Subject to any preferential rights of holders of Preferred Stock, holders of Common Stock shall be entitled to receive their pro rata shares, based upon the number of shares of Common Stock held by them, of such dividends or other distributions as may be declared by the Board of Directors from time to time and of any distribution of the assets of the Corporation upon its liquidation, dissolution or winding up, whether voluntary or involuntary.

The Board of Directors of the Corporation is hereby authorized to provide, by resolutions adapted by such board for the issuance of Preferred Stock from time to time in one or more classes and/or series, to establish the designation and number of shares of each such class or series, and to fix the relative rights and preferences of the shares of each such class or series, and to the full extent permitted by Minnesota Statutes, Section 302A.401, or any successor provision. Without limiting the generality of the foregoing, the Board of Directors is authorized to provide that shares of a class or series of Preferred Stock are:

(1) entitled to cumulative, partially cumulative or noncumulative dividends or other distributions payable in cash, capital stock or indebtedness of the Corporation or other property, at such times and in such amounts as are set forth in the board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(2) entitled to a preference with respect to payments of dividends over one or more other classes and/or series of capital stock of the Corporation;

(3) entitled to a preference with respect to any distribution of assets of the Corporation upon its liquidation, dissolution or winding up over one or more other classes and/or series of capital stock of the Corporation in such amount as is set forth in the board resolutions establishing such class or series or as is determined in a manner specified in such resolutions;

(4) redeemable or exchangeable at the option of the Corporation and/or on a mandatory basis for cash, capital stock or indebtedness of the Corporation or other property, at such times or upon the occurrence of such events, and at such prices, as are set forth in the board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(5) entitled to the benefits of such sinking fund, if any, as is required to be established by the Corporation for the redemption and/or purchase of such shares by the board resolutions establishing such class or series;

(6) convertible at the option of the holders thereof into shares of any other class or series of capital stock of the Corporation, at such times or upon the occurrence of such events, and upon such terms, as are set forth in the board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(7) exchangeable at the option of the holders thereof for cash, capital stock or indebtedness of the Corporation or other property, at such times or upon the occurrence of such events, and at such prices, as are set forth in the board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(8) entitled to such voting rights, if any, as are specified in the board resolutions establishing such class or series (including, without limiting the generality of the foregoing, the right to elect one or more directors voting alone as a single class or series or together with one or more other classes and/or series of Preferred Stock, if so specified by such board resolutions) at all times or upon the occurrence of specified events; and

(9) subject to restrictions on the issuance of additional shares of Preferred Stock of such class or series or of any other class or series, or on the reissuance of share of Preferred Stock of such class or series or of any other class or series, or on increases or decreases in the number of authorized shares of Preferred Stock of such class or series or of any other class or series.

Without limiting the generality of the foregoing authorizations, any of the rights and preferences of a class or series of Preferred Stock may be made dependent upon facts ascertainable outside the board resolutions establishing such class or series, and may incorporate by reference some or all of the terms of any agreements, contracts or other arrangements entered into by the Corporation in connection with the issuance of such class or series, all to the full extent permitted by Minnesota Statutes. Unless otherwise specified in the board resolutions establishing a class or series of Preferred Stock, holders of a class or series of Preferred Stock shall not be entitled to cumulate their votes in any election of directors in which they are entitled to vote and shall not be entitled to any preemptive rights to acquire shares of any class or series of capital stock of the Corporation

ARTICLE V
CLASSES AND SERIES

In addition to, and not by way of limitation of, the powers granted to the Board of Directors by Minnesota Statutes, Chapter 302A, the Board of Directors of the Corporation shall have the power and authority to fix by resolution any designation, class, series, voting power, preference, right, qualification, limitation, restriction, dividend, time and price of redemption, and conversion right with respect to any stock of the Corporation.

ARTICLE VI
WRITTEN ACTION WITHOUT MEETING

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting by written action signed by a majority of the Board of Directors then in office, except as to those matters which require shareholder approval, in which case the written action shall be signed by all members of the Board of Directors then in office.

ARTICLE VII
CUMULATIVE VOTING DENIED

No holder of stock of the Corporation shall be entitled to any cumulative voting rights.

ARTICLE VIII
PRE-EMPTIVE RIGHTS DENIED

No holder of stock of the Corporation shall have any preferential, pre-emptive, or other rights of subscription to any shares of any class or series of stock of the Corporation allotted or sold or to be allotted or sold and now or hereafter authorized, or to any obligations or securities convertible into any class or series of stock of the Corporation, nor any right of subscription to any part thereof.

ARTICLES IX
ISSUANCE OF SHARES TO HOLDERS OF ANOTHER CLASS OR SERIES

Shares of any class or series of the Corporation, including shares of any class or series which are then outstanding, may be issued to the holders of shares of another class or series of the Corporation, whether or effect a share dividend or split, including a reverse share split, or otherwise, without the authorization, approval or vote of the holders of shares of any class or series of the Corporation.

ARTICLE X
CLASSIFICATION OF THE BOARD OF DIRECTORS

The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors. Unless and until the Corporation shall have more than one shareholder, the Board of Directors shall consist of one person. Thereafter, the Board of Directors shall consist of not less than three nor more than fifteen persons, who need not be shareholders. The number of directors may be increased by the shareholders or Board of Directors or decreased by the shareholders from the number of directors on the Board of Directors immediately prior to the effective date of this Article X, provided, however, that any change in the number of directors on the Board of Directors (including, without limitation, changes at annual meetings of shareholders) shall be approved by the affirmative vote of not less than seventy-five percent (75%) of the voting power of all outstanding shares entitled to vote, entitled to be cast by the holders of all then outstanding voting shares, voting together as a single class, unless such change shall have been approved by a majority of the entire Board of Directors. If such change shall not have been so approved, the number of directors shall remain the same. In the event that the Board of Directors shall consist of three or more persons, the directors shall be divided into three classes, designated Class I, Class II and III. Each class shall consist, as nearly as may be possible, of one-third number of directors constituting the entire Board of Directors.

The term of the initial Class I directors shall terminate on the date of the 1995 annual meeting of shareholders; the term of the initial Class II directors shall terminate on the date of the 1996 annual meeting of shareholders; and the term of the initial Class III directors shall terminate on the date of the 1997 annual meeting of shareholders. At each succeeding annual meeting of shareholders beginning in 1995, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. In no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting of the year in which the director' s term expires and until a successor shall be elected and qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Removal of a director from office (including a director named by the Board of Directors to fill a vacancy or newly created directorship), with or without cause, shall require the affirmative vote of not less than seventy five percent (75%) of the voting power of all outstanding shares entitled to vote, voting together as a single class. Any vacancy on the Board of Directors that results from an increase in the number of directors shall be filled by a majority of the Board of Directors then in office, and any other vacancy occurring in the Board of Directors shall be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of such director' s predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes of preferred or preference stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling vacancies and other features of such directorship shall be governed by or pursuant to the applicable term of the certificate of designation of other instrument creating such class or series of preferred stock, and such directors so elected shall not be divided into classes pursuant to this Article X unless expressly provided by such term.

Notwithstanding any other provisions of these Articles of Incorporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or these Articles of Incorporation), the affirmative vote of the holders of not less than seventy-five percent (75%) of the voting power of all shares entitled to vote, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article X.

ARTICLE XI
LIMITATION ON LIABILITY OF DIRECTORS

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that this Article XI shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director' s duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Sections 302A.559 or 80A.23, Minnesota Statutes, (iv) for any transaction from which the director derived an improper personal benefit, or (v) for any act or omission occurring prior to the effective date of this Article XI. No amendment to or repeal of this Article XI shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the Minnesota Business Corporation Act is hereafter amended to authorize any further limitations of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Minnesota Business Corporations Act, as amended.

[Certificate of Designation of Preferred Stock Follows]

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

of

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK ($.01 Par Value)

of

POLARIS INDUSTRIES INC.
(Pursuant to Section 302A.401 of the
Minnesota Business Corporation Act)

The undersigned, Michael W. Malone, Secretary of Polaris Industries Inc., a corporation organized and existing under the business corporation act of the State of Minnesota (hereinafter called the "Corporation"), hereby certifies that:

(i) the following resolutions establishing a series of junior participating preferred stock pursuant to Chapter 302A of the Minnesota Statutes were adopted by the Board of Directors of the Corporation at a meeting duly called and held on May 18, 2000:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Articles of Incorporation of the Corporation, the Board of Directors hereby creates a series of Preferred Stock, $.01 par value (the "Preferred Stock"), of the Corporation and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 1,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value $.01 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of January, March, June and September in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued by unpaid dividends shall not bear interest.

Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation shall become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation. Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series

A Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made, ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation. Merger. etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarity exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation' s Preferred Stock.

Section 10. Amendment. If any shares of the Series A Preferred Stock are outstanding, the Articles of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting together as a single class.

(ii) That these resolutions have been adopted in accordance with the requirements of, and pursuant to, Chapter 302A of the Minnesota Statutes and shall be effective when filed with the Minnesota Secretary of State.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Secretary this 18th day of May, 2000.

/s/ Michael W. Malone

Michael W. Malone
Secretary

Exhibit 4.c

EXECUTION COPY

POLARIS INDUSTRIES INC.

FIRST AMENDMENT TO
MASTER NOTE PURCHASE AGREEMENT

$25,000,000 3.81% Senior Notes, Series 2011, Tranche A, due May 2, 2018
$75,000,000 4.60% Senior Notes, Series 2011, Tranche B, due May 3, 2021

Dated as of August 18, 2011

To the Holders of the Senior Notes
of Polaris Industries Inc.
Named in the Attached Schedule I

Ladies and Gentlemen:

Reference is made to the Master Note Purchase Agreement dated as of December 13, 2010, (the "Note Agreement") between Polaris Industries Inc., a Minnesota corporation (the "Company"), and you pursuant to which the Company issued $100,000,000 aggregate principal amount of its Senior Notes, consisting of (i) $25,000,000 aggregate principal amount of its 3.81% Senior Notes, Series 2011, Tranche A, due May 2, 2018 and (ii) $75,000,000 aggregate principal amount of its 4.60% Senior Notes, Series 2011, Tranche B, due May 3, 2021 (collectively, the "Notes"). You are referred to herein individually as a "Holder" and collectively as the "Holders." Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Note Agreement, as amended by this First Amendment to Note Purchase Agreement (this "First Amendment").

The Company is entering into a new Credit Agreement that provides, among other things, for the pledge of 65% of Equity Interests of certain Subsidiaries organized under the laws of jurisdictions not located in the United States of America. Section 10.4 of the Note Agreement requires that the Holders share equally and ratably in such pledge and the Company has requested that the Note Agreement be amended to accommodate such pledge and sharing, and the execution and delivery of an Intercreditor and Collateral Agency Agreement in connection therewith. The Company also is adding additional Subsidiaries as guarantors under the Credit Agreement and, as required by Section 9.7(a) of the Note Agreement, will concurrently therewith cause such Subsidiaries to execute and deliver a joinder to the Subsidiary Guaranty.

In consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and the Holders agree as follows:

1. AMENDMENT OF NOTE AGREEMENT

1.1 Amendment of Section 10.4. Section 10.4 of the Note Agreement is amended by deleting the word "and" at the end of Section 10.4(k) and replacing Section 10.4(l) with the following:

"(l) Liens securing the Notes and Indebtedness under the Credit Agreement, equally and ratably, as contemplated and required by the last paragraph of Section 10.4; and

(m) Liens securing Indebtedness not otherwise permitted by paragraphs (a) through (l) above, provided that Priority Debt does not at any time exceed 20% of Consolidated Net Worth as of the end of the most recently completed fiscal quarter of the Company."

1.2 Amendment of Section 11. Section 11(j) of the Note Agreement is amended to read in its entirety as follows:

"(j) the Subsidiary Guaranty, any Pledge Agreement or the Intercreditor Agreement ceases to be in full force and effect (except as provided in Section 9.7(b)) for any reason, including by reason of (A) its being declared to be null and void in whole or in material part by a court or other governmental or regulatory authority having jurisdiction or (B) the validity or enforceability thereof being contested by any of the Company, any Subsidiary Guarantor or any Pledgor or any of them renouncing any of the same or denying that it has any or further liability thereunder."

1.3 Schedule B − Definitions.

(a) The following definitions in Schedule B are amended to read in their entirety as follows.:

"**Credit Agreement**" means the Credit Agreement dated as of August 18, 2011 among the Company, one or more of its Foreign Subsidiaries, the lenders identified therein, U.S. Bank National Association, as administrative agent, U.S. Bank National Association, as lead arranger and lead book runner, and RBC Capital Markets and Wells Fargo Securities, LLC, as joint lead arrangers, joint book runners and syndication agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Chicago Branch, as documentation agent, as such agreement may be further amended, restated, supplemented, refinanced, increased or reduced from time to time, and any successor credit agreement or similar facility.

"**Priority Debt**" means, as of any date, the sum (without duplication) of (a) outstanding unsecured Indebtedness of Subsidiaries that are not Subsidiary Guarantors or Foreign Borrowers under the Credit Agreement, and (b) Indebtedness of the Company and its Subsidiaries secured by Liens not otherwise permitted by Sections 10.4(a) through (l)."

(b) The following new definitions are added to Schedule B, in the appropriate alphabetical order:

"**Foreign Borrower**" means any Foreign Subsidiary designated as a Foreign Borrower pursuant to and in accordance with the terms of the Credit Agreement.

"**Foreign Subsidiary**" means any Subsidiary organized under the laws of a jurisdiction not located in the United States of America.

"**Intercreditor Agreement**" means the Intercreditor and Collateral Agency Agreement, dated as of August 18, 2011 by and between the U.S. Bank National Association, as Administrative Agent under the Credit Agreement, U.S. Bank National Association as Collateral Agent and each holder of Notes party thereto.

"**Lenders**" means the lending institutions identified as such in the Credit Agreement and their successors and assigns.

"**Pledge Agreement**" means an agreement, however called, to effect the pledge of Equity Interests of a Pledged Subsidiary for the equal and ratable benefit of the Lenders and the holders of Notes.

"**Pledged Subsidiary**" means a Foreign Subsidiary of the Company (i) with respect to which 65% of the Equity Interests of such Foreign Subsidiary has been pledged to the Collateral Agent pursuant to a Pledge Agreement for the equal and ratable benefit of the Lenders and the holders of Notes or (ii) which is a Wholly-Owned Subsidiary of a Pledged Subsidiary.

"**Pledgor**" means the Company or any Subsidiary of the Company that enters into a Pledge Agreement."

2. REPRESENTATIONS AND WARRANTIES

To induce the Holders to execute and deliver this First Amendment, the Company represents and warrants to the Holders that:

2.1 Authorization, etc. This First Amendment has been duly authorized, executed and delivered by the Company, and this First Amendment and the Note Purchase Agreement, as amended by this First Amendment, constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, fraudulent transfer, moratorium, or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.2 No Default. Before and after giving effect to this First Amendment and to the transactions contemplated hereby, (i) no Default or Event of Default has occurred and is continuing and (ii) no event has occurred and no condition exists that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

2.3 Section 5 of Note Agreement. The Company represents and warrants that the representations and warranties contained in Section 5 of the Note Agreement are true and correct as of the date hereof, except (a) to the extent that any of such representations and warranties specifically relate to an earlier date, (b) for such changes, facts, transactions and occurrences that have arisen since May 2, 2011 in the ordinary course of business, and (c) for other changes that could not reasonably be expected to have a Material Adverse Effect.

3. EFFECTIVE DATE

This First Amendment shall be deemed to have been effective as of the date set forth above upon the satisfaction of the following conditions:

3.1 Consent of Required Holders to First Amendment. The Required Holders shall have executed this First Amendment and the Holders shall have received a counterpart of this First Amendment duly executed by the Company.

3.2 Acknowledgment of Subsidiary Guarantors. Each Subsidiary Guarantor shall have acknowledged this Amendment by executing the signature page hereto.

3.3 Credit Agreement. The Holders shall have received a copy of a fully executed counterpart of the Credit Agreement.

3.4 Intercreditor Agreement; Pledge Agreement. Each Holder shall have executed a counterpart of the Intercreditor Agreement and shall have received a fully executed counterpart thereof.

3.5 Joinder to Subsidiary Guaranty; etc. Each Subsidiary named in the signature page thereto shall have executed and delivered a joinder to the Subsidiary Guaranty in substantially the form attached hereto as Exhibit A and each Holder shall have received an executed counterpart thereof and a signed original of the opinion of counsel required by Section 9.7(a)(iii) of the Note Agreement, together with copies of the documents specified in Section 9.7(a)(ii) of the Note Agreement for each such Subsidiary.

3.6 Expenses. The Company shall have paid all fees and expenses of Foley & Lardner LLP, special counsel to the Holders.

4. MISCELLANEOUS

4.1 Ratification. Except as amended hereby, the Note Agreement, including the representations and warranties contained therein, shall remain in full force and effect and is ratified, approved and confirmed in all respects as of the date hereof.

4.2 Reference to and Effect on the Note Amendment. Upon the effectiveness of this First Amendment, each reference in the Note Agreement and in other documents describing or referencing the Note Agreement to the "Agreement," "Note Agreement," "hereunder," "hereof," "herein," or words of like import referring to the Note Agreement, shall mean and be a reference to the Note Agreement, as amended hereby.

4.3 Binding Effect. This First Amendment shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

4.4 Governing Law. This First Amendment shall be governed by and construed in accordance with New York law.

4.5 Counterparts; Facsimile. This First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but altogether only one instrument. Further, this First Amendment may be executed by facsimile signatures and such facsimile signatures shall be deemed to be the original signatures of the parties.

4.6 Pledge Agreement. Promptly following the execution and delivery thereof, the Company will provide each Holder with a copy of the executed Pledge Agreement.

IN WITNESS WHEREOF, the Company and the Holders have caused this First Amendment to be executed and delivered by their respective officer or officers thereunto duly authorized.

POLARIS INDUSTRIES INC.

By: /s/Michael W. Malone

Name: Michael W. Malone

Title: Vice President – Finance and
Chief Financial Officer

METROPOLITAN LIFE INSURANCE COMPANY

METLIFE REINSURANCE COMPANY OF VERMONT
by Metropolitan Life Insurance Company, its Investment Manager

METLIFE INVESTORS USA INSURANCE COMPANY
by Metropolitan Life Insurance Company, its Investment Manager

MISSOURI REINSURANCE (BARBADOS), INC.
by Metropolitan Life Insurance Company, its Investment Manager

By: /s/Judith A. Gullota
Name: Judith A. Gullota
Title: Managing Director

ING LIFE INSURANCE AND ANNUITY COMPANY
ING USA ANNUITY AND LIFE INSURANCE COMPANY
RELIASTAR LIFE INSURANCE COMPANY
RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK
By: ING Investment Management LLC, as Agent

By: /s/ Paul Aronson
Name: Paul Aronson
Title: Senior Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/William Engelking

Name: William Engelking

Title: Vice President

GIBRALTAR LIFE INSURANCE CO., LTD.

By: Prudential Investment Management (Japan), Inc., as Investment Manager

By: Prudential Investment Management, Inc., as Sub-Adviser

By: /s/William Engelking

Name: William Engelking

Title: Vice President

FORETHOUGHT LIFE INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc. (as its General Partner)

By: /s/William Engelking

Name: William Engelking

Title: Vice President

MTL INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc. (as its General Partner)

By: /s/William Engelking

Name: William Engelking

Title: Vice President

BCBSM, INC. DBA BLUE CROSS AND BLUE SHIELD OF MINNESOTA

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By: /s/William Engelking
Name: William Engelking
Title: Vice President

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: /s/Elisabeth A. Perenick
Name: Elisabeth A. Perenick
Title: Managing Director

THE TRAVELERS INDEMNITY COMPANY

By: /s/Annette M. Masterson
Name: Annette M. Masterson
Title: Vice President

Each of the undersigned Subsidiary Guarantors acknowledges the foregoing First Amendment.

POLARIS ACCEPTANCE INC.
POLARIS SALES INC.
POLARIS DIRECT INC.
POLARIS INDUSTRIES INC.
POLARIS INDUSTRIES MANUFACTURING LLC
POLARIS INSURANCE SERVICES LLC
INDIAN MOTORCYCLE COMPANY

By: /s/Michael W. Malone
Name: Michael W. Malone
Title: Vice President – Finance, CFO & Treasurer

POLARIS SALES EUROPE INC.

By: /s/Michael W. Malone
Name: Mike Malone
Title: Vice President and Treasurer

INDIAN MOTORCYCLE INTERNATIONAL, LLC
INDIAN MOTORCYCLE USA LLC

By: /s/Michael W. Malone
Name: Michael W. Malone
Title: Vice President – Finance, Chief Financial Officer and Treasurer

SCHEDULE I

3.81% Senior Notes, Series 2011, Tranche A, due May 2, 2018:

Holder	Note	Amount
Metropolitan Life Insurance Company	AR-1	$2,000,000
Missouri Reinsurance (Barbados), Inc.	AR-2	$3,000,000
MetLife Reinsurance Company of Vermont	AR-3	$5,000,000
ING USA Annuity and Life Insurance Company	AR-4	$5,100,000
ING Life Insurance and Annuity Company	AR-5	$2,000,000
Reliastar Life Insurance Company	AR-6	$2,800,000
Reliastar Life Insurance Company of New York	AR-7	$100,000
The Travelers Indemnity Company	AR-8	$5,000,000

4.60% Senior Notes, Series 2011, Tranche B, due May 3, 2021:

Holder	Note	Amount
Metropolitan Life Insurance Company	BR-1	$12,000,000
MetLife Investors USA Insurance Company	BR-2	$4,000,000
ING USA Annuity and Life Insurance Company	BR-3	$8,200,000
ING Life Insurance and Annuity Company	BR-4	$3,200,000
Reliastar Life Insurance Company	BR-5	$4,500,000
Reliastar Life Insurance Company of New York	BR-6	$100,000
The Prudential Insurance Company of America	BR-7	$2,300,000
Gibraltar Life Insurance Co., Ltd.	BR-8	$11,200,000
Forethought Life Insurance Company	BR-9	$5,000,000
MTL Insurance Company	BR-10	$3,000,000
BCBSM, Inc. dba Blue Cross and Blue Shield of Minnesota	BR-11	$1,500,000
Massachusetts Mutual Life Insurance Company	BR-12	$20,000,000

