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)

Current assets: \$ 1,203,66 \$ 667,221 Cash and cash equivalents 10,007 ————————————————————————————————————		 2018		2017	
Kash and rashe quivalents \$ 1,003,60 6.87.25 Makeable securities 10,007 ————————————————————————————————————	<u>ASSETS</u>				
Makeable seurities 1,000 20,000 Accounts receivable, net 20,144 21,006,000 Finance receivables, net 556,128 350,200 Restricted cash 556,128 45,000 Restricted cash 41,436 17,863 Ober curren asses 4,444,44 3,000,400 Toll curren asses 90,132 4,800,400 Property, plant and equipment, net 90,132 6,000,400 Property, plant and equipment, net 90,132 9,000,400 Codowill 5,504 5,504 5,904 Obody 1,146 1,000,400 1,000,400 1,000,400 Defend income taxes 1,146 1,000,400	Current assets:				
Accounts receivable, net 306,47 2,910,40 Finance receivables, net 556,128 30,802 Inventories 556,128 30,802 Restricted cash 49,275 47,518 Other current assets 144,842 33,847,81 Total current assets 500,507 48,593,41 Frequency plant and equipment, net 90,132 96,701 Growill 55,048 55,948 Goodwill 51,048 55,948 Oberlough causes 14,049 19,049 Oberlough causes 14,049 59,076,03 Oberlough causes 14,049 59,076,03 Oberlough causes 14,049 59,076,03 Oberlough causes 14,049 59,076,03 Oberlough causes 28,046,03 59,076,03 Oberlough causes 28,046,03 59,076,03 Accounts payable 51,056,03 12,158,10 12,158,10 Accounts payable 51,559,03 12,158,10 12,158,10 12,158,10 12,158,10 12,158,10 12,158,10	Cash and cash equivalents	\$ 1,203,766	\$	687,521	
Finance recivables, net 2,14,42 2,10,60 Inventories 58,00 58,00 Restricted sh 61,43 1,75,00 Other current asses 1,40,43 1,85,00 Trail current asses 50,00,50 4,85,00 Finance receivables, net 50,00,50 4,85,00 Proper, plant and equipment, net 90,12 9,70,10 Pepal deposit ossis 1,50,00 1,50,00 Ostavill 5,50,00 1,50,00 Ostavill 1,50,00 1,50,00 Ostavill 1,50,00 1,50,00 Ostavill 1,50,00 1,50,00 Ostavill 1,50,00 1,50,00 Ostavillation 1,50,00 1,50,00 Accoust January 1,50,00 1,50,00 Accoust January 1,50,00 1,50,00 Accoust January 1,50,00 1,50,00 Account January 1,50,00 1,50,00 Account January 1,50,00 1,50,00 Account January 1,50,00 1,50,00 <tr< td=""><td>Marketable securities</td><td>10,007</td><td></td><td>_</td></tr<>	Marketable securities	10,007		_	
Inventories 556,128 538,028 Restricted cash 49,275 47,518 Other cursesses 14,044 3,084,728 Total current assets 4,044,42 3,084,728 Property, Plant and equipment, net 90,132 9,781,128 Orostil 51,048 55,947 Defered income taxes 141,64 10,000 Other long-terms asset 140,65 3,97,262 Defered income taxes 141,65 3,97,262 Control Institute 73,01 7,80 STATE TO STATE HOLDER'S FOUTE 2,97,20 2,70 Control Institute 2,97,20 2,70 Accented Institute 6,01,3 5,97,20 Accented Institute 1,135,60 1,127,60 Accented Institute 3,50,70 1,127,60 Accented Institute 3,50,70 1,127,60 Accented Institute 4,80 1,80 Accented Institute 4,80 1,80 Accented Institute 2,00 1,80 Accented Institute 4,80 <td>Accounts receivable, net</td> <td>306,474</td> <td></td> <td>329,986</td>	Accounts receivable, net	306,474		329,986	
Restricted cash 49,275 47,185 Other current assets 4,184,42 3,188,432 Table Current assets 4,884,42 3,884,42 Processor Cashel, net 5,007,50 4,884,42 Propish plant and equipmen, net 50,013,62 96,781,81 Cook offered income taxes 111,46 10,003,03 Oberfuel discome taxes 12,002,00 2,002,00	Finance receivables, net	2,214,424		2,105,662	
Oher current asses 14.464 7.85.26 Total current asses 4.84.44 3.88.47.28 France recivables, ser 5.007.50 4.89.42.4 Property, plant and equipmen, ref 90.43 95.78.1 Goodwill 5.008.0 5.008.0 Osher Construction 1.81.46 1.90.78.0 Ober Fund in come taxes 1.97.0 7.80.2 Other Land Land Land Land Land Land Land Land	Inventories	556,128		538,202	
