

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired Polaris securities between January 26, 2016 and September 11, 2016, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Polaris, together with its subsidiaries, designs, engineers, manufactures, and markets off-road vehicles, snowmobiles, motorcycles, and on-road vehicles in the United States, Canada, Western Europe, Australia, and Mexico. The Company markets its products under the RANGER, RZR, RANGER Crew, Polaris RUSH, Victory Vision, Victory Cross Roads, Cross Country, Indian Chief Classic, Indian Chief Vintage, Indian Chieftain, Roadmaster, Scout, Scout Sixty, Victory Magnum, and Hammerhead Off-Road brand names.

3. Polaris was founded in 1954 and is headquartered in Medina, Minnesota. The Company’s shares trade on the New York Stock Exchange (“NYSE”) under the ticker symbol “PII.”

4. On July 23, 2015, Polaris issued a recall for the Company’s model-year 2016 Youth RZR off-highway vehicle, citing fire hazards. Three other recalls of the Company’s RZR vehicles followed—in October 2015, December 2015, and April 2016—affecting more than 160,000 RZR vehicles of various model years.

5. Nevertheless, throughout the Class Period, Polaris consistently advised investors that the Company expected full year 2016 net income to be at least \$6.00 per diluted share. On January 26, 2016, Polaris issued a press release reporting full-year guidance in the range of \$6.20 to \$6.80 per diluted share; on April 21, 2016, Polaris issued a press release maintaining the same guidance estimate; and on July 20, 2016, Polaris issued a press release only slightly lowering and narrowing its guidance range to \$6.00 to \$6.30 per diluted share.

6. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) the Company was unable to sufficiently validate the initially identified repair for certain of its recalled RZR vehicles; (ii) as a result, the Company would ultimately need to implement a more complex and expensive repair solution; (iii) the financial impact of RZR vehicle recalls was therefore greater than the Company had disclosed to investors; (iv) consequently, the Company had overstated its full-year 2016 guidance; and (v) as a result of the foregoing, Polaris's public statements were materially false and misleading at all relevant times.

7. On September 12, 2016, pre-market, Polaris issued a press release announcing that the Company was lowering its full-year 2016 earnings guidance to the range of \$3.30 to \$3.80 per diluted share. The Company attributed the lowered guidance to the impact of RZR thermal-related problems, citing, in part, the Company's inability

“to sufficiently validate the initially identified RZR Turbo recall repair, necessitating a more complex and expensive repair solution.”

8. On this news, Polaris stock fell \$4.05, or 5.01%, to close at \$76.79 on September 12, 2016.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

12. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C. §1391(b), as Defendant Polaris is headquartered within this District.

13. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff, as set forth in the attached Certification, acquired Polaris securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

15. Defendant Polaris is incorporated in Minnesota, and the Company's principal executive offices are located at 2100 Highway 55, Medina, Minnesota 55340. Polaris's common stock trades on the NYSE under the ticker symbol "PII."

16. Defendant Scott W. Wine ("Wine") has served at all relevant times as the Company's Chief Executive Officer and Chairman, and as a member of the Company's Technology Committee.

17. Defendant Michael T. Speetzen ("Speetzen") has served at all relevant times as the Company's Chief Financial Officer and Executive Vice President of Finance.

18. The Defendants referenced above in ¶¶ 16-17 are sometimes collectively referred to herein as the "Individual Defendants."

SUBSTANTIVE ALLEGATIONS

Background

19. Polaris, together with its subsidiaries, designs, engineers, manufactures, and markets off-road vehicles, snowmobiles, motorcycles, and on-road vehicles in the United States, Canada, Western Europe, Australia, and Mexico. The Company markets its products under the RANGER, RZR, RANGER Crew, Polaris RUSH, Victory Vision, Victory Cross Roads, Cross Country, Indian Chief Classic, Indian Chief Vintage, Indian

Chieftain, Roadmaster, Scout, Scout Sixty, Victory Magnum, and Hammerhead Off-Road brand names.

20. On July 23, 2015, Polaris issued a recall for the Company's model-year 2016 Youth RZR off-highway vehicle, citing fire hazards. Two additional recalls of the Company's RZR vehicles followed shortly thereafter, in October and December 2015, both of which also cited fire hazards.