EXHIBIT A

FORM OF JOINDER TO SUBSIDIARY GUARANTY

Each of the undersigned (each a "Guarantor"), joins in the Subsidiary Guaranty dated as of May 2, 2011 from the Guarantors named therein in favor of the Holders, as defined therein, and agrees to be bound by all of the terms thereof and represents and warrants to the Holders that:

(a) such Guarantor is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the requisite power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged;

(b) this Guaranty has been duly authorized by all necessary corporate, partnership or limited liability company action (as the case may be) on the part of such Guarantor and upon execution and delivery hereof will constitute the legal, valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, fraudulent transfer, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(c) the execution, delivery and performance by such Guarantor of this Guaranty will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor under, any agreement, or corporate charter or by-laws, to which such Guarantor is bound or by which such Guarantor or any of its properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or (iii) violate any provisions of any statute or other rule or regulation of any Governmental Authority applicable to such Guarantor;

(d) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority is required in connection with the execution, delivery, performance of this Joinder;

(e) no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of such Guarantor, threatened by or against such Guarantor or any of its properties or revenues (i) with respect to this Joinder, the Subsidiary Guaranty or any of the transactions contemplated hereby or thereby or (ii) that could reasonably be expected to have a Material Adverse Effect;

(f) after giving effect to the transactions contemplated herein, (i) the present value of the assets of such Guarantor, at a fair valuation, is in excess of the amount that will be required to pay its probable liability on its existing debts as said debts become absolute and matured, (ii) the property remaining in the hands of such Guarantor is not an unreasonably small capital, and (iii) such Guarantor is able to pay its debts as they mature; and

(g) after giving effect to the issuance and sale of the Notes and the application of the proceeds thereof and due consideration to any rights of contribution and reimbursement, such Guarantor has received fair consideration and reasonably equivalent value for the incurrence of its obligations hereunder or as contemplated hereunder.

Capitalized terms used but not defined herein have the meanings ascribed in the Subsidiary Guaranty.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to Subsidiary Guaranty to be duly executed as of   ,   .

INDIAN MOTORCYCLE COMPANY

By:____
Name: Michael W. Malone
Title: Vice President – Finance, CFO and Treasurer

INDIAN MOTORCYCLE INTERNATIONAL, LLC
INDIAN MOTORCYCLE USA LLC

By:____
Name: Michael W. Malone
Title: Vice President – Finance, Chief Financial Officer and Treasurer

Exhibit A

Exhibit 31.a

CERTIFICATIONS

I, Scott W. Wine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Polaris Industries Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 7, 2011

/s/ Scott W. Wine

Scott W. Wine
Chief Executive Officer

Exhibit 31.b

I, Michael W. Malone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Polaris Industries Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 7, 2011

/s/ Michael W. Malone

Michael W. Malone
Vice President − Finance and
Chief Financial Officer

Exhibit 32.a

POLARIS INDUSTRIES INC.

STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Scott W. Wine, Chief Executive Officer of Polaris Industries Inc., a Minnesota corporation (the "Company"), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company' s Quarterly Report on Form 10-Q for the period ended September 30, 2011 (the "Periodic Report");
2. The Periodic Report fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and
3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: November 7, 2011

/s/ Scott W. Wine

Scott W. Wine
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Polaris Industries Inc. and will be retained by Polaris Industries Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.b

POLARIS INDUSTRIES INC.

STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Michael W. Malone, Vice President-Finance and Chief Financial Officer of Polaris Industries Inc., a Minnesota corporation (the "Company"), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company' s Quarterly Report on Form 10-Q for the period ended September 30, 2011 (the "Periodic Report");
2. The Periodic Report fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and
3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: November 7, 2011

/s/ Michael W. Malone

Michael W. Malone
Vice President-Finance and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Polaris Industries Inc. and will be retained by Polaris Industries Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Assets and Liabilities Measured at Fair Value on a Recurring Basis (Detail) (Fair Value, Measurements, Recurring, USD $) In Thousands	Sep. 30, 2011
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	$ 13,668
Fair Value, Inputs, Level 1	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	3,257
Fair Value, Inputs, Level 1 | Nonqualified Deferred Compensation Plan Assets	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	3,257
Fair Value, Inputs, Level 2	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	10,411
Fair Value, Inputs, Level 2 | Foreign Exchange Contract	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	11,570
Fair Value, Inputs, Level 2 | Commodity Contract	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	(1,159)
Nonqualified Deferred Compensation Plan Assets	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	3,257
Foreign Exchange Contract	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	11,570
Commodity Contract	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Assets (liabilities) measured at fair value on a recurring basis	$ (1,159)

CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $) In Thousands, except Per Share data	Sep. 30, 2011	Dec. 31, 2010
Preferred stock, par value	$ 0.01	$ 0.01
Preferred stock, shares authorized	20,000	20,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock, par value	$ 0.01	$ 0.01
Common stock, shares authorized	160,000	160,000
Common stock, shares issued	68,679	68,468
Common stock, shares outstanding	68,679	68,468

CONSOLIDATED STATEMENTS OF INCOME (USD $) In Thousands, except Per Share data	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Sales	$ 729,861	$ 580,082	$ 1,874,980	$ 1,372,697
Cost of Sales	523,025	429,383	1,338,705	1,014,000
Gross profit	206,836	150,699	536,275	358,697
Operating expenses				
Selling and marketing	49,074	38,118	129,740	102,380
Research and development	25,750	22,257	74,248	59,507
General and administrative	28,049	26,764	92,632	66,872
Total operating expenses	102,873	87,139	296,620	228,759
Income from financial services	6,327	4,136	17,139	12,637
Operating Income	110,290	67,696	256,794	142,575
Non-operating expense (income):				
Interest expense	1,270	721	2,766	2,149
Gain on securities available for sale, net		(1,594)		(825)
Other expense (income), net	5,480	(1,482)	3,921	1,016
Income before income taxes	103,540	70,051	250,107	140,235
Provision for income taxes	35,903	22,830	86,431	47,619
Net Income	$ 67,637	$ 47,221	$ 163,676	$ 92,616
Basic Net Income per share	$ 0.98	$ 0.71	$ 2.38	$ 1.39
Diluted Net Income per share	$ 0.95	$ 0.69	$ 2.30	$ 1.36
Weighted average shares outstanding:				
Basic	68,937	66,811	68,761	66,487
Diluted	71,289	68,753	71,056	68,250

Utilization of Components of the Accrued Exit Costs (Detail) (USD $) In Thousands	3 Months Ended Sep. 30, 2011
Restructuring Cost and Reserve [Line Items]	
Exit Costs Beginning Balance	$ 4,567
Amount provided for the Three Months Ended	377
Amount Utilized for the Three Months Ended	(1,367)
Exit Costs Ending Balance	3,577
Employee Termination Benefits	
Restructuring Cost and Reserve [Line Items]	
Exit Costs Beginning Balance	4,567
Amount provided for the Three Months Ended	111
Amount Utilized for the Three Months Ended	(1,101)
Exit Costs Ending Balance	3,577
Other Restructuring	
Restructuring Cost and Reserve [Line Items]	
Amount provided for the Three Months Ended	266
Amount Utilized for the Three Months Ended	$ (266)

Shareholders' Equity (Tables)	9 Months Ended Sep. 30, 2011
Cash Dividends Declared Per Common Share	Cash dividends declared per common share for the third quarter and year-to-date periods is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Cash Dividends Declared Per Common Share	$ 0.225	$ 0.20	$ 0.675	$ 0.60

Reconciliation of Weighted Average Number Shares	A reconciliation of these amounts is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average number of common shares outstanding	68,449	66,251	68,284	65,886
Director plan and deferred stock units	349	313	339	328
ESOP	139	247	138	273
Common shares outstanding — basic	68,937	66,811	68,761	66,487
Dilutive effect of Restricted Plan and Omnibus Plan	186	135	178	127
Dilutive effect of Option Plans and Omnibus Plan	2,166	1,807	2,117	1,636
Common and potential common shares outstanding — diluted	71,289	68,753	71,056	68,250

Comprehensive Income	Comprehensive income is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	$67,637	$47,221	$163,676	$92,616
Other comprehensive income:				
Foreign currency translation adjustments, net of tax benefit of $2,527 and $6,318 in 2011, and tax benefit of $383 and tax of $203 in 2010	(4,189)	6,667	4,390	2,356
Reclassification of unrealized loss on available for sale securities to the income statement	—	(387)	—	382
Unrealized loss on available for sale securities, net of tax	—	387	—	—

Unrealized (loss) gain on derivative instruments, net of tax of $7,063 and $5,105 in 2011 and tax benefit of $2,010 and tax of $256 in 2010	11,878	(3,335)	8,588	426
Comprehensive income	$75,326	$50,553	$176,654	$95,780

Changes in the Accumulated Other Comprehensive Income (Loss) Balances

Changes in the Accumulated other comprehensive income balances are as follows (in thousands):

	Foreign Currency Items	Cash Flow Hedging Derivatives	Accumulated Other Comprehensive Income
Balance at December 31, 2010	$ 6,991	$ (1,093)	$ 5,898
Reclassification to the income statement	—	3,198	3,198
Change in fair value	4,390	5,390	9,780
Balance at September 30, 2011	$ 11,381	$ 7,495	$ 18,876

Document and Entity Information	9 Months Ended Sep. 30, 2011	Oct. 31, 2011
Document Information [Line Items]		
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Sep. 30, 2011	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	
Trading Symbol	PII	
Entity Registrant Name	Polaris Industries Inc/MN	
Entity Central Index Key	0000931015	
Current Fiscal Year End Date	--12-31	
Entity Filer Category	Large Accelerated Filer	
Entity Common Stock, Shares Outstanding		69,032,758

Gains and Losses, Net of Tax, Reclassified from Accumulated Other Comprehensive Income into Income on Derivative Instruments Designated as Hedging Instruments (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Derivative Instruments, Gain (Loss) [Line Items]				
Gain (Loss) Reclassified from Accumulated OCI Into Income	$ 1,328	$ (1,973)	$ 3,198	$ (1,980)
Interest Rate Contract | Interest Expense				
Derivative Instruments, Gain (Loss) [Line Items]				
Gain (Loss) Reclassified from Accumulated OCI Into Income		(278)	(152)	(866)
Foreign Exchange Contract | Other Expense (Income), Net				
Derivative Instruments, Gain (Loss) [Line Items]				
Gain (Loss) Reclassified from Accumulated OCI Into Income	1,328	(1,695)	3,350	(1,138)
Foreign Exchange Contract | Cost of Sales				
Derivative Instruments, Gain (Loss) [Line Items]				
Gain (Loss) Reclassified from Accumulated OCI Into Income				$ 24

Manufacturing Realignment (Tables)	9 Months Ended Sep. 30, 2011
Summary of the Exit Costs	A summary of these exit costs follows (in thousands):

