CORPORATE PROFILE

Arctic Cat Inc., based in Thief River Falls, Minnesota, designs, engineers, manufactures and markets snowmobiles and all-terrain vehicles (ATVs) under the Arctic Cat® brand name, as well as related parts, garments and accessories. Arctic Cat markets its products through a network of independent dealers located throughout the contiguous United States and Canada, and through distributors representing dealers in Alaska, Europe, the Middle East, Asia and other international markets. The company trades on the Nasdaq National Market under the symbol ACAT. For more information, please visit Arctic Cat’s Web site at www.arcticcat.com.

FINANCIAL HIGHLIGHTS

(In thousands, except per share amounts)

<table>
<thead>
<tr>
<th>Arctic Cat Inc. Years ended March 31,</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$689,145</td>
<td>$649,617</td>
<td>$577,070</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$ 40,035</td>
<td>$ 43,661</td>
<td>$ 47,047</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$ 28,299</td>
<td>$ 30,365</td>
<td>$ 32,703</td>
</tr>
<tr>
<td>Earnings Per Diluted Share</td>
<td>$ 1.36</td>
<td>$ 1.40</td>
<td>$ 1.45</td>
</tr>
<tr>
<td>Average Diluted Shares Outstanding</td>
<td>20,794</td>
<td>21,730</td>
<td>22,615</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$291,733</td>
<td>$280,586</td>
<td>$273,852</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>$185,510</td>
<td>$185,953</td>
<td>$187,286</td>
</tr>
<tr>
<td>Shareholders’ Equity Per Share</td>
<td>$ 9.23</td>
<td>$ 8.85</td>
<td>$ 8.49</td>
</tr>
<tr>
<td>Year-End Market Price Per Share</td>
<td>$ 27.06</td>
<td>$ 25.38</td>
<td>$ 15.61</td>
</tr>
</tbody>
</table>

Net Sales (in millions)

<table>
<thead>
<tr>
<th>03</th>
<th>04</th>
<th>05</th>
</tr>
</thead>
<tbody>
<tr>
<td>$577.1*</td>
<td>$649.6</td>
<td>$689.1</td>
</tr>
</tbody>
</table>

Net Earnings (in millions)

<table>
<thead>
<tr>
<th>03</th>
<th>04</th>
<th>05</th>
</tr>
</thead>
<tbody>
<tr>
<td>$32.7*</td>
<td>$29.3</td>
<td>$30.4</td>
</tr>
</tbody>
</table>

Earnings Per Share

<table>
<thead>
<tr>
<th>03</th>
<th>04</th>
<th>05</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.45*</td>
<td>$1.40</td>
<td>$1.36</td>
</tr>
</tbody>
</table>

Percent of Sales by Product Line

<table>
<thead>
<tr>
<th>03</th>
<th>04</th>
<th>05</th>
</tr>
</thead>
<tbody>
<tr>
<td>All-Terrain Vehicles</td>
<td>41%</td>
<td>45%</td>
</tr>
<tr>
<td>Snowmobile</td>
<td>43%</td>
<td>40%</td>
</tr>
<tr>
<td>Parts, Garments &amp; Accessories</td>
<td>16%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Includes non-recurring items

Non-recurring items
TO OUR SHAREHOLDERS

I am pleased that we posted our fifth consecutive year of record sales in fiscal 2005, growing 6 percent to $689.1 million. Although we had our best ever fourth-quarter performance, these results were not enough to offset rapidly escalating raw material costs and poor snow conditions across much of the United States that affected parts, garments and accessories sales. As a result, net earnings for the year were constrained to $28.3 million, or $1.36 per diluted share, compared to net earnings of $30.4 million, or $1.40 per diluted share, last year. We ended fiscal 2005 with a strong balance sheet of $88.4 million in cash and no long-term debt.

Capturing ATV Market Share

Arctic Cat’s full-year ATV sales rose 16 percent to $341.0 million in fiscal 2005. ATV sales accounted for 49 percent of fiscal 2005 total sales, up from 45 percent last year. We continued to exceed the ATV retail industry’s growth rate, as we have every year since entering this market in 1996. Contributing to our growth were strong sales of sport utility ATVs with large displacement engines and our first full year of sales of the DVX sport performance units. Additionally, we made our popular Speedrack™ accessory attachment system a standard feature on nearly all models, easily enabling riders to change their ATV accessories to suit their activity and generating ATV accessory sales.

We made significant progress on our ATV growth strategy to extend our product lineup into every market segment and to offer best-in-class ATVs at competitive prices. Notably, with the 2005 and 2006 product offerings, we have totally redesigned our entire lineup and expanded into additional categories.