Materially False and Misleading Statements Issued During the Class Period

21. The Class Period begins on January 26, 2016, when Polaris issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter and year ended December 31, 2015 (the "2015 8-K"). In the 2015 8-K, Polaris stated, in part that the Company "expects full year 2016 net income to be in the range of ***\$6.20 to \$6.80 per diluted share***, with sales in the range of down 2% to up 3% compared to 2015." (Emphasis added.)

22. On April 21, 2016, Polaris issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended March 31, 2016 (the "Q1 2016 8-K"). For the quarter, Polaris reported net income of \$46.9 million, or \$0.71 per diluted share, compared to net income of \$88.6 million, or \$1.30 per diluted share, for the same period in the prior year. In the Q1 2016 8-K, Polaris stated, in part that the Company was "[m]aintaining guidance range for full year 2016 earnings of ***\$6.20 to \$6.80 per diluted share***, on sales in the range of down 2% to up 3% for the full year 2016." (Emphasis added.)

23. On April 19, 2016, Polaris announced that the Company was “voluntarily recalling certain RZR 900 and 1000 off-road vehicles manufactured since model year 2013 due to reports of thermal-related incidents, including fires.” The April 2016 recall was the Company’s fourth recall of RZR vehicles since July 2015.

24. On April 29, 2016, Polaris filed a Quarterly Report on Form 10-Q with the SEC, reiterating the financial and operating results previously announced in the Q1 2016 8-K and reporting in full the Company’s financial and operating results for the quarter ended March 31, 2016 (the “Q1 2016 10-Q”). In the Q1 2016 10-Q, with respect to the impact of RZR vehicle recalls, Polaris stated, in part:

During the quarter, the Company incurred additional warranty expense equating to approximately 120 basis points of negative impact to gross profit margins, related to ***increased warranty costs associated with a RZR side-by-side vehicle recall. . . .***

ORV [Off-Road Vehicle]/Snowmobiles. Gross profit dollars decreased twenty percent for the quarter, primarily due to decreased volumes, higher promotions and the negative impact of currency movements, partially offset by product cost reduction efforts. ***Gross profit was also negatively impacted by additional warranty expense incurred during the quarter related to performance issues on certain RZR side-by-side vehicles.***

(Emphases added.)

25. The Q1 2016 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by the Individual Defendants, stating that the financial information contained in the Q1 2016 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

26. On July 20, 2016, Polaris issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company’s financial and operating

results for the quarter ended June 30, 2016 (the “Q2 2016 8-K”). For the quarter, Polaris reported net income of \$71.2 million, or \$1.09 per diluted share, compared to net income of \$100.9 million, or \$1.49 per diluted share, for the same period in the prior year. In the Q2 2016 8-K, Polaris stated, in part that the Company was “[l]owering and narrowing guidance range for full year 2016 earnings to **\$6.00 to \$6.30 per diluted share**, on total Company sales in the range of down 2% to flat for the full year 2016.”

27. On July 22, 2016, Polaris filed a Quarterly Report on Form 10-Q with the SEC, reiterating the financial and operating results previously announced in the Q2 2016 8-K and reporting in full the Company’s financial and operating results for the quarter ended June 30, 2016 (the “Q2 2016 10-Q”). In the Q2 2016 10-Q, with respect to the impact of RZR vehicle recalls, Polaris stated that “[q]uarter and year-to-date sales, inclusive of [Parts, Garments and Accessories] sales, decreased, which reflects ongoing softness in North American retail sales in regions heavily dependent upon the oil markets, as well as ***negative impacts from recent recalls of certain products.***” (Emphasis added.)

28. The Q2 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2016 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

29. On July 25, 2016, post-market, Polaris issued a stop-ride/stop-sale advisory, pending a formal recall, for model-year 2016 RZR Turbo vehicles, again citing a potential fire hazard.

30. On this news, Polaris stock fell \$1.89, or 1.95%, to close at \$95.10 on July 26, 2016.

31. The statements referenced in ¶¶ 21-22 and 24-28 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) the Company was unable to sufficiently validate the initially identified repair for certain of its recalled RZR vehicles; (ii) as a result, the Company would ultimately need to implement a more complex and expensive repair solution; (iii) the financial impact of RZR vehicle recalls was therefore greater than the Company had disclosed to investors; (iv) consequently, the Company had overstated its full-year 2016 guidance; and (v) as a result of the foregoing, Polaris's public statements were materially false and misleading at all relevant times.