	Total Amount Expected to be Incurred	Amount Incurred during the Three Months Ended September 30, 2011	Cumulative Amounts Incurred through September 30, 2011
Employee termination benefits	$ 6,400	$ 111	$ 6,152
Other associated costs	1,100	266	883
Total Exit Costs	$ 7,500	$ 377	$ 7,035

Utilization of Components of the Accrued Exit Costs	Utilization of components of the accrued exit costs during the three months ended September 30, 2011 is as follows (in thousands):

	Balance June 30, 2011	Amount provided for during the Three Months Ended September 30, 2011	Amount Utilized during the Three Months Ended September 30, 2011	Balance September 30, 2011
Employee termination benefits	$ 4,567	$ 111	$ (1,101)	$ 3,577
Other associated costs	—	266	(266)	—
Total Exit Costs	$ 4,567	$ 377	$ (1,367)	$ 3,577

Gains and Losses, Net of Tax, Related to Derivative Instruments Designated as Cash Flow Hedges Included in the Accumulated Other Comprehensive Income, Net (Detail) (Cash Flow Hedging, USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Derivative Instruments, Gain (Loss) [Line Items]				
Amount of gain (loss) recognized in OCI	$ 11,878	$ (3,335)	$ 8,588	$ 426
Interest Rate Contract				
Derivative Instruments, Gain (Loss) [Line Items]				
Amount of gain (loss) recognized in OCI	(6)	101	68	279
Foreign Exchange Contract				
Derivative Instruments, Gain (Loss) [Line Items]				
Amount of gain (loss) recognized in OCI	$ 11,884	$ (3,436)	$ 8,520	$ 147

Goodwill and Other Intangible Assets	9 Months Ended Sep. 30, 2011

Goodwill and Other Intangible Assets

NOTE 7. Goodwill and Other Intangible Assets

Goodwill and other intangible assets, net, consist of $35,043,000 and $28,354,000 of goodwill and $24,615,000 and $2,959,000 of intangible assets, net of accumulated depreciation, for the periods ended September 30, 2011 and December 31, 2010, respectively.

Additions to goodwill and other intangible assets in the first nine months of 2011 relate to the acquisition of Indian Motorcycle Company during April 2011 and the acquisition of certain assets of Global Electric Motorcars LLC (GEM), a division of Chrysler, during June 2011. Goodwill associated with these acquisitions is tax deductible. Financial results for each of the above acquisitions are included in the Company's consolidated results from the date of acquisition. Pro forma financial results are not presented as the acquisitions are not material, individually or in the aggregate.

The changes in the net carrying amount of goodwill for the three and nine months ended September 30, 2011 and 2010 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Goodwill, beginning	$35,696	$26,554	$28,354	$25,869
Goodwill acquired during the period	—	—	6,865	690
Translation and other adjustments	(653)	230	(176)	225
Goodwill, ending	$35,043	$26,784	$35,043	$26,784

For other intangible assets the changes in the net carrying amount for the three and nine months ended September 30, 2011 and 2010 were as follows (in thousands):

	Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other Intangible assets, beginning	$25,665	$(483)	$3,147	$(188)
Other Intangible assets acquired during the period	—	—	22,110	—
Amortization expense	—	(327)	—	(599)
Foreign currency translation effect on balances	(255)	15	153	(8)
Other Intangible assets, ending	$25,410	$(795)	$25,410	$(795)

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other Intangible assets, beginning	$1,090	$(65)	—	—
Other Intangible assets acquired during the period	—	—	$1,111	—
Amortization expense	—	(50)	—	$(115)
Foreign currency translation effect on balances	121	—	100	—
Other Intangible assets, ending	$1,211	$(115)	$1,211	$(115)

The components of other intangible assets were as follows (in thousands):

September 30, 2011	Estimated Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
Non-compete agreements	5	$240	$(12)	$228
Dealer/customer related	7	3,740	(151)	3,589
Developed technology	7	4,700	(632)	4,068
Total amortizable		8,680	(795)	7,885
Non-amortizable — brand names		16,730	—	16,730
Total other intangible assets, net		$25,410	$(795)	$24,615

September 30, 2010	Estimated Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
Developed technology	7	$ 1,211	$(115)	$ 1,096
Total other intangible assets, net		$1,211	$(115)	$1,096

Amortization expense for intangible assets during the first nine months of 2011 was $599,000. Estimated amortization expense for the remainder of 2011 and succeeding fiscal years is as follows: 2011 (remainder), $313,000; 2012, $1,254,000; 2013, $1,254,000; 2014, $1,254,000; 2015, $1,254,000; 2016, $1,229,000; and after 2016, $1,326,000.

Significant Accounting Policies - Additional Information (Detail)	9 Months Ended Sep. 30, 2011
Product Liability Contingency [Line Items]	
Standard product warranty description	Polaris provides a limited warranty for ORVs for a period of six months and for a period of one year for its snowmobiles and motorcycles. Polaris may provide longer warranties related to certain promotional programs, as well as longer warranties in certain geographical markets as determined by local regulations and market conditions. Polaris' standard warranties require the Company or its dealers to repair or replace defective product during such warranty period at no cost to the consumer. The warranty reserve is established at the time of sale to the dealer or distributor based on management's best estimate using historical rates and trends.
Snowmobiles	
Product Liability Contingency [Line Items]	
Period of warranties provided by polaris	6 months
Motorcycles	
Product Liability Contingency [Line Items]	
Period of warranties provided by polaris	1 year

Comprehensive Income (Parenthetical) (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Foreign currency translation adjustments, tax benefit	$ 2,527	$ 383	$ 6,318	$ 203
Unrealized (loss) gain on derivative instruments, tax	$ 7,063	$ 2,010	$ 5,105	$ 256

Components of other amortizable intangible assets (Detail) (USD $) In Thousands, unless otherwise specified				9 Months Ended					
	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2010	Sep. 30, 2011 Noncompete Agreements Amortizable Intangible Assets Year	Sep. 30, 2011 Customer Relationships Amortizable Intangible Assets Year	Sep. 30, 2011 Developed Technology Rights Amortizable Intangible Assets Year	Sep. 30, 2010 Developed Technology Rights Amortizable Intangible Assets Year	Sep. 30, 2011 Brands Non Amortizable Intangible Assets	Sep. 30, 2011 Amortizable Intangible Assets
Finite-Lived Intangible Assets [Line Items]									
Estimated Life (Years)				5	7	7	7		
Gross Carrying Amount	$ 25,410		$ 1,211	$ 240	$ 3,740	$ 4,700	$ 1,211	$ 16,730	$ 8,680
Accumulated Amortization	(795)		(115)	(12)	(151)	(632)	(115)		(795)
Net	$ 24,615	$ 2,959	$ 1,096	$ 228	$ 3,589	$ 4,068	$ 1,096	$ 16,730	$ 7,885

Fair Value Measurements (Tables)	9 Months Ended Sep. 30, 2011
Assets and Liabilities Measured at Fair Value on a Recurring Basis	Assets and liabilities measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements as of September 30, 2011			
	Total	Level 1	Level 2	Level 3
Non-qualified deferred compensation assets	$3,257	$3,257	—	—
Foreign exchange contracts, net	11,570	—	$11,570	—
Commodity contracts	(1,159)	—	(1,159)	—
Total	$13,668	$3,257	$10,411	—

Manufacturing Realignment | **9 Months Ended Sep. 30, 2011**

Manufacturing Realignment

NOTE 12. Manufacturing Realignment

In May 2010, the Company announced that it was realigning its manufacturing operations. The realignment will consolidate operations into existing operations in Roseau, MN and Spirit Lake, IA as well as establish a new facility in Monterrey, Mexico. The realignment will lead to the sale or closure of a portion of the Osceola, WI manufacturing operations by 2012. Due to the increased demand for Polaris product, in April 2011, the Company reconsidered its decision regarding the Osceola operations and announced that it would maintain its snowmobile and motorcycle engine assembly in Osceola, WI. The Company expects to record transition charges, including both exit costs and startup costs, over the 2010 to 2012 periods. The Company has reevaluated the total exit costs pertaining to the manufacturing realignment and, in light of maintaining certain operations in Osceola, WI, are now expected to total approximately $7,500,000 rather than the previous estimate of $10,000,000 over that time period. The exit costs are classified within Cost of sales in the consolidated statements of income. A summary of these exit costs follows (in thousands):

	Total Amount Expected to be Incurred	Amount Incurred during the Three Months Ended September 30, 2011	Cumulative Amounts Incurred through September 30, 2011
Employee termination benefits	$ 6,400	$ 111	$ 6,152
Other associated costs	1,100	266	883
Total Exit Costs	$ 7,500	$ 377	$ 7,035

Utilization of components of the accrued exit costs during the three months ended September 30, 2011 is as follows (in thousands):

	Balance June 30, 2011	Amount provided for during the Three Months Ended September 30, 2011	Amount Utilized during the Three Months Ended September 30, 2011	Balance September 30, 2011
Employee termination benefits	$ 4,567	$ 111	$ (1,101)	$ 3,577
Other associated costs	—	266	(266)	—
Total Exit Costs	$ 4,567	$ 377	$ (1,367)	$ 3,577

Inventories	9 Months Ended Sep. 30, 2011

Inventories

NOTE 3. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The major components of inventories are as follows (in thousands):

	September 30, 2011	December 31, 2010
Raw materials and purchased components	$ 69,521	$ 35,580
Service parts, garments and accessories	70,883	60,813
Finished goods	213,825	155,744
Less: reserves	(15,944)	(16,210)
Inventories	$ 338,285	$ 235,927

Goodwill and Other Intangible Assets - Additional Information (Detail) (USD $) In Thousands	9 Months Ended					
	Sep. 30, 2011	Jun. 30, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Dec. 31, 2009
Impaired Intangible Assets [Line Items]						
Goodwill	$ 35,043	$ 35,696	$ 28,354	$ 26,784	$ 26,554	$ 25,869
Other Intangible assets	24,615		2,959	1,096		
Amortization expense for intangible assets	599					
Estimated amortization expense for intangible assets for remainder year	313					
Estimated amortization expense for intangible assets for year one	1,254					
Estimated amortization expense for intangible assets for year two	1,254					
Estimated amortization expense for intangible assets for year three	1,254					
Estimated amortization expense for intangible assets for year four	1,254					
Estimated amortization expense for intangible assets for year five	1,229					
Estimated amortization expense for intangible assets for five year after	$ 1,326					

Commitments and Contingencies	9 Months Ended Sep. 30, 2011
Commitments and Contingencies	**NOTE 9.** Commitments and Contingencies Polaris is subject to product liability claims in the normal course of business. Polaris is currently self-insured for all product liability claims. The estimated costs resulting from any losses are charged to Operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably determinable. The Company utilizes historical trends and actuarial analysis tools to assist in determining the appropriate loss reserve levels. Polaris is a defendant in lawsuits and subject to claims arising in the normal course of business. In the opinion of management, it is not probable that any legal proceedings pending against or involving Polaris will have a material adverse effect on Polaris' financial position or results of operations.