We are excited to enter a new category for utility vehicles with the 2006 Prowler UTV, designed for work and play. The Prowler offers side-by-side bucket seats with seat belts, and a functional, rear cargo bed. We showed our dealers a concept Prowler vehicle during last year’s dealer show, and received an enthusiastic response. We also will expand our DVX ATV line in the sport performance segment to include 50, 90 and 250 engine sizes.

We also are working with our European ATV distributor to increase fiscal 2006 sales in the fast-growing European market by as much as 30 percent to 50 percent over fiscal 2005. We are excited by the potential of this market. We expect strong sales gains over the coming years as ATV demand grows in Europe and as we build our international presence.

Leveraging ATV Production Efficiencies

In a strategic move designed to leverage our efficiency and enhance growth, we introduced the first ATV engine designed and assembled by Arctic Cat. Our new 650 H1 ATV engine gives us greater flexibility to quickly meet changing market needs. We also anticipate some cost savings through reduced exposure to currency fluctuations and export taxes. While we enjoy excellent relationships with our ATV engine suppliers, this move puts us in greater charge of our own destiny.

Arctic Cat’s dealers and customers responded very positively to the newly introduced 650 H1 engine. As planned, we shipped a limited quantity of 1,000 ATVs with the 650 H1 engine during the 2005 fourth quarter. We expect to sell up to 10 times as many units with these engines in fiscal 2006, and double that number the following year. To accommodate this growth, we are now evaluating suitable sites where we can build a larger facility to produce the H1 engine.

As we ramp up H1 production, we will dramatically boost our efficiency and profitability per unit. In fact, by the fourth quarter of fiscal 2006, we project this engine will cost less than any other large displacement engine that we currently purchase.

The H1 engine is a win-win for Arctic Cat and our customers. It provides an excellent combination of power, durability and value to our ATV line. Going forward, we intend to build and continue to source engines that best meet our customers’ requirements.
Launching Innovative Snowmobiles
We anticipated that snowmobile sales would decline following several consecutive years of poor snow conditions across much of the United States. Arctic Cat’s snowmobile sales fared slightly better than expected, falling only 2 percent versus last year. With fiscal 2005 sales totaling $252.5 million, snowmobiles remain a substantial and profitable business for Arctic Cat, and one in which we will continue to invest.

Our snowmobile strategy is to drive market share gains through innovative new product offerings, particularly in market segments where we believed we were underperforming.

As an example, for 2005 model year, we completely redesigned our M Series mountain sleds. Our efforts paid off when the M7 mountain snowmobile was named “Snowmobile of the Year.” The breakthrough M7 offers the industry’s best power-to-weight ratio for mountain snowmobiles, which translates into improved acceleration and handling in deep snow. Increased sales of the M7 added more than four points to Arctic Cat’s market share in the mountain segment and illustrated how Arctic Cat’s superior technology can increase sales, even when good snow conditions are lacking.

We also launched an early 2006 model hybrid snowmobile, the Crossfire™, which is a versatile machine designed for both mountain and groomed trail riding. This exciting new sled combines features of our category-leading, high performance Firecat and award-winning M Series snowmobiles to offer exceptional trail and deep-powder handling, suspension and ergonomics. The Crossfire represents Arctic Cat’s entry into the growing crossover snowmobile segment. It is an example of our success turning innovation into sales.

Also among our technology firsts, we are offering the all-new Cat Comm™ for the 2006 snowmobile season. This is the first integrated two-way communications system the sport has ever seen. It allows riders to easily talk to each other using a specially designed Arctic Cat helmet. And just to let you know that we haven’t run out of ideas, we also introduced heated seats.

Our exclusive Cat Comm and heated seats are available on the T660 Touring and T660 Turbo sleds.

Challenging Outlook for Fiscal 2006
Although we expect further sales growth in the year ahead, led by ATV market share gains, we believe that continued high raw material costs, lower snowmobile sales and an unfavorable dollar to yen exchange rate will continue to impact the company’s earnings in fiscal 2006. To address these factors, we are aggressively pursuing initiatives to reduce costs and enhance our efficiency.

Chief among these initiatives is our effort to build more of our own ATV engines, which will improve profit margins and lessen our foreign currency exposure. And we have undertaken a variety of measures to generate transportation savings.

We also continued our focus on increasing shareholder value by repurchasing Arctic Cat’s stock. Last spring, Arctic Cat’s board of directors authorized a new $20 million share repurchase plan. We bought one million shares of the company’s stock during fiscal 2005 and had approximately 202,000 shares remaining under this authorization at year end.

