



HARLEY-DAVIDSON

HARLEY-DAVIDSON, INC.
2007 Annual Report



TOWN TO TOWN, COUNTRY TO COUNTRY OUR GROWING



THROUGHOUT THE WORLD, HARLEY-DAVIDSON UNITES PEOPLE DEEPLY, PASSIONATELY AND AUTHENTICALLY. AND IN THIS UNITY THERE IS A RICH AND UNENDING VARIETY OF PERSONAL EXPERIENCES. FROM TOWN TO TOWN AND COUNTRY TO COUNTRY, HARLEY-DAVIDSON TRANSCENDS CULTURES IN WAYS THAT RESONATE LOCALLY.

WITH BOTH GLOBAL SIGNIFICANCE AND LOCAL RELEVANCE, IT'S NO SURPRISE THAT HARLEY-DAVIDSON RANKS AS ONE OF THE STRONGEST BRANDS IN THE WORLD. SUCH ACCOLADES ARE GRATIFYING OF COURSE. BUT IGNITING THE FIRE WITHIN PEOPLE ALL OVER THE WORLD IS MUCH MORE IMPORTANT.



Harley-Davidson, Inc. President and Chief Executive Officer, Jim Ziemer, on a ride to Fairbanks, Alaska for the 2007 Alaska State H.O.G. Rally.

FINANCIAL HIGHLIGHTS

In thousands, except per-share amounts	2007 ⁽¹⁾⁽²⁾	2006 ⁽¹⁾⁽²⁾	2005 ⁽¹⁾	2004	2003
Income statement data:					
Net Revenue	\$ 5,726,848	\$ 5,800,686	\$ 5,342,214	\$ 5,015,190	\$ 4,624,274
Cost of goods sold	3,612,748	3,567,839	3,301,715	3,115,655	2,958,708
Gross Profit	2,114,100	2,232,847	2,040,499	1,899,535	1,665,566
Financial services income	416,196	384,891	331,618	305,262	279,459
Financial services expense	204,027	174,167	139,998	116,662	111,586
Operating income from financial services	212,169	210,724	191,620	188,600	167,873
Selling, administrative and engineering expense	900,708	846,418	767,157	731,750	690,492
Income from operations	1,425,561	1,597,153	1,464,962	1,356,385	1,142,947
Investment income, net	22,258	27,087	22,797	23,101	23,088
Income before provision for income taxes	1,447,819	1,624,240	1,487,759	1,379,486	1,166,035
Provision for income taxes	513,976	581,087	528,155	489,720	405,107
Net income	\$ 933,843	\$ 1,043,153	\$ 959,604	\$ 889,766	\$ 760,928
Weighted-average common shares:					
Basic	249,205	264,453	280,303	295,008	302,271
Diluted	249,882	265,273	281,035	296,852	304,470
Earnings per common share:					
Basic	\$ 3.75	\$ 3.94	\$ 3.42	\$ 3.02	\$ 2.52
Diluted	\$ 3.74	\$ 3.93	\$ 3.41	\$ 3.00	\$ 2.50
Dividends paid per common share					
	\$ 1.060	\$ 0.810	\$ 0.625	\$ 0.405	\$ 0.195
Balance sheet data:					
Working capital	\$ 1,562,235	\$ 1,954,956	\$ 2,272,125	\$ 2,510,490	\$ 2,087,056
Finance receivables held for sale	781,280	547,106	299,373	456,516	347,112
Finance receivables held for investment, net	2,420,327	2,280,217	1,943,224	1,655,784	1,390,737
Total assets	5,656,606	5,532,150	5,255,209	5,483,293	4,923,088
Current finance debt	1,119,955	832,491	204,973	495,441	324,305
Long-term finance debt	980,000	870,000	1,000,000	800,000	670,000
Total finance debt	2,099,955	1,702,491	1,204,973	1,295,441	994,305
Shareholder equity	\$ 2,375,491	\$ 2,756,737	\$ 3,083,605	\$ 3,218,471	\$ 2,957,692

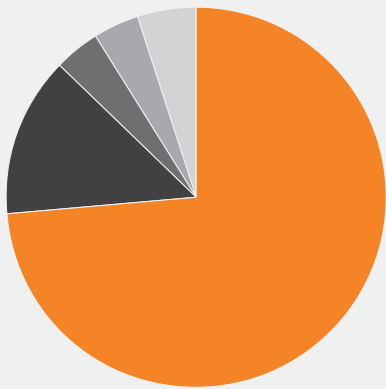
(1) 2007, 2006 and 2005 results include the adoption of Statement of Financial Accounting Standards (SFAS) No. 123(R), "Share-Based Payment" effective January 1, 2005.

(2) 2007 and 2006 results include the adoption of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" as of December 31, 2006.