The Truth Emerges

32. On September 12, 2016, pre-market, Polaris issued a press release, announcing that as a result of "RZR thermal-related issues," the Company was significantly lowering its earnings guidance for the full year 2016 to the range of \$3.30 to \$3.80 per diluted share. The press release stated, in part:

The Company now expects full-year 2016 earnings to be in the range of \$3.30 to \$3.80 per diluted share, \$2.50 to \$2.70 per diluted share lower than previously expected of which approximately two-thirds is expected to be incurred in the third quarter. Polaris also expects total Company sales for the full-year 2016 to be down in the mid to high-single digit percent range compared to previously issued guidance of flat to down two percent.

Since Polaris last updated its full year guidance and hosted its investor day in July, the Company has experienced additional RZR thermal-related issues and was *unable to sufficiently validate the initially identified RZR Turbo recall repair, necessitating a more complex and expensive repair solution*. As a result, the voluntary stop ride/stop sale notification issued on July 25, 2016 remained in place significantly longer than originally anticipated, delaying any sales of the highly-requested RZR Turbo vehicle. Also, given the additional RZR thermal issues, the Company revalidated many of its recently introduced model year 2017 ORV products, causing a delay in shipments of those vehicles. The Company believes its model year 2017 products and the more aggressive programs it has planned for the second half of 2016 will have a positive impact on Off-Road Vehicle ('ORV') sales. However, given the delayed model year 2017 shipments and additional recall activity, the expected positive impact will be deferred later than the Company had originally estimated.

The earnings revision of \$2.50 to \$2.70 per diluted share can be summarized as follows: approximately half is related to the margin impact from delayed model year 2017 shipments, including the high margin RZR Turbo vehicles, as the Company revalidated its new model line-up and protects dealer inventory levels, along with correspondingly lower sales of the Company's high-margin Parts, Garments and Accessories ('PG&A') business; and about 25 percent is the result of higher promotional and customer appreciation costs to rebuild confidence and credibility with RZR owners. The remaining 25 percent is primarily related to expediting the product recall repairs, including the recently announced RZR Turbo recall which, when combined with the one-time warranty, legal and acquisition related costs recorded in the first half of 2016, totals approximately \$120 million, or about \$1.20 per diluted share of costs that should be considered non-recurring in 2017.

(Emphases added.)

33. On this news, Polaris stock fell \$4.05, or 5.01%, to close at \$76.79 on September 12, 2016.

34. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

35. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Polaris securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Polaris securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Polaris or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

37. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

38. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

39. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class.

Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Polaris;
- whether the Individual Defendants caused Polaris to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Polaris securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

40. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of

the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

41. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Polaris securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Polaris securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

42. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

43. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

**(Against All Defendants For Violations of
Section 10(b) And Rule 10b-5 Promulgated
Thereunder)**

44. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

45. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

46. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Polaris securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Polaris securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

47. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Polaris securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Polaris's finances and business prospects.

48. By virtue of their positions at Polaris, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

49. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of Polaris securities from their personal portfolios.

50. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the

senior managers and/or directors of Polaris, the Individual Defendants had knowledge of the details of Polaris's internal affairs.

51. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Polaris. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Polaris's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Polaris securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Polaris's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Polaris securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

52. During the Class Period, Polaris securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Polaris securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known

the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Polaris securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Polaris securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

53. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

54. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

55. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

56. During the Class Period, the Individual Defendants participated in the operation and management of Polaris, and conducted and participated, directly and indirectly, in the conduct of Polaris's business affairs. Because of their senior positions,

they knew the adverse non-public information about Polaris's misstatement of income and expenses and false financial statements.

57. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Polaris's financial condition and results of operations, and to correct promptly any public statements issued by Polaris which had become materially false or misleading.

58. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Polaris disseminated in the marketplace during the Class Period concerning Polaris's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Polaris to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Polaris within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Polaris securities.

59. Each of the Individual Defendants, therefore, acted as a controlling person of Polaris. By reason of their senior management positions and/or being directors of Polaris, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Polaris to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Polaris and possessed the power to control the specific activities

which comprise the primary violations about which Plaintiff and the other members of the Class complain.

60. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Polaris.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: September 16, 2016