In May 2005, Arctic Cat’s board of directors authorized an additional $20 million worth of stock to be bought back. We have repurchased more than 10 million shares in our various authorizations since 1996.

Although I expect the year ahead will be challenging, we remain passionate about producing best-in-class products that increase customer satisfaction, leading to growth and long-term shareholder value. I am confident that our current initiatives and new products will enhance our long-term prospects.

Sincerely,

Christopher A. Twomey
Chairman and Chief Executive Officer
Snowmobiling has never been this much fun. Arctic Cat offers an expanding range of innovative parts, garments and accessories designed to ensure rider comfort. Our high-tech clothing and custom accessories also let snowmobilers express their individuality and turn standard sleds into personalized works of art.

Snowmobilers stay comfortable in Arctic Cat’s new A-Tex line of waterproof, breathable jackets and pants.

One ride and you’ll feel the difference. Our premium snowmobile shocks offer enhanced performance and durability.

from left to right:
Our new Cat Comm two-way communication system enables riders to talk to each other using Arctic Cat’s Crosstec VRE helmet, which is equipped with internal speakers and microphone.

Chrome hood and headlight covers are among the many accessories available to customize Arctic Cat snowmobiles.
Our Tradition of Innovative Snowmobiles Continues

With 50 snowmobile models, Arctic Cat has one to meet every rider’s passion. Among our extensive 2006 model line-up are the powerful, high-performing Firecat™ and Sabercat™ sleds, the M Series mountain machines, the quiet and fast T660 Turbo 4-stroke, and our new hybrid Crossfire for both trail and mountain terrains. Among the latest technology improvements, Arctic Cat adds heated seats to touring models this year, for enhanced rider comfort.

Our revolutionary ACT™ Diamond Drive gearbox offers significant advantages over conventional chain drives. Its reduced weight and lower center of gravity improve acceleration and handling. And without a drive chain to adjust, the ACT is nearly maintenance free.

The Bearcat® WideTrack sport-utility sled is now offered with a 110-horsepower, turbo 4-stroke engine and the new Speedrack™ accessory attachment system.
Our Firecat line offers sporty, powerful performance.

The Kingcat 900 easily climbs mountains.

Arctic Cat's M Series mountain sleds are winning acclaim. The M7 was named "Snowmobile of the Year."
Arctic Cat’s fully independent ATV suspension ranks best in class.

With the brand new 2006 model Prowler, we’ve entered the new UTV “true utility” market. Its features include side-by-side bucket seats, a composite 600-pound rear cargo box, a latched tailgate and dumping capability.

The two-rider 500 TRV; a tilt-box 500 TBX; a workhorse 250 ATV; and a 400 DVX for racing.

The 650 H1 engine is the first ATV engine designed and built by Arctic Cat. It adds a combination of exceptional power, durability and value to our line.
Our most powerful ATV, the 650, is ready for the most demanding situations.

Every model in Arctic Cat’s diverse ATV line is new within the last two years, including eight new 2006 models. The utility lineup includes the 650, 500, 400 and 250. Specialized ATVs aimed at target needs include our performance-minded new Prowler UTV, the pickup-style TBX and the multi-purpose, two-rider TRV. All-new youth models are available in both utility and sport styles, and our racing DVX provides heart-pumping performance and customized styling choices.

At first glance, you can tell it’s an Arctic Cat. Our ATVs’ new styling features ultra-wide fenders, an integrated Speedrack and “Cat Eye” contoured headlights.
Arctic Cat’s ATVs offer more ways to get work done in every season.

We made our award-winning Speedrack System a standard feature on nearly all Arctic Cat ATVs, giving them as much as three times more rack space than our competitors. Speedrack enables the easy attachment of a wide variety of Arctic Cat accessories for ranching, construction, landscaping and camping. Other accessories range from racing gear to utilitarian products such as snowplows and trailers, enabling our ATVs to be customized for wide-ranging uses.
CORPORATE INFORMATION

Board of Directors

Robert J. Dondelinger*+ 
Chairman and Co-owner of Northern Motors 
Thief River Falls, MN

William I. Hagen*+ 
Retired owner of Nationwide Trucking Company, 
Part owner and Director of Border Bancshares, Inc. 
and farmer, Warroad, MN

Masayoshi Ito 
General Manager, America/Europe Motorcycle Marketing Department, 
Suzuki Motor Corporation, Hamamatsu, Japan