As of Feb. 18, 2008, there were 90,748 shareholders of record of Harley-Davidson, Inc. common stock.

WORLDWIDE NET REVENUE BY REGION

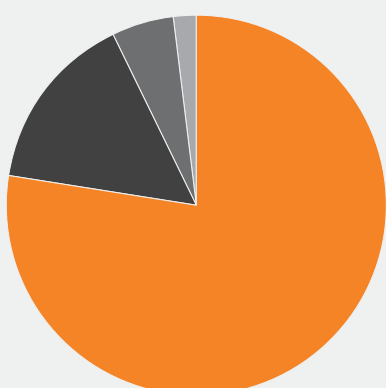
Dollars in millions



73.5%	UNITED STATES.....	\$4,208.0
13.8%	EUROPE.....	790.2
4.0%	JAPAN.....	229.8
4.0%	CANADA.....	230.2
4.7%	REST OF WORLD.....	268.6
TOTAL NET REVENUE.....		\$5,726.8

WORLDWIDE NET REVENUE BY PRODUCT LINE

Dollars in millions



77.6%	HARLEY-DAVIDSON MOTORCYCLES.....	\$4,446.6
15.2%	PARTS & ACCESSORIES.....	868.3
5.3%	GENERAL MERCHANDISE.....	305.4
1.8%	BUELL MOTORCYCLES.....	100.5
	OTHER.....	6.0
TOTAL NET REVENUE.....		\$5,726.8

2007 WAS A LOT LIKE THAT MOTORCYCLE TRIP YOU TAKE IN EARLY SUMMER IN THE MOUNTAINS—THE ONE WHERE THE FORECAST IS FOR BLUE SKIES AND DRY ROADS AND, ALL OF A SUDDEN AT 9,500 FEET OF ELEVATION, YOU FIND YOURSELF IN THE MIDDLE OF A SNOWSTORM. YOU KNOW THAT WITH CAUTION AND PERSEVERANCE YOU'LL REACH YOUR DESTINATION. BUT IN THE MEANTIME, IT'S SURE TOUGH TO GET MUCH TRACTION AND IT MAKES FOR SOME UNCOMFORTABLE RIDING!

Harley-Davidson had a challenging year in 2007 as growing troubles in the U.S. economy increasingly impacted major discretionary purchases like motorcycles.

In that environment, Harley-Davidson full-year revenue and earnings declined year-over-year, as did the number of new Harley-Davidson® motorcycles our U.S. dealers sold at retail. Even so, except for 2006, it was the biggest year in our history for revenue, earnings and worldwide retail motorcycle sales. Revenue for the year was \$5.73 billion, compared to \$5.80 billion in 2006 and \$5.34 billion in 2005. Dealers sold 337,774 new Harley-Davidson motorcycles worldwide in 2007, compared to 343,981 in 2006 and 317,169 in 2005. Diluted earnings per share were \$3.74, compared to \$3.93 in 2006 and \$3.41 in 2005.

A major factor affecting revenue and earnings in 2007 was our decision to reduce fourth-quarter motorcycle shipments, in keeping with our commitment to ship fewer Harley-Davidson motorcycles than we anticipated dealers would sell at retail worldwide. For the full year 2007, we shipped 330,619 Harley-Davidson motorcycles, which was 5.3% less than the prior year.

Our decision to reduce shipments underscores the priority we place on brand strength. Our strong brand is the backbone of our business and the value proposition of our motorcycles. We will continue to be careful

guardians of the brand by managing the relationship between supply and demand and managing the business for the long term.

Turning to Harley-Davidson Financial Services, we all know what a challenging year 2007 was in the consumer credit industry. However, HDFS is a premier financial services company with a reputation

“OUR STRONG BRAND IS THE BACKBONE OF OUR BUSINESS AND THE VALUE PROPOSITION OF OUR MOTORCYCLES. WE WILL CONTINUE TO BE CAREFUL GUARDIANS OF THE BRAND...BY MANAGING THE BUSINESS FOR THE LONG TERM.”

for a disciplined and prudent approach to lending, and for the full year, HDFS realized a 0.7% increase in operating income compared to 2006. HDFS also grew its market share for loans for new Harley-Davidson motorcycles in the U.S. to 55% in 2007, up from 49% in 2006. HDFS continues to serve a broad range of customers, lending across all credit tiers and appropriately balancing for risk and reward. And although HDFS was not immune to some of the pressures in the credit markets in 2007, its results demonstrate its

understanding of how to effectively serve the needs of dealers and their retail customers.

INTERNATIONAL STRENGTH A major bright spot in 2007 was the continued success of Harley-Davidson on the international stage, where dealers' retail sales grew 13.7% compared to the prior year. Our international

national growth is a sign of the incredible strength of the Harley-Davidson brand abroad—and the ability of the brand to transcend cultures and languages. As you'll see from the examples in this annual report, Harley-Davidson consistently delivers culturally-relevant experiences in the 72 international countries in which we sell our motorcycles. Our international employees—the vast majority of whom are local market nationals—and our dealers understand the challenges and opportunities and how to fine tune our approach to the cultural expectations of each market.

