



POLARIS[®]

Polaris to Wind Down Victory Motorcycles Operations

Today (January 9, 2017) Polaris announced that the Company will cease the manufacturing of Victory Motorcycles, effective immediately.

Victory Motorcycles Operations – History

Victory began production in 1998 in Spirit Lake, Iowa

Decision to enter the heavyweight motorcycle market in 1998 stemmed from a desire to further diversify the Company's product lines

Only one other major U.S. heavyweight motorcycle Company in the market

Sales of Victory peaked in 2012 and has steadily declined over the subsequent years

In 2015, Victory represented only 3 percent of total Polaris sales; at retail, Victory dealers, on average, sold only about 20 units per year

In 2016, Victory outperformed the N.A. market in retail growth by 11 percentage points and was the number one brand in Net Promoter Score

The Company has lost money in Victory 3 of the past 5 years (2011–2015)



1998 Victory V92C

Strengthening Polaris' Position in Motorcycles

Focus shifting to Indian Motorcycle with higher growth potential

Worldwide recognizable brand

Better price point and more profitable economics

Motorcycle sales team efforts concentrated on remaining two brands

More R&D \$'s dedicated to Indian/Slingshot innovation

Improved on-brand dealerships, more effective promotions and increased floor space for remaining brands

Spirit Lake, Iowa and Spearfish, South Dakota plants focused primarily on Indian Motorcycle only; Slingshot production remains in Huntsville, Alabama

Indian
MOTORCYCLE

Acquired 2011



 SLINGSHOT

Est. 2014



More Focused Dealer Base

Less than 25 percent of North American Polaris dealers (~400) actively sell Victory Motorcycles today
 ~150 are combined Victory/Indian Motorcycle dealers

Polaris will continue to provide replacement parts, service and warranty to Victory dealers and customers

Victory dealers will be provided support in selling their remaining inventory

Polaris will assess opportunity for certain Victory only dealers to become Indian Motorcycle dealers

Indian distribution anticipated to increase ~1½ times over the next 3 to 5 years (currently ~350 Indian dealers globally)



Financial Impact

One-time costs associated with winding down Victory will be recorded in the 2017 income statement in respective sales, gross profit and operating expenses

Support Victory dealers in selling their remaining inventory

Disposal of factory inventory, tooling, and other physical assets

Cancellation of various supplier arrangements

Workforce reduction costs

Victory exit does not qualify as a “discontinued operations” event

One-time costs will be excluded from Company’s 2017 earnings guidance on a non-GAAP basis

The Company will release fourth quarter and full-year 2016 financial results and provide 2017 guidance on Tuesday, January 24, 2017