Susan E. Lester * 
Former Chief Financial Officer of U.S. Bancorporation 
Minneapolis, MN

William G. Ness*+ 
Vice Chairman, Arctic Cat Inc. 
Hudson, WI

Gregg A. Ostrander*+✓ 
Chairman, President and Chief Executive Officer, 
Michael Foods, Inc. 
Minneapolis, MN

Kenneth J. Roering*+✓ 
Professor, 
Carlson School of Management, University of Minnesota 
Minneapolis, MN

Christopher A. Twomey 
Chairman, President and Chief Executive Officer, 
Arctic Cat Inc. 
Thief River Falls, MN

* Audit Committee Member 
+ Compensation Committee Member 
▪ Governance Committee Member 
✓ Stock Grant Subcommittee Member

Officers

Christopher A. Twomey 
Chairman, President and Chief Executive Officer

Timothy C. Delmore 
Chief Financial Officer and Secretary

Terry J. Blount 
Vice President – Human Resources

Robert Bonev 
Vice President – Sales and Marketing

Ronald G. Ray 
Vice President – Operations

Roger H. Skime 
Vice President – Research & Development

Ole E. Tweet 
Vice President – New Product Development

Corporate Headquarters 
601 Brooks Avenue South 
Thief River Falls, MN 56701 
218-681-8558

Legal Counsel 
Robins, Kaplan, Miller & Ciresi LLP, Minneapolis, MN 
Ihle & Sparby, P.A. 
Thief River Falls, MN 56701

Auditor 
Grant Thornton LLP 
Minneapolis, MN

Common Stock 
Arctic Cat’s common stock is traded on the National Market System of Nasdaq under the symbol “ACAT”

Shareholder Assistance 
If you change your address, or if you have questions about payment of dividends, combining two or more accounts, duplicate mailings, changes in registration or lost stock certificates, please contact our Transfer Agent and Registrar.

Wells Fargo Bank, N.A. 
161 N Concord Exchange 
South St. Paul, MN 55075

Further Information 
Shareholders may obtain a copy of the 2005 Form 10-K report, including the financial statements, without charge upon written request to: 
Timothy C. Delmore, Secretary 
Arctic Cat Inc. 
601 Brooks Avenue South 
Thief River Falls, MN 56701

Internet Access 
To view the Company’s financial information, certain corporate governance items, products and specifications and dealer location, access Arctic Cat on the internet at: www.arcticcat.com

CORPORATE INFORMATION

Officers

Christopher A. Twomey 
Chairman, President and Chief Executive Officer

Timothy C. Delmore 
Chief Financial Officer and Secretary

Terry J. Blount 
Vice President – Human Resources

Robert Bonev 
Vice President – Sales and Marketing

Ronald G. Ray 
Vice President – Operations

Roger H. Skime 
Vice President – Research & Development

Ole E. Tweet 
Vice President – New Product Development

Corporate Headquarters 
601 Brooks Avenue South 
Thief River Falls, MN 56701 
218-681-8558

Legal Counsel 
Robins, Kaplan, Miller 
& Ciresi LLP, Minneapolis, MN 
Ihle & Sparby, P.A. 
Thief River Falls, MN 56701

Auditor 
Grant Thornton LLP 
Minneapolis, MN

Common Stock 
Arctic Cat’s common stock is traded on the National Market System of Nasdaq under the symbol “ACAT”

Shareholder Assistance 
If you change your address, or if you have questions about payment of dividends, combining two or more accounts, duplicate mailings, changes in registration or lost stock certificates, please contact our Transfer Agent and Registrar.

Wells Fargo Bank, N.A. 
161 N Concord Exchange 
South St. Paul, MN 55075

Further Information 
Shareholders may obtain a copy of the 2005 Form 10-K report, including the financial statements, without charge upon written request to: 
Timothy C. Delmore, Secretary 
Arctic Cat Inc. 
601 Brooks Avenue South 
Thief River Falls, MN 56701

Internet Access 
To view the Company’s financial information, certain corporate governance items, products and specifications and dealer location, access Arctic Cat on the internet at: www.arcticcat.com

CORPORATE INFORMATION

Officers

Christopher A. Twomey 
Chairman, President and Chief Executive Officer

Timothy C. Delmore 
Chief Financial Officer and Secretary

Terry J. Blount 
Vice President – Human Resources

Robert Bonev 
Vice President – Sales and Marketing

Ronald G. Ray 
Vice President – Operations

Roger H. Skime 
Vice President – Research & Development

Ole E. Tweet 
Vice President – New Product Development

Corporate Headquarters 
601 Brooks Avenue South 
Thief River Falls, MN 56701 
218-681-8558

Legal Counsel 
Robins, Kaplan, Miller 
& Ciresi LLP, Minneapolis, MN 
Ihle & Sparby, P.A. 
Thief River Falls, MN 56701

Auditor 
Grant Thornton LLP 
Minneapolis, MN

Common Stock 
Arctic Cat’s common stock is traded on the National Market System of Nasdaq under the symbol “ACAT”

Shareholder Assistance 
If you change your address, or if you have questions about payment of dividends, combining two or more accounts, duplicate mailings, changes in registration or lost stock certificates, please contact our Transfer Agent and Registrar.