Going forward, we believe international markets will continue to be an area of strength and we are continuing to refine our business and marketing strategies for Europe, Asia, Australia, Latin America and Africa to leverage those opportunities.

THE ROAD AHEAD Looking ahead, we anticipate that weakness in the U.S. economy will continue to make 2008 challenging for Harley-Davidson and we have again committed to ship fewer Harley-Davidson motorcycles than we expect dealers to sell worldwide. At this time, we believe this is the right course for the brand, our business, for dealers and for customers.

At the same time, we continue to devote major resources to drive our business forward, investing heavily in marketing, product

development and our people. We believe there will be solid opportunities to grow when the U.S. economy rebounds and we intend to be well-positioned to take advantage of those opportunities.

CUSTOMER FOCUS Customer relationships, market-defining products and extraordinary customer experiences are the not-so secrets to our success. We intend to keep it that way through a continued focus on these strengths, connecting with core customers, crossover prospects and non-riders like never before, and staying ten steps ahead of our competitors. From unmatched events like our upcoming 105th Anniversary Celebration or an exclusive Nightster® motorcycle launch party for young adults to our Dark Custom™ family of motorcycles (check them out at www.Harley-Davidson.com), we continue to make our brand more relevant to more people.

LEADERSHIP FOCUS Harley-Davidson has achieved its success over the years through the talent and dedication of our employees, growing the Company from less than \$2 billion in revenue a decade ago to nearly \$6 billion in 2007. Today, more than ever, having capable leaders is crucial to our success.

We are currently in the process of transforming our internal culture to maximize the talent and contributions of our existing workforce, making leadership development a key priority. And we're bringing in new people for the fresh perspectives and capabilities they can provide.

I want to make sure that our people—and especially our leaders at all levels of the

organization—are well-prepared to meet the challenges we face and to make the most of Harley-Davidson's many business opportunities. My goal is to make sure that we are world class when it comes to leadership, just as we're world class when it comes to our motorcycles.

ORGANIZATIONAL STRUCTURE To make Harley-Davidson more agile and adept going forward, we made major changes in our organizational structure in 2007. Our new, more streamlined structure promotes faster decision making, greater

“OUR INTERNATIONAL STRENGTH IS THE RESULT OF A WELL-ORCHESTRATED, STRATEGIC APPROACH WE EMBARKED ON A NUMBER OF YEARS AGO TO GROW HARLEY-DAVIDSON'S INTERNATIONAL RETAIL MOTORCYCLE SALES FASTER THAN U.S. SALES.”

responsiveness to rapid change, and clearer accountability and responsibility for results. Karl Eberle now serves in the newly-created position of Senior Vice President, Manufacturing, responsible for company-wide manufacturing strategy and operations. Ron Hutchinson is now in the newly-created position of Senior Vice President, Product Development, responsible for engineering, materials management and Parts & Accessories. They bring 47 combined years of experience at Harley-Davidson to these key operational areas. And mid-year,

Mark-Hans Richer joined the organization in the newly-established role of Senior Vice President and Chief Marketing Officer, with overall responsibility for the brand and motorcycle product planning, and for U.S. marketing and customer relationships.

2008—AN EXCITING YEAR I'm expecting a challenging year in 2008 but it's also going to be an incredible year.

Anticipation is building for the opening of the Harley-Davidson Museum this summer. The Museum is much more than our collection of memorabilia and bikes. It will be an

exciting destination for connecting, sharing a road story or a meal, celebrating and fueling Harley-Davidson dreams!

This summer, H.O.G.® celebrates its 25th anniversary. So does Buell Motorcycle Company. Our police motorcycles business marks its 100th anniversary. Buell is also pumping out lots of excitement and reaching new customers with the launch of its all-new, liquid-cooled 1125R motorcycle, delivering a true balance of street and track performance in the superbike category.

What else is going on? Way more than I

can cover in this letter! We've doubled the size of our demo motorcycle fleet, bringing the Harley-Davidson experience to more riders than ever. Our event teams will be putting on more and better consumer events around the globe. And in July, we'll have a major injection of adrenaline with the introduction of the 2009 motorcycles.

A few weeks later we celebrate our great future, not to mention 105 years of riding proud, with the biggest anniversary ride in company history and four days of celebration in Milwaukee. With the entertainment and activities we've got in store, our 105th Anniversary Celebration will deepen the passion of current customers and ignite the dreams of new ones like only Harley-Davidson can.