Significant Accounting Policies (Tables)	9 Months Ended Sep. 30, 2011
Activity in Polaris Accrued Warranty Reserve	The activity in Polaris' accrued warranty reserve for the periods presented is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Accrued warranty reserve, beginning	$31,862	$24,661	$32,651	$25,520
Additions to warranty reserve through acquisitions	—	—	2,018	—
Additions charged to expense	13,155	11,689	29,672	32,567
Warranty claims paid	(8,293)	(6,748)	(27,617)	(28,485)
Accrued warranty reserve, ending	$36,724	$29,602	$36,724	$29,602

Derivative Instruments and Hedging Activities	9 Months Ended Sep. 30, 2011

Derivative Instruments and Hedging Activities

NOTE 10. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are foreign currency risk, interest rate risk and commodity price fluctuations. Derivative contracts on various currencies are entered into in order to manage foreign currency exposures associated with certain product sourcing activities and intercompany sales. Interest rate swaps are entered into in order to manage interest rate risk associated with the Company's variable-rate borrowings. Commodity hedging contracts are entered into in order to manage fluctuating market prices of certain purchased commodities and raw materials that are integrated into the Company's end products.

The Company's foreign currency management objective is to mitigate the potential impact of currency fluctuations on the value of its U.S. dollar cash flows and to reduce the variability of certain cash flows at the subsidiary level. The Company actively manages certain forecasted foreign currency exposures and uses a centralized currency management operation to take advantage of potential opportunities to naturally offset foreign currency exposures against each other. The decision of whether and when to execute derivative instruments, along with the duration of the instrument, can vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. Polaris does not use any financial contracts for trading purposes. At September 30, 2011, Polaris had the following open contracts (in thousands):

Foreign Currency	Notional Amounts (in US Dollars)	Unrealized Gain (Loss)
Australian Dollar	$ 11,136	$ 738
Canadian Dollar	246,403	10,786
Swedish Krona	2,327	80
Euro	1,439	(34)
Total	$ 261,305	$ 11,570

These contracts, with maturities through December 2012, met the criteria for cash flow hedges and the unrealized gains or losses, after tax, are recorded as a component of Accumulated other comprehensive income in Shareholders' Equity.

Polaris has entered into derivative contracts to hedge a portion of the exposure related to diesel fuel and aluminum for 2011 and 2012. These diesel fuel and aluminum derivative contracts did not meet the criteria for hedge accounting.

The table below summarizes the carrying values of derivative instruments as of September 30, 2011 and 2010 (in thousands):

	Carrying Values of Derivative Instruments as of September 30, 2011		
	Fair Value—Assets	Fair Value—(Liabilities)	Derivative Net Carrying Value

Derivatives designated as hedging instruments			
Foreign exchange contracts(1)	11,707	$ (137)	$ 11,570
Total derivatives designated as hedging instruments	11,707	$ (137)	$ 11,570
Commodity contracts(1)	$ —	(1,159)	$ (1,159)
Total derivatives not designated as hedging instruments	$ —	(1,159)	$ (1,159)
Total Derivatives	$ 11,707	$ (1,296)	$ 10,411

	Carrying Values of Derivative Instruments as of September 30, 2010		
	Fair Value— Assets	**Fair Value— (Liabilities)**	**Derivative Net Carrying Value**
Derivatives designated as hedging instruments			
Interest rate contracts(1)	—	$ (253)	$ (253)
Foreign exchange contracts(1)	$ 671	(785)	(114)
Total derivatives designated as hedging instruments	$ 671	$ (1,038)	$ (367)
Commodity contracts(1)	$ 2,144	$ (26)	$ 2,118
Total derivatives not designated as hedging instruments	$ 2,144	$ (26)	$ 2,118
Total Derivatives	$ 2,815	$ (1,064)	$ 1,751

(1) Assets are included in Prepaid expenses and other and liabilities are included in Other accrued expenses on the accompanying consolidated balance sheets.

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of Accumulated other comprehensive income and reclassified into the income statement in the same period or periods during which the hedged transaction affects the income statement. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in the current income statement. The table below provides data about the amount of gains and losses, net of tax, related to derivative instruments designated as cash flow hedges included in Accumulated other comprehensive income for the three and nine months ended September 30 (in thousands):

Derivatives in Cash Flow Hedging Relationships	**For the Three Months Ended September 30, 2011**	**2010**	**For the Nine Months Ended September 30, 2011**	**2010**
Interest rate contracts	$(6)	$101	$68	$279
Foreign currency contracts	11,884	(3,436)	8,520	147
Total	$11,878	$(3,335)	$8,588	$426

The table below provides data about the amount of gains and losses, net of tax, reclassified from Accumulated other comprehensive income into income (loss) on derivative instruments designated as hedging instruments for the three and nine month periods ended September 30, 2011 and 2010 (in thousands):

Derivatives in Cash Flow Hedging Relationships	**Location of Gain (Loss) Reclassified from Accumulated OCI Into Income**	**For the Three Months Ended September 30, 2011**	**2010**	**For the Nine Months Ended September 30, 2011**	**2010**
Interest rate contracts	Interest expense	$—	$(278)	$(152)	$(866)
Foreign currency contracts	Other expense (income) net	1,328	(1,695)	3,350	(1,138)
Foreign currency contracts	Cost of Sales	—	—	—	24
Total		$1,328	$(1,973)	$3,198	$(1,980)

The net amount of the existing gains or losses at September 30, 2011 that is expected to be reclassified into the income statement within the next 12 months is expected to not be material. The ineffective portion of foreign currency contracts was not material for the three and nine months ended September 30, 2011.

The Company recognized a loss of $1,342,000 and a loss of $681,000 in Cost of sales on commodity contracts not designated as hedging instruments for the three and nine month periods ended September 30, 2011, respectively, versus a gain of $1,071,000 and a loss of $1,367,000 for the three and nine month periods ended September 30, 2010.

Financing Agreement - Additional Information (Detail) (USD $)	9 Months Ended				1 Months Ended		
	Sep. 30, 2011	Aug. 31, 2011	Mar. 31, 2011	Dec. 31, 2010	Dec. 31, 2010 Master Notes	Dec. 31, 2010 Master Notes Senior Unsecured Notes, 3.81 Percent, Due May 2018	Dec. 31, 2010 Master Notes Senior Unsecured Notes, 4.60 Percent, Due May 2021
Line of Credit Facility [Line Items]							
Borrowings under credit agreement	$ 250,000,000						
Line of credit outstanding amount	0		200,000,000	200,000,000			
Cash on hand	100,000,000						
Loan agreement expiration date	2016-08						
Long term debt	100,000,000		100,000,000	100,000,000			
Unsecured revolving loan facility		350,000,000					
Issuance of senior notes						$ 25,000,000	$ 75,000,000
Interest rate for purchase agreement						3.81%	4.60%
Maturity date						2018-05	2021-05
Issuance date of senior notes					2011-05		

Shareholders' Equity

Shareholders' Equity	9 Months Ended Sep. 30, 2011

[Shareholders' Equity]

NOTE 8. Shareholders' Equity

During the first nine months of 2011, Polaris paid $62,462,000 to repurchase and retire approximately 1,442,000 shares (post-split) of its common stock related primarily to open market share repurchases. As of September 30, 2011, the Company has authorization from its Board of Directors to repurchase up to an additional 4,795,000 shares of Polaris stock. The repurchase of any or all such shares authorized for repurchase will be governed by applicable SEC rules and dependent on management's assessment of market conditions. Polaris paid a regular cash dividend of $0.225 per share (post-split) on August 15, 2011 to holders of record on August 1, 2011. On October 20, 2011, the Polaris Board of Directors declared a regular cash dividend of $0.225 per share payable on November 15, 2011 to holders of record of such shares at the close of business on November 1, 2011. Cash dividends declared per common share for the third quarter and year-to-date periods is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Cash Dividends Declared Per Common Share	$ 0.225	$ 0.20	$ 0.675	$ 0.60

Net Income per Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during each period, including shares earned under the nonqualified deferred compensation plan ("Director Plan"), the ESOP and deferred stock units under the Omnibus Incentive Plan ("Omnibus Plan"). Diluted earnings per share is computed under the treasury stock method and is calculated to compute the dilutive effect of outstanding stock options issued under the 1995 Stock Option Plan and the 2003 Non-Employee Director Stock Option Plan (collectively, the "Option Plans") and the Omnibus Plan and certain shares issued under the Restricted Stock Plan ("Restricted Plan"). A reconciliation of these amounts is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average number of common shares outstanding	68,449	66,251	68,284	65,886
Director plan and deferred stock units	349	313	339	328
ESOP	139	247	138	273
Common shares outstanding — basic	68,937	66,811	68,761	66,487
Dilutive effect of Restricted Plan and Omnibus Plan	186	135	178	127
Dilutive effect of Option Plans and Omnibus Plan	2,166	1,807	2,117	1,636
Common and potential common shares outstanding — diluted	71,289	68,753	71,056	68,250

During the third quarter and year-to-date periods ending September 30, 2011, the number of options that could potentially dilute earnings per share on a fully diluted basis that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive were approximately 44,000 and 530,000, respectively, compared to 738,000 and 1,236,000, respectively, for the same periods in 2010.

Comprehensive Income

Comprehensive income represents net income adjusted for foreign currency translation adjustments, realized and unrealized gains or losses on available for sale securities and deferred gains or losses on derivative instruments utilized to hedge Polaris' interest and foreign exchange exposures. Comprehensive income is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Net income	$67,637	$47,221	$163,676	$92,616
Other comprehensive income:				
Foreign currency translation adjustments, net of tax benefit of $2,527 and $6,318 in 2011, and tax benefit of $383 and tax of $203 in 2010	(4,189)	6,667	4,390	2,356
Reclassification of unrealized loss on available for sale securities to the income statement	—	(387)	—	382
Unrealized loss on available for sale securities, net of tax	—	387	—	—
Unrealized (loss) gain on derivative instruments, net of tax of $7,063 and $5,105 in 2011 and tax benefit of $2,010 and tax of $256 in 2010	11,878	(3,335)	8,588	426
Comprehensive income	$75,326	$50,553	$176,654	$95,780

Changes in the Accumulated other comprehensive income balances are as follows (in thousands):

	Foreign Currency Items	Cash Flow Hedging Derivatives	Accumulated Other Comprehensive Income
Balance at December 31, 2010	$ 6,991	$ (1,093)	$ 5,898
Reclassification to the income statement	—	3,198	3,198
Change in fair value	4,390	5,390	9,780
Balance at September 30, 2011	$ 11,381	$ 7,495	$ 18,876

Summary of the Exit Costs (Detail) (USD $) In Thousands	3 Months Ended Sep. 30, 2011	9 Months Ended Sep. 30, 2011
Restructuring Cost and Reserve [Line Items]		
Total Amount Expected to be Incurred	$ 7,500	
Amount Incurred during the period	377	7,035
Employee Termination Benefits		
Restructuring Cost and Reserve [Line Items]		
Total Amount Expected to be Incurred	6,400	
Amount Incurred during the period	111	6,152
Other Restructuring		
Restructuring Cost and Reserve [Line Items]		
Total Amount Expected to be Incurred	1,100	
Amount Incurred during the period	$ 266	$ 883

Significant Accounting Policies

Significant Accounting Policies

9 Months Ended Sep. 30, 2011

NOTE 1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and, therefore, do not include all information and disclosures of results of operations, financial position and changes in cash flow in conformity with accounting principles generally accepted in the United States for complete financial statements. Accordingly, such statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2010 previously filed with the Securities and Exchange Commission. In the opinion of management, such statements reflect all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Due to the seasonality of the Snowmobiles; Off-Road Vehicles ("ORV"), which includes all-terrain vehicles ("ATV") and side-by-side vehicles; On-Road Vehicles, which is comprised of motorcycles and electric vehicles; and Parts, Garments and Accessories ("PG&A") businesses, and to certain changes in production and shipping cycles, results of such periods are not necessarily indicative of the results to be expected for the complete year.

