

ANNUAL REPORT



Designing the Harley Experience

2007

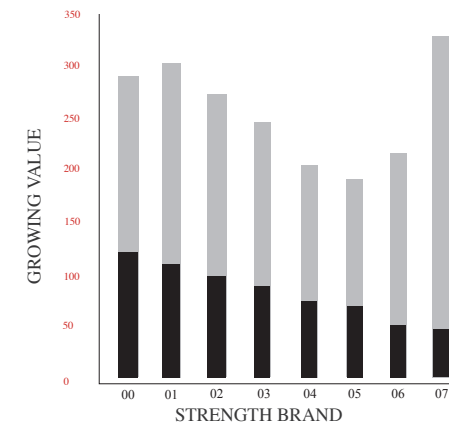
MISSION: we fulfill dreams through the experiences of motorcycling by providing to motorcyclists and to the general public an expanding line of motorcycles, branded products and services in selected market segments.



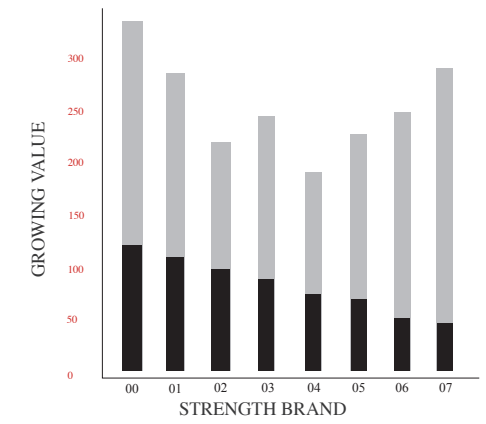
TABLE OF CONTENTS

3 financial highlights	11 experience the legacy	17 the challenge
5-7 letter to shareholder	13 the passion	19 the dream
9 overview	15 the energy	21-29 financials

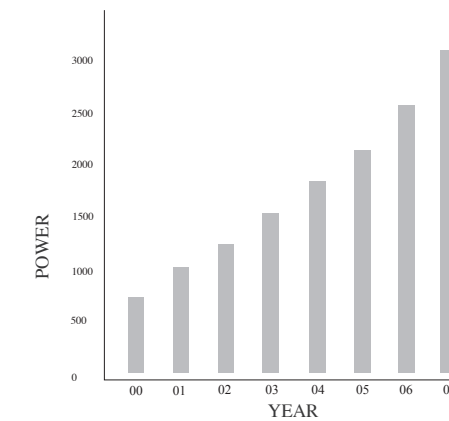
FINANCIAL HIGHLIGHTS 2007



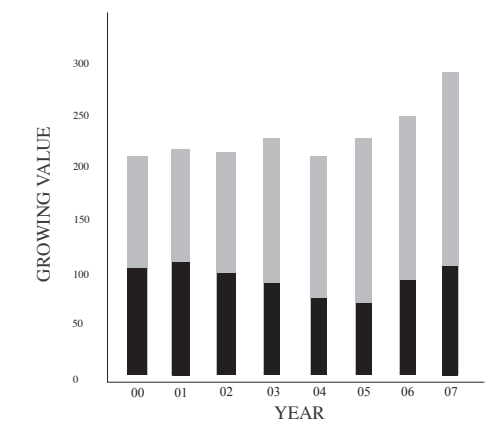
ENERGY



PASSION



CHALLENGE



DREAM

OVERVIEW

The Company's 19 years of record revenues and earnings since its initial public stock offering in 1986 are the result of a combination of factors. These include the ability to deliver new products to market, attract new customers, retain existing customers and expand capacity in a responsible way. Unique marketplace events have also created special growth opportunities for Harley-Davidson. The Company believes

that demand for Harley-Davidson® motorcycles grows at an average core rate of 7% to 9% per year. However, in many of the 19 years since 1986, the Company's growth has exceeded this core rate driven by a rapidly growing heavyweight motorcycle market, the stock market bubble of the mid-and late-1990s, including its associated wealth effect and more recently, with the Company's 100th Anniversary.