I can't think of another consumer products company that can lay claim to that level of customer activity and excitement in one year. So even though the economy has hit a rough patch, I am very enthusiastic about our future. With the most passionate employees, customers and dealers anywhere, our powerful brand and our great motorcycles, I believe there is outstanding opportunity for Harley-Davidson throughout the world for years to come.

James Ziemer

JAMES ZIEMER,
President and Chief Executive Officer,
Harley-Davidson, Inc.



JAPAN

OVERCOMING BARRIERS IN JAPAN

OVER THE PAST DECADE, JAPANESE CULTURE HAS CHANGED. WOMEN ARE ENCOURAGED TO ASSUME LESS TRADITIONAL ROLES AND FOLLOW THEIR DREAMS. DURING THIS SAME TIME FRAME, THE COUNTRY HAS EXPERIENCED A SIGNIFICANT INCREASE IN THE NUMBER OF WOMEN RIDING HARLEY® MOTORCYCLES THANKS TO HARLEY-DAVIDSON'S INNOVATIVE EFFORTS TO HELP THEM GET STARTED.

More than ever before, Japanese women have an interest in riding motorcycles, and it's now socially permissible for them to do so. Yet for many women, there are barriers to getting involved. Limited product knowledge and an

absence of riding skills can be huge obstacles. But above all, Japanese women tend to be apprehensive about approaching a traditionally male-oriented sport. To conquer these barriers, Harley-Davidson offered an event for women only—the Ladies Debut Ride.

Women learned the basics about Harley-Davidson motorcycles and customization techniques and had the chance to demo all Harley models in a private area, closed to traffic. Female employees led the event,

demonstrating riding techniques and raising the confidence of the guests. Combining a safe learning environment with the camaraderie of a ladies-only get together, aspiring female riders enjoyed an experience pertinent to their preferences.

Most importantly, Japanese women felt more confident about riding and connected to the brand.

BREAKING THROUGH IN THE U.S.A.

JEREMY JONES IS ONE OF THE WORLD'S TOP PROFESSIONAL SNOWBOARDERS. REVERED AMONG FANS FOR HIS REBELLIOUS SNOWBOARDING STYLE, HE EPITOMIZES THE KIND OF COOL TO WHICH MANY YOUNG ADULTS ASPIRE. HE'S ALSO A HARLEY-DAVIDSON RIDER.

Blending his passions, Jeremy organized a crew of snowboarders to ride from Harley-Davidson of Salt Lake City to western Nevada to snowboard and film a mini-documentary, "The Morning Out of Austin."

They covered 1,300 miles on their ride and encountered every element Mother Nature could dish out. But they blazed right through—making the road stories that were detailed in the film even better. The ride united the world of action sports with motorcycling,

paving the way to reach a community of young adults that shares our brand values. The ride received international media coverage in key snowboarding magazines and, when the film was complete, Harley-Davidson of

Salt Lake City threw a premiere party. The dealership converted the showroom into a movie theater and entertained Jeremy and his crew, along with 1,000 fans. Before the movie was even released, the dealership began to see new, younger customers.

The word was out among the snowboarding community and these enthusiasts bought motorcycles. Best of all, the word on the street is planting seeds for the future.



USA



RUSSIA

MERGING WITH MOSCOW'S WAY OF LIFE

MUSCOVITES HAVE SOLID SPENDING POWER. WEALTH IS ON DISPLAY EVERYWHERE YOU LOOK, GIVING MOSCOW A SENSE OF EXTRAVAGANT STYLE. FINE RESTAURANTS AND FASHIONABLE SHOPS DELIVER OVERWHELMINGLY OPULENT EXPERIENCES, WHICH WELL-HEELED RUSSIANS HAVE COME TO EXPECT.

In 2005, the first Harley-Davidson dealership opened in Moscow and the city's first enthusiasts anticipated an indulgent dealership experience. Harley-Davidson had to find a way to strike the balance between exclusivity and Harley-style sensibilities. To meet in

the middle, the urban dealership created a traditional retail environment with a VIP twist: a luxuriously furnished waiting area, lavish food and beverages and a full wait staff. Soon a second dealership opened in a suburban luxury shopping village, alongside

high-end auto, jewelry and apparel retailers. That store featured fine finishes and fixtures, with the added touch of doormen to cater more directly to high-income customers. Growth continues. A new retail outlet opened last year inside one of the most high-end

department stores in the city. The store-within-a-store concept is a radical departure from Harley-Davidson's traditional retail strategy. Today, the shop merchandises motorcycles and apparel to influential shoppers alongside other exclusive brands.

As the Harley-Davidson brand has come to life, sales have tripled in Moscow since 2005. Locals have a stylish new way to express themselves and, as the middle class begins to benefit from changing economics, the future looks exciting.

