

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**Years ended December 31, 2018, 2017 and 2016**  
(In thousands, except per share amounts)

	2018	2017	2016
Revenue:			
Motorcycles and Related Products	\$ 4,968,646	\$ 4,915,027	\$ 5,271,376
Financial Services	748,229	732,197	725,082
Total revenue	5,716,875	5,647,224	5,996,458
Costs and expenses:			
Motorcycles and Related Products cost of goods sold	3,351,796	3,272,330	3,425,997
Financial Services interest expense	193,187	180,193	173,756
Financial Services provision for credit losses	106,870	132,444	136,617
Selling, administrative and engineering expense	1,258,098	1,180,176	1,213,794
Restructuring expense	93,401	—	—
Total costs and expenses	5,003,352	4,765,143	4,950,164
Operating income	713,523	882,081	1,046,294
Other income (expense), net	3,039	9,182	2,642
Investment income	951	3,580	4,645
Interest expense	30,884	31,004	29,670
Income before provision for income taxes	686,629	863,839	1,023,911
Provision for income taxes	155,178	342,080	331,747
Net income	\$ 531,451	\$ 521,759	\$ 692,164
Earnings per common share:			
Basic	\$ 3.21	\$ 3.03	\$ 3.85
Diluted	\$ 3.19	\$ 3.02	\$ 3.83
Cash dividends per common share	\$ 1.48	\$ 1.46	\$ 1.40

The accompanying notes are an integral part of the consolidated financial statements.

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2018 and 2017**  
(In thousands, except share amounts)

	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,203,766	\$ 687,521
Marketable securities	10,007	—
Accounts receivable, net	306,474	329,986
Finance receivables, net	2,214,424	2,105,662
Inventories	556,128	538,202
Restricted cash	49,275	47,518
Other current assets	144,368	175,853
Total current assets	4,484,442	3,884,742
Finance receivables, net	5,007,507	4,859,424
Property, plant and equipment, net	904,132	967,781
Prepaid pension costs	—	19,816
Goodwill	55,048	55,947
Deferred income taxes	141,464	109,073
Other long-term assets	73,071	75,889
	<u>\$ 10,665,664</u>	<u>\$ 9,972,672</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 284,861	\$ 227,597
Accrued liabilities	601,130	529,822
Short-term debt	1,135,810	1,273,482
Current portion of long-term debt, net	1,575,799	1,127,269
Total current liabilities	3,597,600	3,158,170
Long-term debt, net	4,887,667	4,587,258
Pension liability	107,776	54,606
Postretirement healthcare liability	94,453	118,753
Other long-term liabilities	204,219	209,608
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, none issued	—	—
Common stock (181,931,225 and 181,286,547 shares issued, respectively)	1,819	1,813
Additional paid-in-capital	1,459,620	1,422,808
Retained earnings	2,007,583	1,607,570
Accumulated other comprehensive loss	(629,684)	(500,049)
Treasury stock (22,273,278 and 13,195,731 shares, respectively), at cost	(1,065,389)	(687,865)
Total shareholders' equity	1,773,949	1,844,277
	<u>\$ 10,665,664</u>	<u>\$ 9,972,672</u>

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2018, 2017 and 2016**  
(In thousands)

	2018	2017	2016
Net cash provided by operating activities (Note 6)	\$ 1,205,921	\$ 1,005,061	\$ 1,174,339
Cash flows from investing activities:			
Capital expenditures	(213,516)	(206,294)	(256,263)
Origination of finance receivables	(3,752,817)	(3,591,948)	(3,664,495)
Collections on finance receivables	3,325,669	3,228,311	3,175,031
Proceeds from finance receivables sold	—	—	312,571
Purchases of marketable securities	(10,007)	—	—
Sales and redemptions of marketable securities	—	6,916	40,014
Other	(11,598)	547	411
Net cash used by investing activities	(662,269)	(562,468)	(392,731)
Cash flows from financing activities:			
Proceeds from issuance of medium-term notes	1,591,828	893,668	1,193,396
Repayments of medium-term notes	(877,488)	(800,000)	(451,336)
Repayments of securitization debt	(257,869)	(444,671)	(665,400)
Borrowings of asset-backed commercial paper	509,742	469,932	62,396
Repayments of asset-backed commercial paper	(212,729)	(176,227)	(71,500)
Net (decrease) increase in credit facilities and unsecured commercial paper	(135,356)	212,809	(145,812)
Dividends paid	(245,810)	(251,862)	(252,321)
Purchase of common stock for treasury	(390,606)	(465,263)	(465,341)
Excess tax benefits from share-based payments	—	—	2,251
Issuance of common stock under employee stock option plans	3,525	11,353	15,782
Net cash used by financing activities	(14,763)	(550,261)	(777,885)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(15,351)	26,747	(9,443)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 513,538	\$ (80,921)	\$ (5,720)
Cash, cash equivalents and restricted cash:			
Cash, cash equivalents and restricted cash—beginning of period	\$ 746,210	\$ 827,131	\$ 832,851
Net increase (decrease) in cash, cash equivalents and restricted cash	513,538	(80,921)	(5,720)
Cash, cash equivalents and restricted cash—end of period	\$ 1,259,748	\$ 746,210	\$ 827,131
Reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheet:			
Cash and cash equivalents	\$ 1,203,766	\$ 687,521	\$ 759,984
Restricted cash	49,275	47,518	52,574
Restricted cash included in other long-term assets	6,707	11,171	14,573
Total cash, cash equivalents and restricted cash shown in the Statement of Cash Flows	\$ 1,259,748	\$ 746,210	\$ 827,131

The accompanying notes are an integral part of the consolidated financial statements.