During the third quarter, the Board of Directors declared a two-for-one split of the Company's outstanding shares of Common Stock. On September 12, 2011, Polaris shareholders received one additional share of Common Stock for each share they held of record at the close of business on September 2, 2011.

Product Warranties

Polaris provides a limited warranty for ORVs for a period of six months and for a period of one year for its snowmobiles and motorcycles. Polaris may provide longer warranties related to certain promotional programs, as well as longer warranties in certain geographical markets as determined by local regulations and market conditions. Polaris' standard warranties require the Company or its dealers to repair or replace defective product during such warranty period at no cost to the consumer. The warranty reserve is established at the time of sale to the dealer or distributor based on management's best estimate using historical rates and trends. Adjustments to the warranty reserve are made from time to time as actual claims become known in order to properly estimate the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors that could have an impact on the warranty accrual in any given period include the following: improved manufacturing quality, shifts in product mix, changes in warranty coverage periods, snowfall and its impact on snowmobile usage, product recalls and any significant changes in sales volume. The activity in Polaris' accrued warranty reserve for the periods presented is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Accrued warranty reserve, beginning	$31,862	$24,661	$32,651	$25,520

Additions to warranty reserve through acquisitions	—	—	2,018	—
Additions charged to expense	13,155	11,689	29,672	32,567
Warranty claims paid	(8,293)	(6,748)	(27,617)	(28,485)
Accrued warranty reserve, ending	$36,724	$29,602	$36,724	$29,602

Financing Agreement	9 Months Ended Sep. 30, 2011
Financing Agreement	

NOTE 4. Financing Agreement

In August 2011, Polaris entered into a new $350,000,000 unsecured revolving loan facility. The new bank agreement expires in August 2016. There were no borrowings under this revolving loan facility at September 30, 2011. Prior to August 2011, Polaris was a party to an unsecured bank agreement comprised of a $250,000,000 revolving loan facility for working capital needs. As part of the previous bank agreement, the Company had a $200,000,000 term loan outstanding at December 31, 2010 and March 31, 2011, which was paid off in its entirety in May 2011 with the issuance of the Senior Notes described below and $100,000,000 of cash on hand. In anticipation of the Senior Notes being issued in May 2011, the Company classified $100,000,000 of the $200,000,000 term loan outstanding as of December 31, 2010 as a long-term liability in the respective consolidated balance sheet.

In December 2010, the Company entered into a Master Note Purchase Agreement to issue $25,000,000 of 3.81 percent unsecured Senior Notes due May 2018 and $75,000,000 of 4.60 percent unsecured Senior Notes due May 2021 (collectively, "The Senior Notes"). The Senior Notes were issued in May 2011.

The unsecured revolving loan facility and the Master Note Purchase Agreement require Polaris to maintain certain financial ratios including minimum interest coverage and a maximum leverage ratio. Polaris was in compliance with each of the covenants as of September 30, 2011.

Cash Dividends Declared Per Common Share (Detail) (USD $)	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Cash Dividends Declared Per Common Share	$ 0.225	$ 0.200	$ 0.675	$ 0.600

Major Components of Inventories (Detail) (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Raw materials and purchased components	$ 69,521	$ 35,580
Service parts, garments and accessories	70,883	60,813
Finished goods	213,825	155,744
Less: reserves	(15,944)	(16,210)
Inventories	$ 338,285	$ 235,927

Manufacturing Realignment - Additional Information (Detail) (USD $)	3 Months Ended Sep. 30, 2011
Restructuring Cost and Reserve [Line Items]	
Total Amount Expected to be Incurred	$ 7,500,000
Previously estimated restructuring cost during period	$ 10,000,000

Financial Services Arrangements	9 Months Ended Sep. 30, 2011
Financial Services Arrangements	

NOTE 5. Financial Services Arrangements

In 1996, a wholly-owned subsidiary of Polaris entered into a partnership agreement with an entity that is now a subsidiary of GE Commercial Distribution Finance Corporation ("GECDF") to form Polaris Acceptance. Polaris' subsidiary has a 50 percent equity interest in Polaris Acceptance. In November 2006, Polaris Acceptance sold a majority of its receivable portfolio (the "Securitized Receivables") to a securitization facility ("Securitization Facility") arranged by General Electric Capital Corporation, a GECDF affiliate, and the partnership agreement was amended to provide that Polaris Acceptance would continue to sell portions of its receivable portfolio to the Securitization Facility from time to time on an ongoing basis. The sale of receivables from Polaris Acceptance to the Securitization Facility is accounted for in Polaris Acceptance's financial statements as a "true-sale" under ASC Topic 860. Substantially all of Polaris' U.S. sales are financed through Polaris Acceptance and the Securitization Facility whereby Polaris receives payment within a few days of shipment of the product. The net amount financed for dealers under this arrangement at September 30, 2011, including both the portfolio balance in Polaris Acceptance and the Securitized Receivables, was $535,058,000 which includes $203,549,000 in the Polaris Acceptance portfolio and $331,509,000 of Securitized Receivables. Polaris has agreed to repurchase products repossessed by Polaris Acceptance or the Securitization Facility up to an annual maximum of 15 percent of the aggregate average month-end balances outstanding during the prior calendar year with respect to receivables retained by Polaris Acceptance and Securitized Receivables. For calendar year 2011, the potential 15 percent aggregate repurchase obligation is approximately $74,073,000. Polaris' financial exposure under this arrangement is limited to the difference between the amount paid to the finance company for repurchases and the amount received on the resale of the repossessed product. No material losses have been incurred under this agreement. Polaris' total investment in Polaris Acceptance at September 30, 2011 of $37,273,000 is accounted for under the equity method, and is recorded as Investment in finance affiliate in the accompanying consolidated balance sheets. Polaris' allocable share of the income of Polaris Acceptance and the Securitization Facility has been included as a component of Income from financial services in the accompanying consolidated statements of income. During February 2011, Polaris and GECDF amended and restated its Polaris Acceptance partnership agreement through February 2017 with similar terms to the previous agreement.

In August 2005, a wholly-owned subsidiary of Polaris entered into a multi-year contract with HSBC Bank Nevada, National Association ("HSBC"), formerly known as Household Bank (SB), N.A., under which HSBC manages the Polaris private label credit card program under the StarCard label, currently providing revolving retail credit for Polaris products. During the 2010 second quarter, Polaris and HSBC extended the agreement to October 2013. Polaris' income generated from the HSBC agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

In April 2006, a wholly-owned subsidiary of Polaris entered into a multi-year contract with GE Money Bank ("GE Bank") under which GE Bank makes available closed-end installment consumer and commercial credit to customers of Polaris dealers for both Polaris and non-Polaris products. In November 2010, the Company extended its installment credit agreement to March 2016 under which GE Bank provides installment credit lending for motorcycles. Polaris' income generated from the GE Bank agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

In January 2009, a wholly-owned subsidiary of Polaris entered into a multi-year contract with Sheffield Financial ("Sheffield") pursuant to which Sheffield agreed to make available closed-end installment consumer and commercial credit to customers of Polaris dealers for Polaris products. In October 2010, Polaris extended its installment credit agreement to February 2016 under which Sheffield provides installment credit lending for ORVs, Snowmobiles and certain other Polaris products. Polaris' income generated from the Sheffield agreement has been included as a component of Income from financial services in the accompanying consolidated statements of income.

Polaris also provides extended service contracts to consumers and certain insurance contracts to dealers and consumers through various third-party suppliers. Polaris does not retain any warranty, insurance or financial risk in any of these arrangements. Polaris' service fee income generated from these arrangements has been included as a component of Income from financial services in the accompanying consolidated statements of income.

Comprehensive Income (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Net income	$ 67,637	$ 47,221	$ 163,676	$ 92,616
Other comprehensive income:				
Foreign currency translation adjustments, net of tax benefit of $2,527 and $6,318 in 2011, and tax benefit of $383 and tax of $203 in 2010	(4,189)	6,667	4,390	2,356
Reclassification of unrealized loss on available for sale securities to the income statement		(387)		382
Unrealized loss on available for sale securities, net of tax		387		
Unrealized (loss) gain on derivative instruments, net of tax of $7,063 and $5,105 in 2011 and tax benefit of $2,010 and tax of $256 in 2010	11,878	(3,335)	8,588	426
Comprehensive income	$ 75,326	$ 50,553	$ 176,654	$ 95,780

Activity in Polaris Accrued Warranty Reserve (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Product Liability Contingency [Line Items]				
Accrued warranty reserve, beginning	$ 31,862	$ 24,661	$ 32,651	$ 25,520
Additions to warranty reserve through acquisitions			2,018	
Additions charged to expense	13,155	11,689	29,672	32,567
Warranty claims paid	(8,293)	(6,748)	(27,617)	(28,485)
Accrued warranty reserve, ending	$ 36,724	$ 29,602	$ 36,724	$ 29,602

Financial Services Arrangements - Additional Information (Detail) (USD $)	Sep. 30, 2011	Dec. 31, 2010
Investments in and Advances to Affiliates [Line Items]		
Amount financed for dealers under the arrangement, net	$ 535,058,000	
Aggregate repurchase obligation, amount	74,073,000	
Polaris Acceptance		
Investments in and Advances to Affiliates [Line Items]		
Equity method investment ownership percentage	50.00%	
Amount financed for dealers under the arrangement, net	203,549,000	
Securitized Receivables		
Investments in and Advances to Affiliates [Line Items]		
Amount financed for dealers under the arrangement, net	331,509,000	
Finance		
Investments in and Advances to Affiliates [Line Items]		
Investments in finance affiliate	$ 37,273,000	$ 37,169,000
Maximum		
Investments in and Advances to Affiliates [Line Items]		
Aggregate repurchase obligation, amount, percentage	15.00%	

Reconciliation of Weighted Average Number Shares (Detail) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Weighted Average Number of Shares Outstanding [Line Items]				
Weighted average number of common shares outstanding	68,449	66,251	68,284	65,886
Director Plan and Deferred stock units	349	313	339	328
ESOP	139	247	138	273
Common shares outstanding - basic	68,937	66,811	68,761	66,487
Common and potential common shares outstanding - diluted	71,289	68,753	71,056	68,250
Restricted Plan And Omnibus Plan Member				
Weighted Average Number of Shares Outstanding [Line Items]				
Dilutive effect	186	135	178	127
Option Plans And Omnibus Plan Member				
Weighted Average Number of Shares Outstanding [Line Items]				
Dilutive effect	2,166	1,807	2,117	1,636

