

POLARIS INDUSTRIES INC/MN

Form 11-K

June 20, 2003

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

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FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended  
December 31, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1933

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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Commission File  
No. 333 94451

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A. Full title of the plan and the address of the plan, if different from  
that of the issuer named below:

POLARIS 401(k) RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the  
address of its principal executive office:

POLARIS INDUSTRIES INC.  
2100 Highway 55  
Medina, Minnesota 55340

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**Polaris 401(k) Retirement Savings Plan**

Financial Statements and Supplemental Schedule

Years Ended December 31, 2002 and 2001

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**Report of Independent Auditors**

The Plan Administrator  
Polaris 401(k) Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of Polaris 401(k) Retirement Savings Plan as of December 31, 2002 and 2001 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2002 and 2001 and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2002 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Minneapolis, Minnesota  
June 18, 2003

Polaris 401(k) Retirement Savings Plan

Statements of Net Assets Available for Benefits

	December 31	
	2002	2001
<b>Assets</b>		
Cash	\$ 8,589	\$
Investments, at fair value	107,071,516	108,881,509
Accrued income receivable	67	53
<b>Total assets</b>	<b>107,080,172</b>	108,881,562
<b>Liabilities</b>		
Investment transactions pending	2,737	6,349
Other liabilities	35,961	
<b>Net assets available for benefits</b>	<b>\$ 107,041,474</b>	\$ 108,875,213

*See accompanying notes.*

Polaris 401(k) Retirement Savings Plan

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31	
	2002	2001
Net assets available for benefits, beginning of year	\$ 108,875,213	\$ 103,226,750
Contributions:		
Employer	5,836,224	5,405,806
Employee	8,553,700	7,965,050
Rollover	1,125,550	616,364
Total contributions	15,515,474	13,987,220
Investment income (loss):		
Interest and dividend income	2,487,231	3,186,736
Net realized and unrealized (loss) gain in fair value of investments:		
Polaris Industries common stock	(5,063)	354,231
Registered investment companies	(15,089,568)	(6,263,296)
Total investment loss	(12,607,400)	(2,722,329)
Distributions to participants	(4,713,512)	(5,588,689)
Administrative expenses	(28,301)	(27,739)
Net (decrease) increase	(1,833,739)	5,648,463
Net assets available for benefits, end of year	\$ 107,041,474	\$ 108,875,213

See accompanying notes.

Polaris 401(k) Retirement Savings Plan

Notes to Financial Statements

December 31, 2002

**1. Description of the Plan**

The following description of Polaris 401(k) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan covering substantially all employees of the Plan's sponsor, Polaris Industries Inc. (the Company), and its U.S. subsidiaries. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Plan Operations**

Certain administrative costs totaling \$16,647 and \$17,500 for the plan years ended December 31, 2002 and 2001, respectively, were paid by the Company. Administrative costs paid by the Company include trustee/asset custodian fees, record-keeping fees, and investment management fees.

**Plan Administration**

The Plan's trustee, Fidelity Management Trust Company (the Trustee), holds and invests the assets of the Plan and also distributes the retirement benefits upon instruction from the plan administrator. The Plan is administered by an executive committee appointed by the Board of Directors of the Company.

**Contributions/Participant Accounts**

Participants may elect to make contributions (limited to a maximum of 50% of the participant's compensation, as defined in the Plan) to their account balances.

The Company will make a fully vested matching contribution to each participant's account in the Plan of 100% of each dollar of 401(k) contributions up to 5% of covered compensation. This contribution is intended to satisfy a safe harbor contribution formula permitted by Internal Revenue Service (IRS) regulations. By making the safe harbor matching contribution, the Plan will automatically satisfy the nondiscrimination requirements which otherwise would apply to 401(k) contributions made to the Plan.

Plan earnings, as defined, are allocated pro rata based on participants' account balances.

Polaris 401(k) Retirement Savings Plan

Notes to Financial Statements (continued)

**1. Description of the Plan (continued)**

**Vesting**

Participants are immediately vested in their pretax and employer contributions, plus actual earnings thereon.

**Participant Loans**

Participants may apply for loans from the Plan in amounts of the lesser of 50% of their vested account balances or \$50,000. Loans must be paid back within five years; however, this period may be extended to ten years if the loan is utilized for the acquisition of a primary residence. The interest rate charged on loans outstanding ranged from 6.75% to 11.50% as of December 31, 2002 and December 31, 2001.