SHAPING THE SCENE IN TURKEY

TURKEY'S BUSTLING ECONOMY HAS GROWN STEADILY IN THE LAST FIVE YEARS. MOST OF THE COUNTRY'S POPULATION IS CONCENTRATED IN URBAN AREAS WHERE WESTERN AND TRADITIONAL TURKISH LIFESTYLES MELD TOGETHER. THROUGH THESE CULTURAL DYNAMICS, A NEW CUSTOMER GROUP IS EMERGING: A YOUNG GENERATION OF TURKS WITH A WESTERN MINDSET.

Harley-Davidson began doing business in Turkey in 1996 when it established its first dealership in Istanbul. Since that time, an enthusiastic following has developed among the baby boomer demographic, complete with a H.O.G. Chapter, regular group rides and events.

However, to connect with Turkey's youth culture, Harley-Davidson Istanbul decided to do things a little differently. The dealership started a riding group named Night Riders to generate interest in a trendy, urban motorcycle lifestyle.

The group convenes on Friday nights to ride to the hottest dance clubs and late night cafes. Parking, entering and leaving together, crowds can't help but notice the group riding genuine Harley-Davidson motorcycles.

The idea marries an attribute of Harley-Davidson culture – riding together – to an activity interesting to young Turks – late night socializing. With more and more riders joining the ranks of the Night

Riders, the effort has caught the attention of Turkey's young adults, giving them an authentic way to express their lifestyle.



TURKEY



AUSTRALIA

FOSTERING AUSTRALIA'S RIDING COMMUNITY

FUELED BY BUOYANT ECONOMIC CONDITIONS, AUSTRALIA'S APPETITE FOR HARLEY-DAVIDSON MOTORCYCLES HAS BEEN VORACIOUS OVER THE PAST FIVE YEARS. AUSTRALIANS IN RURAL MINING STATES LIKE WESTERN AUSTRALIA AND QUEENSLAND HAVE PARTICULARLY PROSPERED AS THE COUNTRY'S NATURAL RESOURCES CONTINUE TO BE IN HIGH DEMAND GLOBALLY.

Australians living in these remote areas must travel great distances to reach neighboring towns—often voyaging hundreds of miles between cities. To foster the enthusiast community, Harley-Davidson worked to enhance every dealership experience in

the country, giving riders first-rate stopping points along their journeys. Richardson's Harley-Davidson in Tasmania updated its 30-year-old business with a massive log cabin-style store, reflecting the territory's tall timber surroundings. Inside, visitors

can browse Harley-Davidson motorcycles and MotorClothes apparel, as well as a display of vintage motorcycles. A large, sit-down restaurant offers fare for the hungry and a welcoming fire burns all winter,

fostering a gathering spot to meet new friends and trade stories. And the youngest enthusiasts can hang out in the Kids' Club play area while the grown-ups shop. The dealership has become a favorite destination for riders from all over Australia's sprawling

countryside. And guests who initially came for coffee and a peek at the Harley-Davidson lifestyle have become frequent visitors as the dealership cultivates customers from all walks of life.

CREATING A KOREAN MOTORCYCLE LIFESTYLE

UNTIL THE LATE 1990s, TWO-WHEELED TRANSPORTATION IN KOREA WAS ALL ABOUT GETTING FROM POINT A TO POINT B. THE IDEA OF A MOTORCYCLE LIFESTYLE—WELL UNDERSTOOD IN THE WESTERN WORLD—WAS COMPLETELY FOREIGN IN THIS COUNTRY.

When the Motor Company began doing business in Korea, overcoming the utilitarian perception of motorcycles was imperative to getting consumers to value leisure riding. Developing the Harley-Davidson lifestyle was a necessity.

While instilling a desire for the freedom of touring and the camaraderie of friends was important to establishing the lifestyle, Harley-Davidson took the country's cultural values into account to ensure a relevant experience. Knowing that family

life is particularly cherished in the country, plans evolved with "family" at front and center. All Korean Harley-Davidson events provide activities for family members—regardless of whether they ride or not. One recent riding event, the Family Tour, invited

riders' families to join the trip. Motorcycles led the ride and coaches followed with family members in tow. Every stop included family activities—rafting, games, dinner parties and shopping—to ensure the whole family had a memorable experience.

Because of events like this, riders consider Harley-Davidson motorcycles more than a means of transportation. They consider it an activity that enhances their family's lifestyle in ways they cherish.



KOREA



BRAZIL

CAPTURING ATTENTION IN BRAZIL

BRAZIL IS A DAZZLING LAND OF PRISTINE BEACHES, STEAMY JUNGLES AND ELECTRIFYING METROPOLISES—A COUNTRY OF STAGGERING BEAUTY. IT'S A PERFECT PLACE TO BRING A GROUND-BREAKING NEW MOTORCYCLE TO LIFE.

