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World Motorcycles

Industry Study with Forecasts for **2011 & 2016**

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Developing markets will see the fastest growth in motorcycle demand based on rising income levels and the introduction of higher quality machines featuring the latest technologies.

Global demand to rise 6% annually through 2011

Global demand for motorcycles is forecast to advance 6.0 percent annually to 59 million units in 2011, representing \$49 billion in manufacturers' sales. This growth emanates from a mix of developed market incremental improvements and emerging market expansions. Demand for all categories of motorcycles is expected to remain healthy, despite the plateauing of growth in key markets such as China, which is rapidly transitioning away from motorcycles and toward cars for its transportation needs.

Developing markets to see most rapid growth

The most rapid growth will occur in developing markets, where rising income levels and the introduction of higher quality machines featuring the latest technologies will fuel demand. This growth will be tempered in part by the increasing number of restrictions or outright bans on motorcycle use in urban areas in Asia. In developed markets, fuel prices and increasing restrictions on car use in some regions such as Western Europe are stoking interest in the exceptional fuel economy and cost effectiveness motorcycles offer. While the market for large and expensive high displacement motorcycles will also remain moderately strong, concerns regarding future demand have emerged due to the aging of the customer base, especially in the United States and Western Europe.

Asia/Pacific
82%

Other Regions
18%

World Motorcycle Demand, 2006 (44.3 million units)



Two separate markets exist

Two separate motorcycle markets exist. The first centers on the industrialized Triad (the US, Japan and Western Europe), where motorcycles are seen as pleasure vehicles by consumers who already have one or more automobiles. The other, much larger market in unit terms exists in the emerging economies of Asia, Latin America and the Africa/Mideast region, where motorcycles are seen as primary family and work vehicles. These vehicles are cheaper, smaller and much less powerful than Triad motorcycles, and often feature few leading-edge technologies. China has become a powerhouse in terms of both demand for and production of these types of motorcycles. Competitive

intensity is increasing, as evidenced by ongoing price wars in China, Vietnam, Indonesia, Thailand and other Southeast Asian markets. In general, the motorcycle industry appears to be on the verge of a major correction as growth rates moderate, which will likely cause numerous players to exit the market or be taken over. While Asia is dominant in terms of unit volume, most key players derive far higher revenues per unit from sales in developed markets such as North America. The clear profitability implications of this difference reveal why so many manufacturers compete so hard to sell machines in North America. Although North America accounted for only three percent of global demand in unit terms in 2006, it comprised 24 percent of global sales revenue.

Sample Text, Table & Chart

MARKETS

With an approximate 50 percent share of India's motorcycle market in 2006, Honda, including its subsidiary Hero Honda, is the largest player in the market. This position seems assured going forward. Honda increased its total annual motorcycle production capacity in the market significantly in 2007. Hero Honda's SPLENDOR sold over one million units in 2005, and the company introduced its PLATINA scooter line in late 2005, and its fuel injected GLAMOUR in 2006. Honda Motorcycle & Scooter India sells the ACTIVA scooter in large numbers, and introduced the SHINE light motorcycle in 2006.

Demand for scooters, mopeds and motorbikes will increase to 1.5 million units in 2011, driven by new models. Scooters and mopeds have been popular in major metro cities due to low purchase and operating costs. Many such vehicles sold on the road are two-stroke designs, although these are being replaced by environmentally cleaner four-stroke technologies. Demand growth somewhat for scooters, mopeds and larger displacement light motorcycles will continue. Four-stroke technologies in scooters, mopeds and motorcycles likely provide less power than did two-stroke designs, making them less attractive than light motorcycles.

Motorcycles will increase 6.7 percent annually to 1.5 million units as incomes rise and attractive new models are introduced. India is in the midst of a transition from two-stroke motorcycles and three-wheelers to four-stroke technology to combat air pollution, and this shift is helping to generate demand for newer products. Demand for medium and heavy motorcycles will increase 5.9 percent annually to 80,000 units, as new model 250 cc and higher displacement motorcycles are introduced. Demand in this segment is mostly in the medium motorcycle category, with only a relatively small number of 500 cc and above motorcycles being sold

140

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TABLE VI-5

INDIA MOTORCYCLE SUPPLY & DEMAND

Item	1996	2001	2006	2011	2016
Population (million persons)	937	1028	1111	1194	1277
GDP/capita	2300	2720	3620	4800	6070
Gross Domestic Product (bil 2005\$)					
Light Vehicle Demand (000)					
light vehicles/000 persons					
motorcycles/000 persons					
motorcycle/light vehicle					
Motorcycle Demand (000)					
+ net exports & sales from inventory					
Motorcycle Production (000)					

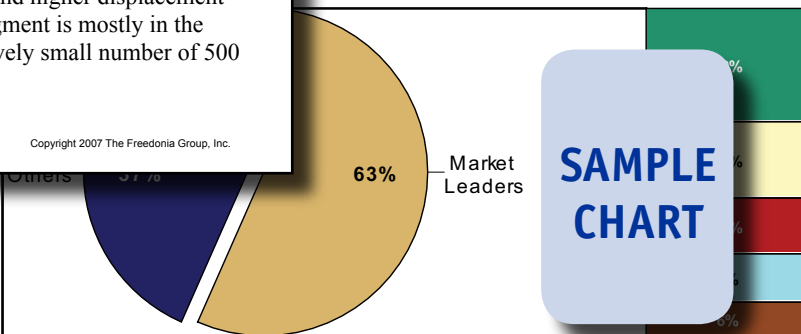
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SAMPLE
TABLE