**Distributions to Participants**

Employee account balances are distributable upon retirement, disability, death, termination from the Company, or hardship. Upon the occurrence of one of these events, a participant (or the participant's beneficiary in the case of death) may receive his or her account balance as a lump-sum payment or in monthly payments through an annuity as available per plan provisions.

**Plan Amendment and Termination**

The Company has the right to amend or terminate the Plan, subject to the provisions of ERISA. In the event of the Plan's termination, all assets of the Plan will be distributed to participants in accordance with plan provisions.



Polaris 401(k) Retirement Savings Plan

Notes to Financial Statements (continued)

**2. Significant Accounting Policies and Procedures**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Investment Valuation and Income Recognition**

Investments of the Plan are stated at fair value. Shares of registered investment companies and Polaris Industries Inc. common stock are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end.

Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Reclassification**

Certain 2001 amounts were reclassified to conform to the 2002 presentation.

**3. Investments**

The investment options of the Plan at December 31, 2002 consist of deposits with 15 funds managed by the Trustee, 5 externally managed funds, and the Polaris Stock Fund. At December 31, 2001, they consisted of deposits with 14 funds managed by the Trustee, 4 externally managed funds, and the Polaris Stock Fund. Participants elect to have their account balances invested in one or more of the funds and may change the fund investment mix daily via a voice response system or the Internet.

## Polaris 401(k) Retirement Savings Plan

Notes to Financial Statements (continued)

**3. Investments (continued)**

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

	<u>2002</u>	<u>2001</u>
Neuberger Berman Genesis Trust	\$ <b>16,983,524</b>	\$ 16,419,165
Fidelity Puritan Fund	<b>10,931,213</b>	11,416,880
Fidelity Dividend Growth Fund	<b>17,821,892</b>	21,941,246
Fidelity Managed Income Portfolio	<b>23,207,582</b>	18,525,629
Spartan U.S. Equity Fund	<b>20,054,220</b>	25,334,089

**4. Tax Status**

The Plan has received a favorable determination letter from the IRS dated October 27, 1997 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

**5. Party-in-Interest Transactions**

The Plan invests in Fidelity funds and Polaris Industries Inc. stock. These transactions qualify as exempt party-in-interest transactions.

**Supplemental Schedule**

Polaris 401(k) Retirement Savings Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

Employer Identification Number 41-1797637

Plan Number: 001

December 31, 2002

<b>Description</b>	<b>Current Value</b>
Interest Bearing Cash	\$ 86,538
Pimco Total Return Fund	1,841,372
Franklin Small Cap Growth Fund	561,227
Neuberger Berman Genesis Trust	16,983,524
Oakmark Select I	234,411
Polaris Industries Inc. Common Stock*	1,658,790
Fidelity Puritan Fund*	10,931,213
Fidelity Equity Income*	109,427
Fidelity Growth Company Fund*	884,777
Fidelity Blue Chip Growth Fund*	951,681
Fidelity Aggressive Growth Fund*	643,228
Fidelity Diversified International Fund*	4,423,011
Fidelity Dividend Growth Fund*	17,821,892
Fidelity Freedom Income Fund*	129,599
Fidelity Freedom 2000 Fund*	34,903
Fidelity Freedom 2010 Fund*	479,856
Fidelity Freedom 2020 Fund*	663,075
Fidelity Freedom 2030 Fund*	376,660
Fidelity Freedom 2040 Fund*	258,246
Fidelity Managed Income Portfolio*	23,207,582
Spartan U.S. Equity Fund	20,054,220
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Total investment funds	102,335,232
Participant loans, with interest rates ranging from 6.75% to 11.50%	4,736,284
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Total investments	\$ 107,071,516
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\*Denotes party in interest

**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: June 20, 2003

POLARIS 401(k) RETIREMENT SAVINGS PLAN

By the Members of the 401(k) Retirement  
Committee as Plan Administrator

/s/ Thomas C. Tiller

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Thomas C. Tiller

/s/ Michael W. Malone

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Michael W. Malone

/s/ John B. Corness

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John B. Corness

/s/ Thomas J. Rooney

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Thomas J. Rooney

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POLARIS 401(k) RETIREMENT SAVINGS PLAN

**EXHIBIT INDEX**

<b>Number</b>	<b>Document</b>	<b>Method of Filing</b>
23	Consent of Ernst & Young LLP	Filed herewith electronically