When the stunning Harley-Davidson® VRSC V-Rod® launched in 2001, it presented a unique opportunity to capture the attention of the Brazilian market. Stylistically, the V-Rod was like no other motorcycle in the

world and oozed the kind of contemporary design that locals coveted. To guarantee a buzz, Brazil's Izzo Harley-Davidson boldly redesigned one of its store environments, putting the V-Rod in the limelight. With modern and minimalist decor, a showcase

of fashionable riding gear, cool music and young, hip staff—all of whom rode V-Rod motorcycles—the atmosphere seamlessly conveyed the spirit of the new bike. Brazilians sensed the V-Rod experience

immediately upon entering the dealership and the platform has become one of Harley-Davidson's top sellers in the country. Today, each Harley-Davidson motorcycle family is displayed in a setting that evokes its soul. And Izzo Harley-Davidson

dealerships are matching the varying needs of Brazilian riders' tastes with the right bikes, capturing them for the long haul.

HOW ITALIANS PREFER TO SHOP

ITALY IS STEEPED IN TWO-WHEELED TRADITION. EVERYWHERE YOU LOOK, FASHIONABLE YOUNG ITALIANS ZIP AROUND TOWN ON NIMBLE CITY MOTORCYCLES. WHAT'S MORE, NEARLY HALF OF THE ADULT POPULATION IS LICENSED TO RIDE.

But the culture presented an interesting opportunity: most Italians prefer shopping in their nearest town and they avoid traveling distances to shop. If an item can't be found in town, it isn't essential.

In this preference was a chance to capture the attention of customers who may never have walked into a Harley-Davidson dealership. Enter the Harley-Davidson Experience Tour. This mobile street promotion gives locals the

chance to easily demo ride a bike in their town square during market hours, no traveling required. Harley-Davidson employees give shoppers one-on-one attention to

fully understand their riding preferences and tailor the experience to their needs. Once a rider is hooked on the experience, a trip to a dealership becomes an absolute necessity.

Now Italians are finding it easy to hop on a Harley. And other European countries such as Sweden and Spain are setting up similar programs.



ITALY

2007 FINANCIAL PERFORMANCE SUMMARY

In 2007, the Company's net revenue and net income decreased 1.3% and 10.5%, respectively. Net revenue of \$5.7 billion was \$74 million lower than in 2006, while 2007 net income of \$934 million was \$109 million lower than last year.

Revenue from sales of Harley-Davidson motorcycles decreased to \$4.4 billion in 2007, a decline of 2.3% from 2006. Buell motorcycle revenue of \$101 million was down 1.7%. Revenue from Genuine Parts and Accessories in 2007 totaled \$868 million, a 0.7% increase over the previous year, and General Merchandise revenue was \$305 million, an increase of 10.1% compared to 2006.

Harley-Davidson continues to effectively manage its balance sheet and realized a return on invested capital (ROIC) at the end of 2007 of 26.3%. The Company has maintained an ROIC over 20% every year since 2000.

The Company's share price declined 33.7% during 2007. For the ten-year period ending on December 31, 2007, compound annual total return on Harley-Davidson stock was 13.9%. The Company increased its dividend twice during 2007 and has increased the annual dividend for 15 consecutive years. The dividend paid per share in 2007 was up 30.9% compared to 2006. Since the end of 1986, the year Harley-Davidson, Inc. became a public company, shareholders

have enjoyed a compound annual total return growth rate of 27.2%, which includes five 2-for-1 stock splits during that time period.

HARLEY-DAVIDSON MOTORCYCLES Worldwide retail sales of Harley-Davidson motorcycles declined 1.8% in 2007.

In the United States, 2007 retail sales of Harley-Davidson motorcycles decreased 6.2% compared to 2006 and the overall U.S. heavy-weight market declined 5.0%.