Share-Based Employee Compensation - Additional Information (Detail) (USD $)	9 Months Ended Sep. 30, 2011 Year
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Unrecognized compensation cost related to unvested share-based awards	$ 23,995,000
Weighted average period of recognition of unvestested share-based awards (in years)	1.8
Stock Options	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Unrecognized compensation cost related to unvested share-based awards	16,721,000
Restricted Stock	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Unrecognized compensation cost related to unvested share-based awards	$ 7,274,000

Significant Accounting Policies (Policies)	9 Months Ended Sep. 30, 2011
Basis of Presentation	*Basis of Presentation* The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and, therefore, do not include all information and disclosures of results of operations, financial position and changes in cash flow in conformity with accounting principles generally accepted in the United States for complete financial statements. Accordingly, such statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2010 previously filed with the Securities and Exchange Commission. In the opinion of management, such statements reflect all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Due to the seasonality of the Snowmobiles; Off-Road Vehicles ("ORV"), which includes all-terrain vehicles ("ATV") and side-by-side vehicles; On-Road Vehicles, which is comprised of motorcycles and electric vehicles; and Parts, Garments and Accessories ("PG&A") businesses, and to certain changes in production and shipping cycles, results of such periods are not necessarily indicative of the results to be expected for the complete year.
Product Warranties	*Product Warranties* Polaris provides a limited warranty for ORVs for a period of six months and for a period of one year for its snowmobiles and motorcycles. Polaris may provide longer warranties related to certain promotional programs, as well as longer warranties in certain geographical markets as determined by local regulations and market conditions. Polaris' standard warranties require the Company or its dealers to repair or replace defective product during such warranty period at no cost to the consumer. The warranty reserve is established at the time of sale to the dealer or distributor based on management's best estimate using historical rates and trends. Adjustments to the warranty reserve are made from time to time as actual claims become known in order to properly estimate the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors that could have an impact on the warranty accrual in any given period include the following: improved manufacturing quality, shifts in product mix, changes in warranty coverage periods, snowfall and its impact on snowmobile usage, product recalls and any significant changes in sales volume.

Investments in Manufacturing Affiliates	9 Months Ended Sep. 30, 2011
Investments in Manufacturing Affiliates	

NOTE 6. Investments in Manufacturing Affiliates

The caption Investments in manufacturing affiliates in the consolidated balance sheets represents Polaris' 40 percent equity ownership investment in Robin Manufacturing, U.S.A. ("Robin"), which builds engines in the United States for recreational and industrial products. The Robin facility was closed during the third quarter 2011 as the production volume of engines made at the facility has declined significantly in recent years. Polaris expects to receive a payment for its equity investment during the 2011 fourth quarter. In the third quarter of 2010, the Company sold its remaining equity investment in the Austrian motorcycle company, KTM Power Sports AG ("KTM") which manufactures off-road and on-road motorcycles. Prior to the sale of the KTM investment, the Company owned less than 5 percent of KTM's outstanding shares. The KTM investment, prior to the sale, had been classified as available for sale securities under ASC Topic 320.

Inventories (Tables)

9 Months Ended Sep. 30, 2011

Major Components of Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The major components of inventories are as follows (in thousands):

	September 30, 2011	December 31, 2010
Raw materials and purchased components	$ 69,521	$ 35,580
Service parts, garments and accessories	70,883	60,813
Finished goods	213,825	155,744
Less: reserves	(15,944)	(16,210)
Inventories	$ 338,285	$ 235,927

Shareholders' Equity - Additional Information (Detail) (USD $)	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Stockholders Equity Note [Line Items]				
Repurchase and retirement of common stock			$ 62,462,000	
Repurchase and retirement of common stock, shares			1,442,000	
Repurchase of common stock, shares authorized to repurchase	4,795,000		4,795,000	
Cash dividend paid	$ 0.225			
Cash dividend paid, Payment date	Aug. 15, 2011			
Cash dividend paid, record date	Aug. 01, 2011			
Cash dividend declared	$ 0.225		$ 0.225	
Cash dividend declared, date	Oct. 20, 2011			
Cash dividends declared, payable date	Nov. 15, 2011			
Cash dividends declared, record date	Nov. 01, 2011			
Common stock excluded from calculation of diluted earnings per share	44,000	738,000	530,000	1,236,000

Share-Based Compensation Expenses (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Option plan	$ 2,326	$ 1,424	$ 7,047	$ 3,993
Other share-based awards	3,572	16,305	43,899	33,755
Total share-based compensation before tax	5,898	17,729	50,946	37,748
Tax benefit	2,243	6,883	19,338	14,742
Total share-based compensation expense included in net income	$ 3,655	$ 10,846	$ 31,608	$ 23,006

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Operating Activities:		
Net income	$ 163,676	$ 92,616
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash impairment charge on securities held for sale		(825)
Depreciation and amortization	50,692	49,616
Noncash compensation	14,815	13,460
Noncash income from financial services	(3,398)	(3,313)
Noncash loss from manufacturing affiliates	127	1,203
Deferred income taxes	(6,404)	(4,423)
Changes in current operating items:		
Trade receivables	(17,563)	(7,745)
Inventories	(96,474)	(100,463)
Accounts payable	73,207	62,387
Accrued expenses	27,243	52,031
Income taxes payable/receivable	(8,542)	(3,086)
Prepaid expenses and others, net	700	5,455
Net cash provided by operating activities	198,079	156,913
Investing Activities:		
Purchase of property and equipment	(62,474)	(35,040)
Investments in finance affiliate, net	3,294	11,166
Proceeds from sale of securities available for sale		9,601
Acquisition of business, net of cash acquired	(27,960)	(2,500)
Net cash used for investing activities	(87,140)	(16,773)
Financing Activities:		
Borrowings under senior notes	100,000	
Repayments under credit agreement	(200,000)	
Repurchase and retirement of common shares	(62,462)	(27,486)
Cash dividends to shareholders	(46,147)	(39,538)
Tax effect of proceeds from share-based compensation exercises	13,361	7,502
Proceeds from stock issuances under employee plans	28,005	43,653
Net cash used for financing activities	(167,243)	(15,869)
Impact of currency translation on cash balances	(1,876)	
Net (decrease) increase in cash and cash equivalents	(58,180)	124,271
Cash and cash equivalents at beginning of period	393,927	140,240
Cash and cash equivalents at end of period	$ 335,747	$ 264,511

Goodwill and Other Intangible Assets (Tables)	9 Months Ended Sep. 30, 2011

Changes in the net carrying amount of goodwill

The changes in the net carrying amount of goodwill for the three and nine months ended September 30, 2011 and 2010 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Goodwill, beginning	$35,696	$26,554	$28,354	$25,869
Goodwill acquired during the period	—	—	6,865	690
Translation and other adjustments	(653)	230	(176)	225
Goodwill, ending	$35,043	$26,784	$35,043	$26,784

Other intangible assets the changes in the net carrying amount

For other intangible assets the changes in the net carrying amount for the three and nine months ended September 30, 2011 and 2010 were as follows (in thousands):

	Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other Intangible assets, beginning	$25,665	$(483)	$3,147	$(188)
Other Intangible assets acquired during the period	—	—	22,110	—
Amortization expense	—	(327)	—	(599)
Foreign currency translation effect on balances	(255)	15	153	(8)
Other Intangible assets, ending	$25,410	$(795)	$25,410	$(795)

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other Intangible assets, beginning	$1,090	$(65)	—	—
Other Intangible assets acquired during the period	—	—	$1,111	—

Amortization expense	—	(50)	—	$(115)
Foreign currency translation effect on balances	121	—	100	—
Other Intangible assets, ending	$1,211	$(115)	$1,211	$(115)

The components of other amortizable intangible assets

The components of other intangible assets were as follows (in thousands):

September 30, 2011	Estimated Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
Non-compete agreements	5	$240	$(12)	$228
Dealer/customer related	7	3,740	(151)	3,589
Developed technology	7	4,700	(632)	4,068
Total amortizable		8,680	(795)	7,885
Non-amortizable — brand names		16,730	—	16,730
Total other intangible assets, net		$25,410	$(795)	$24,615

September 30, 2010	Estimated Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net
Developed technology	7	$ 1,211	$(115)	$ 1,096
Total other intangible assets, net		$1,211	$(115)	$1,096

Changes in the Accumulated Other Comprehensive Income (Loss) Balances (Detail) (USD $) In Thousands	9 Months Ended Sep. 30, 2011
Accumulated Other Comprehensive Income (Loss) [Line Items]	
Beginning Balance	$ 5,898
Reclassification to the income statement	3,198
Change in fair value	9,780
Ending Balance	18,876
Foreign Currency Items	
Accumulated Other Comprehensive Income (Loss) [Line Items]	
Beginning Balance	6,991
Change in fair value	4,390
Ending Balance	11,381
Cash Flow Hedging	
Accumulated Other Comprehensive Income (Loss) [Line Items]	
Beginning Balance	(1,093)
Reclassification to the income statement	3,198
Change in fair value	5,390
Ending Balance	$ 7,495

Derivative Instruments and Hedging Activities (Tables)

9 Months Ended Sep. 30, 2011

Open Contracts

At September 30, 2011, Polaris had the following open contracts (in thousands):

Foreign Currency	Notional Amounts (in US Dollars)	Unrealized Gain (Loss)
Australian Dollar	$ 11,136	$ 738
Canadian Dollar	246,403	10,786
Swedish Krona	2,327	80
Euro	1,439	(34)
Total	$ 261,305	$ 11,570

Carrying Values of Derivative Instruments

The table below summarizes the carrying values of derivative instruments as of September 30, 2011 and 2010 (in thousands):

	Carrying Values of Derivative Instruments as of September 30, 2011		
	Fair Value—Assets	Fair Value—(Liabilities)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Foreign exchange contracts(1)	11,707	$ (137)	$ 11,570
Total derivatives designated as hedging instruments	11,707	$ (137)	$ 11,570
Commodity contracts(1)	$ —	(1,159)	$ (1,159)
Total derivatives not designated as hedging instruments	$ —	(1,159)	$ (1,159)
Total Derivatives	$ 11,707	$ (1,296)	$ 10,411

	Carrying Values of Derivative Instruments as of September 30, 2010		
	Fair Value—Assets	Fair Value—(Liabilities)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Interest rate contracts(1)	—	$ (253)	$ (253)
Foreign exchange contracts(1)	$ 671	(785)	(114)
Total derivatives designated as hedging instruments	$ 671	$ (1,038)	$ (367)
Commodity contracts(1)	$ 2,144	$ (26)	$ 2,118

Total derivatives not designated as hedging instruments	$ 2,144	$ (26)	$ 2,118
Total Derivatives	$ 2,815	$ (1,064)	$ 1,751

(1) Assets are included in Prepaid expenses and other and liabilities are included in Other accrued expenses on the accompanying consolidated balance sheets.