TOURING



SOFTAIL



VCRS



DYNA



SPORTSTER

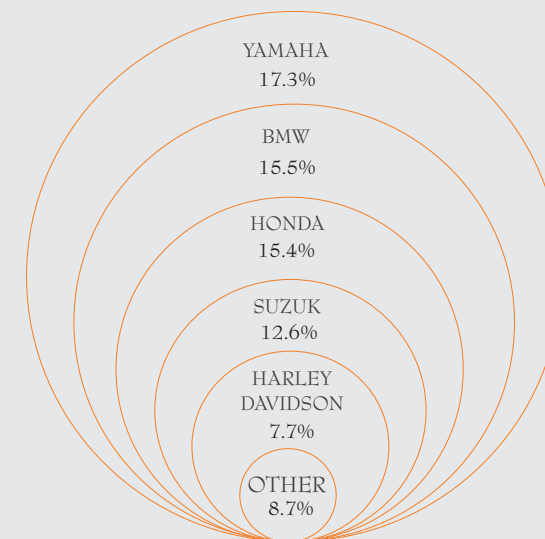
Financial Performance in Euope and Asia/Pacific

Looking to 2008, the Company expects demand for its products to continue to grow. As a result, the Company set a production target of 339,000 Harley-Davidson motorcycles. To ensure ongoing leadership, Harley-Davidson will continue to introduce exciting new products and services that appeal to a diverse and growing motorcycle enthusiast population harley-davidson financial services Harley-Davidson Financial Services (HDFS) continued an 11-year run of strong earnings growth. Operating income increased from \$168 million in 2006 to \$189 million in 2004 as HDFS benefited from its increased wholesale and retail lending and strong market share.

GROSS PROFIT

Gross profit for 2007 totaled \$1.90 billion, an increase of \$234.0 million or 14.0% over 2003. Gross margin was 37.9% in 2007, up from 36.0% for 2006. During 2007, gross margin was positively impacted by lower production costs and changes in foreign currency exchange rates, which more than offset the impact of product mix changes discussed under "Net Revenue." In 2007, production costs were lower due to manufacturing efficiencies, but also

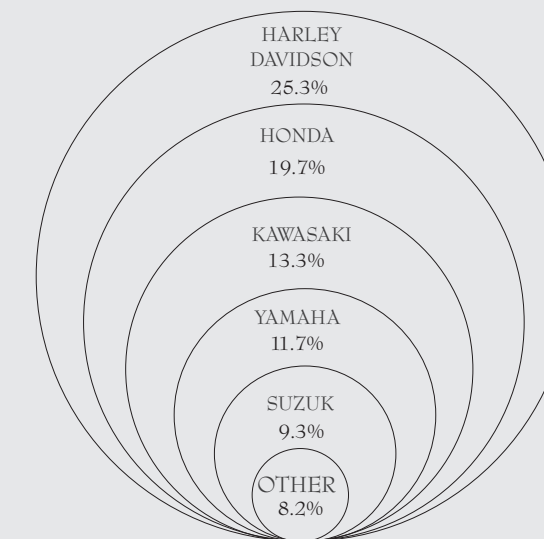
benefited from a new and fully integrated Softail factory in York, Pennsylvania. During the second half of 2006, the Company experienced higher costs and inefficiencies associated with the ramp-up of the new Softail factory. Finally, during 2007, changes in the foreign currency exchange rates resulted in \$38.5 million of higher gross profit when compared to 2006.



EUROPE

Motorcycle Registrations: H-D vs. Industry

Market Share for Harley-Davidson and industry data for '00-'07 includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and United Kingdom. Market Share for Harley-Davidson and industry data for 2000 includes Austria, Belgium, France, Germany, Italy, Netherlands, Spain, Switzerland, and United Kingdom.



ASIA/PACIFIC

Motorcycle Registrations: H-D vs. Industry

Market Share for Harley-Davidson includes Japan and Australia. Data provided by Australian Bureau of Statistics, ERG International, Japan Automobile Importers Association and Industry.