

Harley-Davidson, Inc.
Condensed Consolidated Statements of Income
(In thousands, except per share amounts)

	(Unaudited) Three months ended March 26, 2017	(Unaudited) Three months ended March 27, 2016
Motorcycles and related products revenue	\$ 1,328,711	\$ 1,576,610
Gross profit	477,485	590,280
Selling, administrative and engineering expense	238,643	257,823
Operating income from motorcycles & related products	<u>238,842</u>	<u>332,457</u>
Financial services revenue	173,221	173,358
Financial services expense	120,585	116,987
Operating income from financial services	<u>52,636</u>	<u>56,371</u>
Operating income	291,478	388,828
Investment income	879	766
Interest expense	7,673	7,168
Income before income taxes	<u>284,684</u>	<u>382,426</u>
Provision for income taxes	98,315	131,937
Net income	<u><u>\$ 186,369</u></u>	<u><u>\$ 250,489</u></u>
Earnings per common share:		
Basic	\$ 1.06	\$ 1.37
Diluted	\$ 1.05	\$ 1.36
Weighted-average common shares:		
Basic	176,001	183,429
Diluted	177,070	184,204
Cash dividends per common share	\$ 0.365	\$ 0.350

Harley-Davidson, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	(Unaudited) March 26, 2017	December 31, 2016	(Unaudited) March 27, 2016
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 839,700	\$ 759,984	\$ 694,013
Marketable securities	5,004	5,519	45,122
Accounts receivable, net	335,578	285,106	311,960
Finance receivables, net	2,354,095	2,076,261	2,564,608
Inventories	485,476	499,917	553,750
Restricted cash	75,705	52,574	93,192
Other current assets	142,362	174,491	229,105
Total current assets	<u>4,237,920</u>	<u>3,853,852</u>	<u>4,491,750</u>
Finance receivables, net	4,792,027	4,759,197	4,811,958
Other long-term assets	1,251,908	1,277,191	1,163,963
	<u>\$ 10,281,855</u>	<u>\$ 9,890,240</u>	<u>\$ 10,467,671</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable & accrued liabilities	\$ 906,321	\$ 721,970	\$ 935,793
Short-term debt	953,357	1,055,708	870,073
Current portion of long-term debt, net	697,061	1,084,884	782,140
Total current liabilities	<u>2,556,739</u>	<u>2,862,562</u>	<u>2,588,006</u>
Long-term debt, net	5,320,797	4,666,975	5,460,553
Pension and postretirement healthcare liabilities	223,702	257,709	326,383
Other long-term liabilities	187,208	182,836	199,909
Total shareholders' equity	<u>1,993,409</u>	<u>1,920,158</u>	<u>1,892,820</u>
	<u>\$ 10,281,855</u>	<u>\$ 9,890,240</u>	<u>\$ 10,467,671</u>

Harley-Davidson, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)

	(Unaudited) Three months ended March 26, 2017	(Unaudited) Three months ended March 27, 2016
Net cash provided by operating activities	\$ 159,939	\$ 41,131
Cash flows from investing activities:		
Capital expenditures	(23,967)	(39,011)
Finance receivables, net	(63,538)	(43,787)
Other	52	95
Net cash used by investing activities	<u>(87,453)</u>	<u>(82,703)</u>
Cash flows from financing activities:		
Proceeds from issuance of medium-term notes	497,406	1,193,396
Repayments of medium-term notes	(400,000)	(450,000)
Repayments of securitization debt	(111,359)	(173,363)
Net decrease in credit facilities and unsecured commercial paper	(101,702)	(331,090)
Borrowings of asset-backed commercial paper	305,209	5,814
Repayments of asset-backed commercial paper	(29,383)	(15,740)
Net change in restricted cash	(23,132)	(4,282)
Dividends paid	(64,611)	(64,457)
Purchase of common stock for treasury	(79,753)	(150,369)
Excess tax benefits from share-based payments	-	110
Issuance of common stock under employee stock option plans	7,336	276
Net cash provided by financing activities	<u>11</u>	<u>10,295</u>
Effect of exchange rate changes on cash and cash equivalents	7,219	3,081
Net increase (decrease) in cash and cash equivalents	<u>\$ 79,716</u>	<u>\$ (28,196)</u>
Cash and cash equivalents:		
Cash and cash equivalents - beginning of period	\$ 759,984	\$ 722,209
Net increase (decrease) in cash and cash equivalents	79,716	(28,196)
Cash and cash equivalents - end of period	<u>\$ 839,700</u>	<u>\$ 694,013</u>

Motorcycles and Related Products Revenue and
Motorcycle Shipment Data

	(Unaudited) Three months ended March 26, 2017	(Unaudited) Three months ended March 27, 2016
MOTORCYCLES AND RELATED PRODUCTS REVENUE (in thousands)		
Motorcycles	\$ 1,099,702	\$ 1,317,578
Parts & Accessories	169,025	183,705
General Merchandise	55,836	70,618
Other	4,148	4,709
	<u>\$ 1,328,711</u>	<u>\$ 1,576,610</u>
MOTORCYCLE SHIPMENTS:		
United States	45,784	57,635
International	25,047	25,401
Total	<u>70,831</u>	<u>83,036</u>
MOTORCYCLE PRODUCT MIX:		
Touring	29,068	38,497
Cruiser	25,154	26,929
Sportster® / Street	16,609	17,610
Total	<u>70,831</u>	<u>83,036</u>

Worldwide Retail Sales of Harley-Davidson Motorcycles⁽¹⁾

	Three months ended	
	March 31, 2017	March 31, 2016
United States	33,316	35,326
Europe ⁽²⁾	8,984	8,846
EMEA - Other	1,183	1,364
Total EMEA	10,167	10,210
Japan	1,986	2,106
Asia Pacific - Other	4,877	5,460
Total Asia Pacific	6,863	7,566
Latin America	2,342	1,886
Canada	2,361	2,470
Total International Retail Sales	21,733	22,132
Total Worldwide Retail Sales	55,049	57,458

⁽¹⁾ Data source for retail sales figures shown above is new sales warranty and registration information provided by Harley-Davidson dealers and compiled by the Company. The Company must rely on information that its dealers supply concerning new retail sales, and this information is subject to revision. The EMEA Europe total for March 31, 2016 includes 251 units originally reported in the EMEA - Other total.

⁽²⁾ Europe data includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

Motorcycle Registration Data⁽¹⁾

	Three months ended	
	March 31, 2017	March 31, 2016
United States ⁽²⁾	64,250	68,305
	Two months ended	
	February 28, 2017	February 29, 2016
Europe ⁽³⁾	36,456	39,828

⁽¹⁾ Data includes on-road 601+cc models. On-road 601+cc models include dual purpose models, three-wheeled motorcycles and autocycles.

⁽²⁾ United States data is derived from information provided by Motorcycle Industry Council (MIC). This third-party data is subject to revision and update.

⁽³⁾ Europe data includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Industry retail motorcycle registration data includes 601+cc models derived from information provided by Association des Constructeurs Européens de Motocycles (ACEM), an independent agency. This third-party data is subject to revision and update.