Gains and Losses, Net of Tax, Related to Derivative Instruments Designated as Cash Flow Hedges Included in the Accumulated Other Comprehensive Income, Net

The table below provides data about the amount of gains and losses, net of tax, related to derivative instruments designated as cash flow hedges included in Accumulated other comprehensive income for the three and nine months ended September 30 (in thousands):

Derivatives in Cash Flow Hedging Relationships	For the Three Months Ended September 30, 2011	2010	For the Nine Months Ended September 30, 2011	2010
Interest rate contracts	$(6)	$101	$ 68	$ 279
Foreign currency contracts	11,884	(3,436)	8,520	147
Total	$11,878	$(3,335)	$ 8,588	$ 426

Gains and Losses, Net of Tax, Reclassified from Accumulated Other Comprehensive Income into Income on Derivative Instruments Designated as Hedging Instruments

The table below provides data about the amount of gains and losses, net of tax, reclassified from Accumulated other comprehensive income into income (loss) on derivative instruments designated as hedging instruments for the three and nine month periods ended September 30, 2011 and 2010 (in thousands):

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated OCI Into Income	For the Three Months Ended September 30, 2011	2010	For the Nine Months Ended September 30, 2011	2010
Interest rate contracts	Interest expense	$—	$(278)	$(152)	$(866)
Foreign currency contracts	Other expense (income) net	1,328	(1,695)	3,350	(1,138)
Foreign currency contracts	Cost of Sales	—	—	—	24
Total		$1,328	$(1,973)	$3,198	$(1,980)

Share-Based Employee Compensation

9 Months Ended Sep. 30, 2011

Share-Based Employee Compensation

NOTE 2. Share-Based Employee Compensation

The amount of compensation cost for share-based awards to be recognized during a period is based on the portion of the awards that are ultimately expected to vest. The Company estimates option forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company analyzes historical data to estimate pre-vesting forfeitures and records share compensation expense for those awards expected to vest.

Total share-based compensation expenses are as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Option plan	$ 2,326	$ 1,424	$ 7,047	$ 3,993
Other share-based awards	3,572	16,305	43,899	33,755
Total share-based compensation before tax	5,898	17,729	50,946	37,748
Tax benefit	2,243	6,883	19,338	14,742
Total share-based compensation expense included in net income	$ 3,655	$ 10,846	$ 31,608	$ 23,006

In addition to the above share-based compensation expense, Polaris sponsors a qualified non-leveraged employee stock ownership plan ("ESOP"). Shares allocated to eligible participants' accounts vest at various percentage rates based on years of service and require no cash payments from the recipient.

At September 30, 2011 there was $23,995,000 of total unrecognized share-based compensation expense related to unvested share-based awards. Unrecognized share-based compensation expense is expected to be recognized over a weighted-average period of 1.8 years. Included in unrecognized share-based compensation is $16,721,000 related to stock options and $7,274,000 related to restricted stock.

Fair Value Measurements	9 Months Ended Sep. 30, 2011

Fair Value Measurements

NOTE 11. Fair Value Measurements

ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company utilizes the market approach to measure fair value for its non-qualified deferred compensation assets and the income approach for the interest rate swap agreements, foreign currency contracts and commodity contracts. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities and for the income approach the Company uses significant other observable inputs such as quotations from third parties, to value its derivative instruments used to hedge interest rate volatility and foreign currency and commodity transactions (see Note 10 for additional details). Assets and liabilities measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements as of September 30, 2011			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-qualified deferred compensation assets	$3,257	$3,257	—	—
Foreign exchange contracts, net	11,570	—	$11,570	—
Commodity contracts	(1,159)	—	(1,159)	—
Total	$13,668	$3,257	$10,411	—

Investment in Manufacturing Affiliates - Additional Information (Detail)	9 Months Ended
	Sep. 30, 2011
Robin Manufacturing	
Investments in and Advances to Affiliates [Line Items]	
Percentage of ownership interest	40.00%
KTM Power Sports AG | Available-for-sale Securities | Maximum	
Investments in and Advances to Affiliates [Line Items]	
Percentage of outstanding shares owned	5.00%

Share-Based Employee Compensation (Tables)

9 Months Ended Sep. 30, 2011

Share-Based Compensation Expenses

Total share-based compensation expenses are as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Option plan	$ 2,326	$ 1,424	$ 7,047	$ 3,993
Other share-based awards	3,572	16,305	43,899	33,755
Total share-based compensation before tax	5,898	17,729	50,946	37,748
Tax benefit	2,243	6,883	19,338	14,742
Total share-based compensation expense included in net income	$ 3,655	$ 10,846	$ 31,608	$ 23,006

CONSOLIDATED BALANCE SHEETS (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Current Assets:		
Cash and cash equivalents	$ 335,747	$ 393,927
Trade receivables, net	108,889	89,294
Inventories, net	338,285	235,927
Prepaid expenses and other	37,762	21,628
Income taxes receivable	9,037	
Deferred tax assets	62,269	67,369
Total current assets	891,989	808,145
Property and equipment, net	198,018	184,011
Deferred tax assets	10,240	
Goodwill and other intangible assets, net	59,658	31,313
Total Assets	1,198,060	1,061,647
Current Liabilities:		
Current portion of long-term borrowings under credit agreement		100,000
Accounts payable	187,780	113,248
Accrued expenses:		
Compensation	160,414	126,781
Warranties	36,724	32,651
Sales promotions and incentives	80,234	75,494
Dealer holdback	61,196	79,688
Other	66,189	52,194
Income taxes payable	1,598	2,604
Current liabilities of discontinued operations	1,550	1,550
Total current liabilities	595,685	584,210
Long-term income taxes payable	7,156	5,509
Deferred income taxes		937
Long-term debt	100,000	100,000
Total liabilities	702,841	690,656
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, 68,679 and 68,468 shares issued and outstanding	687	685
Additional paid-in capital	72,636	78,914
Retained earnings	403,020	285,494
Accumulated other comprehensive income, net	18,876	5,898
Total shareholders' equity	495,219	370,991
Total Liabilities and Shareholders' Equity	1,198,060	1,061,647
Finance		
Current Assets:		

Investments in affiliate	37,273	37,169
Manufacturing		
Current Assets:		
Investments in affiliate	$ 882	$ 1,009

Changes in the net carrying amount of goodwill (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Goodwill [Line Items]				
Goodwill beginning Balance	$ 35,696	$ 26,554	$ 28,354	$ 25,869
Goodwill acquired during the period			6,865	690
Translation and other adjustments	(653)	230	(176)	225
Goodwill ending Balance	$ 35,043	$ 26,784	$ 35,043	$ 26,784

Derivative Instruments and Hedging Activities - Additional Information (Detail) (Commodity Contract, Cost of Sales, USD $)	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Commodity Contract | Cost of Sales				
Derivative Instruments, Gain (Loss) [Line Items]				
Recognized gain (loss) in cost of sales on commodity contracts not designated as hedging instruments	$ (1,342,000)	$ 1,071,000	$ (681,000)	$ 1,367,000

Open Contracts (Detail) (USD $) In Thousands	9 Months Ended Sep. 30, 2011
Derivative [Line Items]	
Notional Amounts	$ 261,305
Unrealized Gain (Loss)	11,570
Cash Flow Hedging | Foreign Exchange Contract | Currency, Australian Dollar	
Derivative [Line Items]	
Notional Amounts	11,136
Unrealized Gain (Loss)	738
Cash Flow Hedging | Foreign Exchange Contract | Currency, Canadian Dollar	
Derivative [Line Items]	
Notional Amounts	246,403
Unrealized Gain (Loss)	10,786
Cash Flow Hedging | Foreign Exchange Contract | Currency, Swedish Krone	
Derivative [Line Items]	
Notional Amounts	2,327
Unrealized Gain (Loss)	80
Cash Flow Hedging | Foreign Exchange Contract | Currency, Euro	
Derivative [Line Items]	
Notional Amounts	1,439
Unrealized Gain (Loss)	$ (34)

Carrying Values of Derivative Instruments (Detail) (USD $) In Thousands	Sep. 30, 2011		Sep. 30, 2010	
Derivative [Line Items]				
Derivative Net Carrying Value	$ 10,411		$ 1,751	
Designated as Hedging Instrument				
Derivative [Line Items]				
Derivative Net Carrying Value	11,570		(367)	
Designated as Hedging Instrument | Foreign Exchange Contract				
Derivative [Line Items]				
Derivative Net Carrying Value	11,570	[1]	(114)	[1]
Designated as Hedging Instrument | Foreign Exchange Contract | Prepaid Expenses and Other Current Assets				
Derivative [Line Items]				
Fair Value- Assets	11,707	[1]	671	[1]
Designated as Hedging Instrument | Foreign Exchange Contract | Other Current Liabilities				
Derivative [Line Items]				
Fair Value- (Liabilities)	(137)	[1]	(785)	[1]
Designated as Hedging Instrument | Interest Rate Swap				
Derivative [Line Items]				
Derivative Net Carrying Value			(253)	[1]
Designated as Hedging Instrument | Interest Rate Swap | Other Current Liabilities				
Derivative [Line Items]				
Fair Value- (Liabilities)			(253)	[1]
Designated as Hedging Instrument | Prepaid Expenses and Other Current Assets				
Derivative [Line Items]				
Fair Value- Assets	11,707		671	
Designated as Hedging Instrument | Other Current Liabilities				
Derivative [Line Items]				
Fair Value- (Liabilities)	(137)		(1,038)	
Not Designated as Hedging Instrument				
Derivative [Line Items]				
Derivative Net Carrying Value	(1,159)		2,118	
Not Designated as Hedging Instrument | Commodity Contract				
Derivative [Line Items]				
Derivative Net Carrying Value	(1,159)	[1]	2,118	[1]
Not Designated as Hedging Instrument | Commodity Contract | Prepaid Expenses and Other Current Assets				
Derivative [Line Items]				
Fair Value- Assets			2,144	[1]

Not Designated as Hedging Instrument | Commodity Contract | Other Current Liabilities		
Derivative [Line Items]		
Fair Value- (Liabilities)	(1,159) [1]	(26) [1]
Not Designated as Hedging Instrument | Prepaid Expenses and Other Current Assets		
Derivative [Line Items]		
Fair Value- Assets		2,144
Not Designated as Hedging Instrument | Other Current Liabilities		
Derivative [Line Items]		
Fair Value- (Liabilities)	(1,159)	(26)
Prepaid Expenses and Other Current Assets		
Derivative [Line Items]		
Fair Value- Assets	11,707	2,815
Other Current Liabilities		
Derivative [Line Items]		
Fair Value- (Liabilities)	$ (1,296)	$ (1,064)

[1] Assets are included in Prepaid expenses and other and liabilities are included in Other accrued expenses on the accompanying consolidated balance sheets.

Other Intangible Assets The Changes In The Net Carrying Amount (Detail) (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Gross amount				
Other Intangible assets, beginning	$ 25,665	$ 1,090	$ 3,147	
Other Intangible assets acquired during the period			22,110	1,111
Amortization expense				
Foreign currency translation effect on balances	(255)	121	153	100
Other Intangible assets, ending	25,410	1,211	25,410	1,211
Accumulated amortization				
Other Intangible assets, beginning	(483)	(65)	(188)	
Other Intangible assets acquired during the period				
Amortization expense	(327)	(50)	(599)	(115)
Foreign currency translation effect on balances	15		(8)	
Other Intangible assets, ending	$ (795)	$ (115)	$ (795)	$ (115)