Total current assets 4,484,42 3,894,74 Finance receivables, net 5,007,507 4,859,424 Property, plant and equipment, net 961,312 967,813 Prepaid pension costs ————————————————————————————————————	Restricted cash	49,275		47,518	
Finance receivables, net 5,007,00 4,859,424 Propert, plant and equipment, net 904,132 967,817 Prepaid pension costs 19,616 55,948 Godwill 55,048 55,948 Deferred income taxes 141,648 109,078 Other Long-term desert 7,006 9,70,608 CHARLITIES AND SHAREHOLDERS' EQUITY CHARLITIES AND SHAREHOLDERS' EQUITY Accounts payable \$ 284,06 \$ 29,726 Accounts payable \$ 284,06 \$ 29,822 Accounts payable \$ 61,013 \$ 29,822 Accounts payable \$ 284,06 \$ 29,822 Account payable \$ 284,06 \$ 1,822 Account payable \$ 284,06 \$ 1,822 Account payable \$ 28,06 \$ 2,822 Account payable \$	Other current assets	 144,368		175,853	
Property plant and equipmen, net 904,132 967,810 Prepair plant on costs ————————————————————————————————————	Total current assets	4,484,442		3,884,742	
Prepaid pension costs 9.818 Goodwill 55,048 Defered income taxes 141,464 Other long-term assers 73,001 Defered income taxes 73,005 Defered income taxes 73,005 Description of Long-term destrict 8 Maccount Judicities 8 28,006 Account plotting of long-term debt, net 6 1,135,810 1,273,482 Active of liabilities 3,597,600 1,812,783 1,273,482 Active of liabilities 3,597,600 1,812,783 1,273,482 1,273,482 Active of liabilities 3,597,600 1,812,783 1,273,482 1	Finance receivables, net	5,007,507		4,859,424	
Godwill 55,04 55,04 Defered income taxes 141,464 109,073 Other Long-term assets 73,071 75,868 INTERPRINTER OUTSTAND SHAREHOLDERS' FQUITS Current liabilities Accounts payable \$ 284,861 \$ 227,597 Accounts payable \$ 133,801 \$ 1,273,482 Short-em debt \$ 1,355,601 \$ 1,273,482 Current portion of long-term debt, net 1,357,970 \$ 1,273,482 Current portion of long-term debt, net 3,397,601 \$ 1,875,970 Total current liabilities 3,397,601 \$ 1,875,970 \$ 1,127,342 Description of long-term debt, net 4,887,601 \$ 1,875,970	Property, plant and equipment, net	904,132		967,781	
Defered inome taxes 11,146 10,000 Other long-term assets 73,001 75,889 Commercial indivision 8 10,665,666 9,972,625 Contrent liabilities Accounts payable \$284,61 \$27,597 Accued liabilities 601,13 52,982 Short-term debt, net 1,135,80 1,273,820 Current portion of long-term debt, net 1,575,799 1,127,820 Total current liabilities 3,597,600 3,597,600 3,597,600 3,158,170 Description of long-term debt, net 1,075,709 1,127,200 3,597,600 3,158,170 Total current liabilities 3,597,600	Prepaid pension costs	_		19,816	
Ober long-term assets 7,970 7,508 18.00.00.00.00.00.00.00.00.00.00.00.00.00	Goodwill	55,048		55,947	
Page 1	Deferred income taxes	141,464		109,073	
Current liabilities	Other long-term assets	 73,071		75,889	
Current liabilities: S 284,861 227,597 Accounts payable \$ 284,861 227,597 Accrued liabilities 601,135 529,822 Short-tern debt 1,135,810 1,273,482 Current portion of long-term debt, net 3,597,600 3,158,170 Total current liabilities 4,887,667 4,887,667 Pension liability 107,776 54,606 Postretirement healthcare liability 94,453 118,753 Other long-term liabilities 204,21 209,608 Commitments and contingencies (Note 15) 3 1,813 1,813 Preferred stock, none issued — — — — Common stock (181,931,225 and 181,286,547 shares issued, respectively) 1,813 1,813 4,812,288 Retained earnings 1,459,620 1,422,808 Accumulated other comprehensive loss (500,049) Treasury stock (22,273,278 and 13,195,731 shares, respectively), at cost (607,635) (607,636) Total shareholders' equity 1,713,949 1,844,270		\$ 10,665,664	\$	9,972,672	