Wells Fargo Bank, N.A. 
161 N Concord Exchange 
South St. Paul, MN 55075

Further Information 
Shareholders may obtain a copy of the 2005 Form 10-K report, including the financial statements, without charge upon written request to: 
Timothy C. Delmore, Secretary 
Arctic Cat Inc. 
601 Brooks Avenue South 
Thief River Falls, MN 56701

Internet Access 
To view the Company’s financial information, certain corporate governance items, products and specifications and dealer location, access Arctic Cat on the internet at: www.arcticcat.com

CORPORATE INFORMATION

Officers

Christopher A. Twomey 
Chairman, President and Chief Executive Officer

Timothy C. Delmore 
Chief Financial Officer and Secretary

Terry J. Blount 
Vice President – Human Resources

Robert Bonev 
Vice President – Sales and Marketing

Ronald G. Ray 
Vice President – Operations

Roger H. Skime 
Vice President – Research & Development

Ole E. Tweet 
Vice President – New Product Development

Corporate Headquarters 
601 Brooks Avenue South 
Thief River Falls, MN 56701 
218-681-8558

Legal Counsel 
Robins, Kaplan, Miller 
& Ciresi LLP, Minneapolis, MN 
Ihle & Sparby, P.A. 
Thief River Falls, MN 56701

Auditor 
Grant Thornton LLP 
Minneapolis, MN

Common Stock 
Arctic Cat’s common stock is traded on the National Market System of Nasdaq under the symbol “ACAT”

Shareholder Assistance 
If you change your address, or if you have questions about payment of dividends, combining two or more accounts, duplicate mailings, changes in registration or lost stock certificates, please contact our Transfer Agent and Registrar.

Wells Fargo Bank, N.A. 
161 N Concord Exchange 
South St. Paul, MN 55075

Further Information 
Shareholders may obtain a copy of the 2005 Form 10-K report, including the financial statements, without charge upon written request to: 
Timothy C. Delmore, Secretary 
Arctic Cat Inc. 
601 Brooks Avenue South 
Thief River Falls, MN 56701

Internet Access 
To view the Company’s financial information, certain corporate governance items, products and specifications and dealer location, access Arctic Cat on the internet at: www.arcticcat.com

CORPORATE INFORMATION

Officers

Christopher A. Twomey 
Chairman, President and Chief Executive Officer

Timothy C. Delmore 
Chief Financial Officer and Secretary

Terry J. Blount 
Vice President – Human Resources

Robert Bonev 
Vice President – Sales and Marketing

Ronald G. Ray 
Vice President – Operations

Roger H. Skime 
Vice President – Research & Development

Ole E. Tweet 
Vice President – New Product Development

Corporate Headquarters 
601 Brooks Avenue South 
Thief River Falls, MN 56701 
218-681-8558

Legal Counsel 
Robins, Kaplan, Miller 
& Ciresi LLP, Minneapolis, MN 
Ihle & Sparby, P.A. 
Thief River Falls, MN 56701

Auditor 
Grant Thornton LLP 
Minneapolis, MN

Common Stock 
Arctic Cat’s common stock is traded on the National Market System of Nasdaq under the symbol “ACAT”

Shareholder Assistance 
If you change your address, or if you have questions about payment of dividends, combining two or more accounts, duplicate mailings, changes in registration or lost stock certificates, please contact our Transfer Agent and Registrar.

Wells Fargo Bank, N.A. 
161 N Concord Exchange 
South St. Paul, MN 55075

Further Information 
Shareholders may obtain a copy of the 2005 Form 10-K report, including the financial statements, without charge upon written request to: 
Timothy C. Delmore, Secretary 
Arctic Cat Inc. 
601 Brooks Avenue South 
Thief River Falls, MN 56701

Internet Access 
To view the Company’s financial information, certain corporate governance items, products and specifications and dealer location, access Arctic Cat on the internet at: www.arcticcat.com