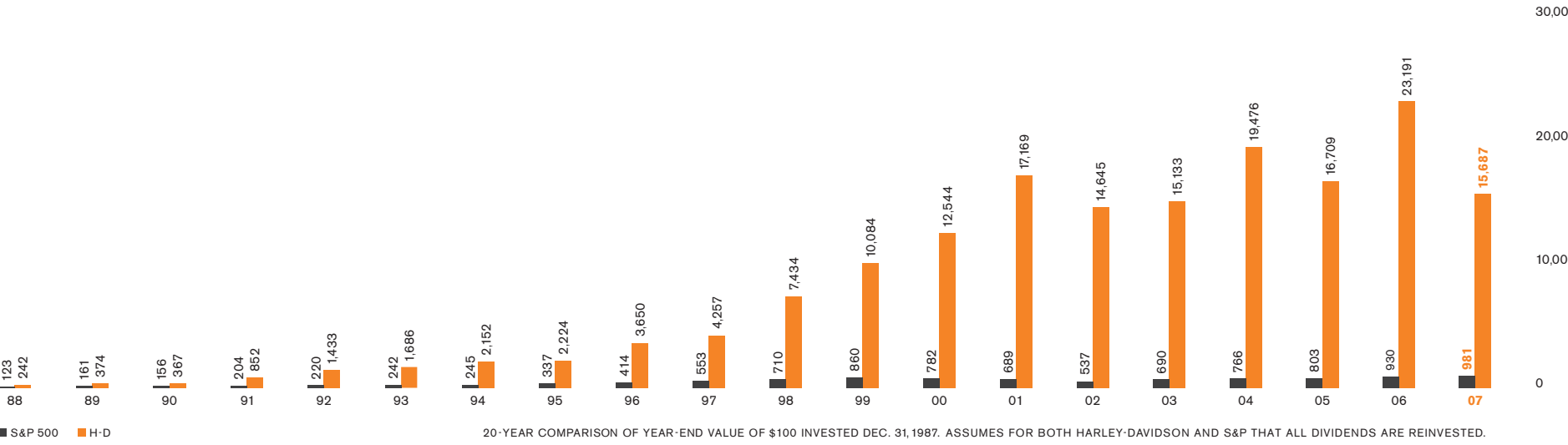
For the full year 2007, retail sales of Harley-Davidson motorcycles in our international markets increased 13.7%. In Europe, sales of Harley-Davidson motorcycles increased 15.0%,

and in Japan, retail sales of Harley-Davidson motorcycles increased 3.6% compared to 2006. Annual retail sales increased 9.4% in Canada, and increased 23.7% in the remaining international markets combined.

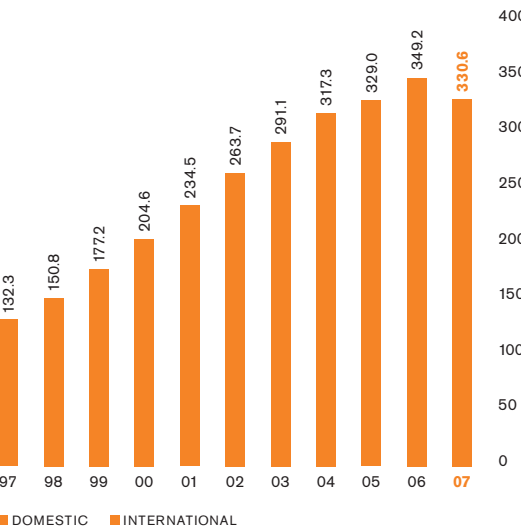
In 2007, Harley-Davidson motorcycle shipments were 330,619 units, down 5.3% from 2006.

HARLEY-DAVIDSON FINANCIAL SERVICES Harley-Davidson Financial Services (HDFS) continued a 14-year run of earnings growth. Operating income increased from \$211 million in 2006 to \$212 million in 2007 as HDFS benefited from increased wholesale and retail lending activity.

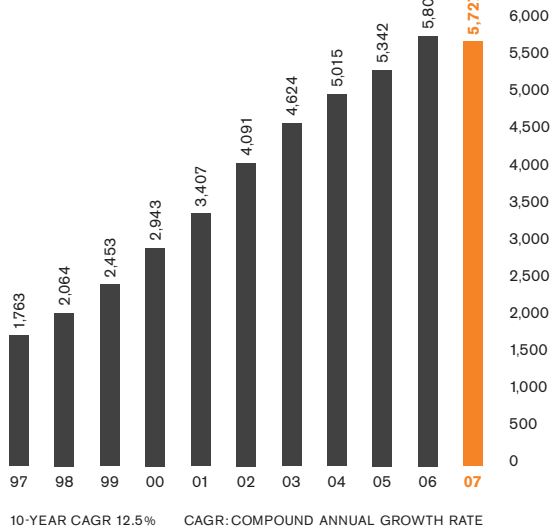
HARLEY-DAVIDSON, INC. VS. STANDARD & POOR'S 500 COMPOSITE INDEX
In dollars



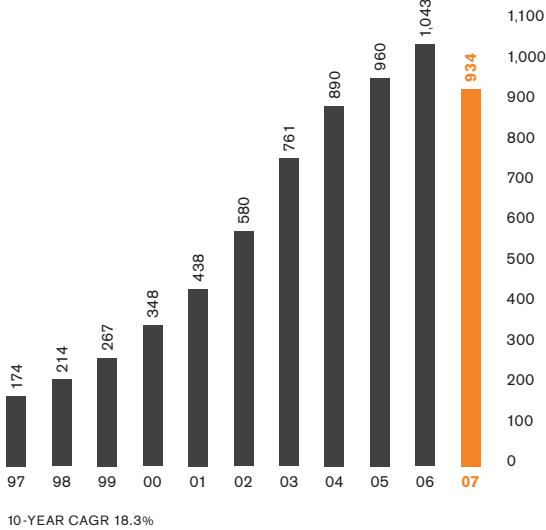
HARLEY-DAVIDSON MOTORCYCLE
WORLDWIDE SHIPMENTS
Units in thousands