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 3,597,60 3,158,170 Total current liabilities 4,887,667 4,587,258 Long-term debt, net 4,887,667 5,606 Pension liability 10,776 5,606 Postretirement healthcare liability 94,453 118,753 Other long-term liabilities 204,219 209,608 Commitments and contingencies (Note 15) 204,219 209,608 Commitments and contingencies (Note 15) 5 - 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 62,007,83 1,607,570 Treasury stock (22,273,278 and 13,195,731 shares, respectively), at cost 1,005,009 1,608,805 Total shareholders' equity 1,005,009 1,804,007 1,804,007 <td>LIABILITIES AND SHAREHOLDERS' EQUITY</td> <td></td> <td></td> <td></td>	LIABILITIES AND SHAREHOLDERS' EQUITY				
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 Postreirment 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) 1,813 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	Current liabilities:				
Short-term debt 1,138,810 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 Posteriement healthcare liability 94,453 118,753 Other long-term liabilities 204,219 209,608 Commitments and contingencies (Note 15) *** *** Shareholders' equity: ***	Accounts payable	\$ 284,861	\$	227,597	
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) 1,813 1,813 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	Accrued liabilities	601,130		529,822	
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) 1,813 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	Short-term debt	1,135,810		1,273,482	
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	Current portion of long-term debt, net	1,575,799		1,127,269	
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 1,422,808 Retained earnings 2,007,583 1,607,570 4,622,808 5,007,570 4,622,608 6,007,503 1,607,570 6,629,684 (500,049) 5,007,503 1,607,570 6,687,865	Total current liabilities	 3,597,600		3,158,170	
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	Long-term debt, net	4,887,667		4,587,258	
Other long-term liabilities 204,219 209,608 Commitments and contingencies (Note 15) Shareholders' equity: Preferred stock, none issued — <td< td=""><td>Pension liability</td><td>107,776</td><td></td><td>54,606</td></td<>	Pension liability	107,776		54,606	
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	Postretirement healthcare liability	94,453		118,753	
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	Other long-term liabilities	204,219		209,608	
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	Commitments and contingencies (Note 15)				
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	Shareholders' equity:				
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	Preferred stock, none issued	_		_	
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	Common stock (181,931,225 and 181,286,547 shares issued, respectively)	1,819		1,813	
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	Additional paid-in-capital	1,459,620		1,422,808	
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	Retained earnings	2,007,583		1,607,570	
Total shareholders' equity 1,773,949 1,844,277	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)	
\$ 10,665,664 \$ 9,972,672	Total shareholders' equity	1,773,949		1,844,277	
		\$ 10,665,664	\$	9,972,672	

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
casa, casa equaturens and restricted casa.	<u> </u>		Ť		Ť	
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.