SAMPLE
TEXT

CHART VIII-1

MOTORCYCLE MARKET SHARE, 2006 (\$35.4 billion)



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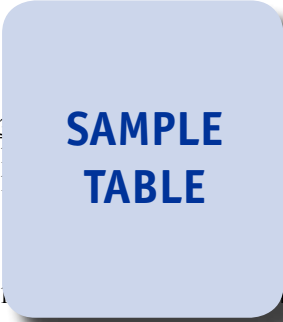
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Sample Profile, Table & Forecast

TABLE VI-6

INDIA MOTORCYCLE DEMAND BY TYPE
(thousand units)

Item	1996	2001	2006	2011	2016
Population (million persons)					77
motorcycles/000 persons					9.9
Motorcycle Demand					00
Scooters, Mopeds & Motorbikes					00
Light Motorcycles					00
Medium & Heavy Motorcycles					00
\$/motorcycle					70
Motorcycle Demand (mil \$)					00



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COMPANY PROFILES

Polaris Industries Incorporated

2100 Highway 55
 Medina, MN 55340
 763-542-0500
<http://www.polarisindustries.com>

Sales: \$1.1 billion in 2006, 74% U.S., 12% Canada
 Geographical: 74% U.S., 12% Canada
 and Other: 14%
 Employment: 10,000
 Key Products: Standard motorcycles
 Polaris manufactures motor-
 cycles, snowmobiles and accessories. The
 Company's brand name under the PO-
 LARIS brand name.



The Company produces cruising, touring, sport bikes and standard motorcycles under the VICTORY brand name. In 2006, the VICTORY line accounted for sales of \$113 million. Typically, VICTORY utilize Polaris' FREEDOM V-twin engines, which have engine displacements of up to 1,721 cubic centimeters. The line includes VEGAS, VEGAS JACKPOT, KINGPIN, HAMMER and 8-BALL. In January 2007, Polaris introduced the VICTORY VISION motorcycle, which is the Company's first luxury touring model. According to the Company, Polaris' primary competitors for cruising and touring motorcycles are Harley-Davidson (US), Bayerische Motoren Werke (Germany), Honda Motor (Japan), Kawasaki Heavy Industries (Japan), Suzuki Motor (Japan) and Yamaha Motor (Japan).

Motorcycles and other products are made at a 23,220-square-meter site in Spirit Lake, Iowa, and at a 57,140-square-meter plant in

"Demand for motorcycles in India will increase 5.9 percent annually to 11.2 million units in 2011, driven by rising incomes and the continued motorization of the subcontinent. Motorcycle demand remains strong, and continues to rise in per capita terms."

--Section VI, pg. 139

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OTHER STUDIES

Automotive Aftermarket in China

This study analyzes the aftermarket for automotive parts and components used in light vehicles and on-road farm vehicles in China. It presents historical data (1996, 2001, 2006) and forecasts for 2011 and 2016 by product (e.g., mechanical, electrical, electronics, exterior and structural); and by major service performer (professional, DIY consumers). The study also considers market environment factors, evaluates company market share and profiles major producers.

#2262 11/2007..... \$4900

Recreational Boating

US recreational boating demand will grow 5.3% yearly through 2011. Powerboats will drive the boat category, led by outboard and sterndrive types. Propulsion systems will be the fastest growing segments. The South offers the best prospects based on its warmer climate and favorable demographics. This study analyzes the \$15.7 billion US recreational boating industry, with forecasts for 2011 and 2016 by material, product and region. It also evaluates company market share and profiles leading competitors.

#2249 09/2007..... \$4500

Automotive Repair & Maintenance Services

The US automotive repair and maintenance services market will grow 4% annually. Mechanical services will remain the largest segment while electronics will grow the fastest. New light vehicle dealers will continue as the dominant service provider while quick lubes, tire stores and repair chains will lead gains. This study analyzes the \$86.2 billion US automotive repair and maintenance service industry to 2010 and 2015 by type and provider. It also evaluates company market share and profiles leading industry players.

#2146 01/2007..... \$4400

World Hybrid-Electric Vehicles

Global demand for hybrid-electric vehicles (HEVs) will grow 20% annually through 2010. Gains for these fuel-efficient vehicles will be driven by erratic fuel prices, increased emissions regulations and lowering HEV cost disparities. The US, Western Europe and Japan will remain the top markets, with China catching up fast. This study analyzes the \$2.8 billion world HEV industry to 2010, 2015 and 2020 by type, segment, world region and for 12 countries. It also evaluates market share and profiles major players.

#2108 10/2006..... \$5500

World Buses

The global market for buses will grow 4.2% annually through 2010. Gains will be driven by rising fuel prices, the establishment of bus rapid transit systems and busways, and limits on private car and motorcycle use in congested and polluted cities. China will remain the largest national market and offer the best growth opportunities. This study analyzes the 286,000-unit world bus industry to 2010 and 2015 by type, world region and for 20 countries. It also evaluates market share and profiles major players.

#2084 08/2006..... \$5300

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