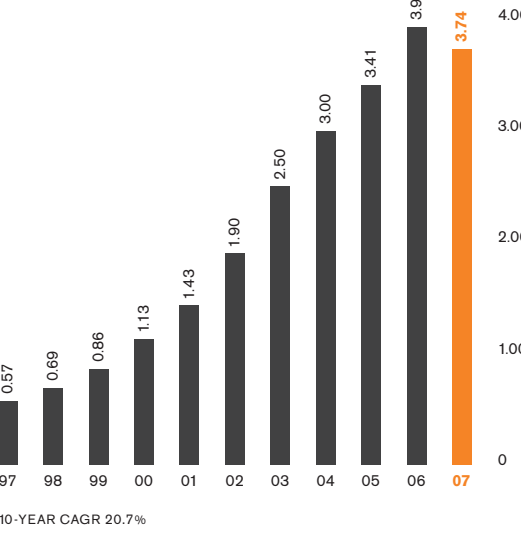
HARLEY-DAVIDSON, INC.
NET REVENUE
Dollars in millions



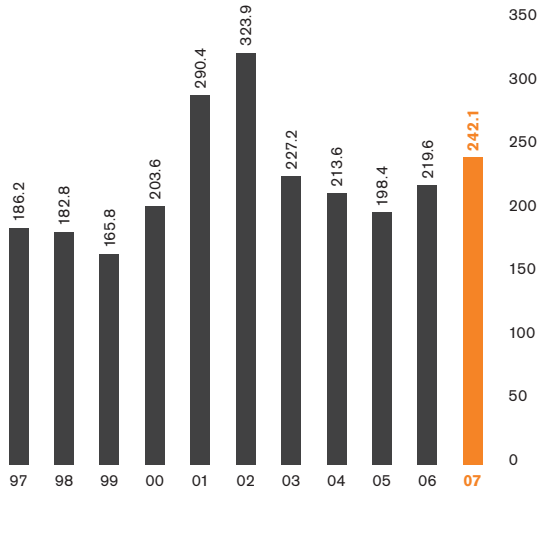
HARLEY-DAVIDSON, INC.
NET INCOME
Dollars in millions



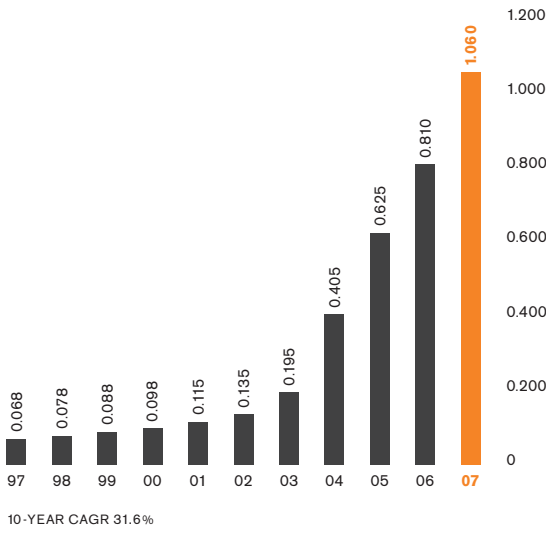
HARLEY-DAVIDSON, INC.
DILUTED EARNINGS PER SHARE
In dollars



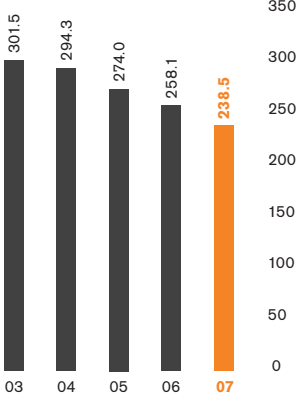
HARLEY-DAVIDSON, INC.
CAPITAL EXPENDITURES
Dollars in millions



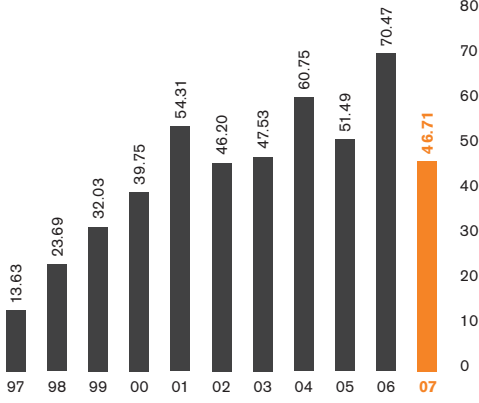
HARLEY-DAVIDSON, INC.
DIVIDENDS PER SHARE
In dollars, adjusted for splits



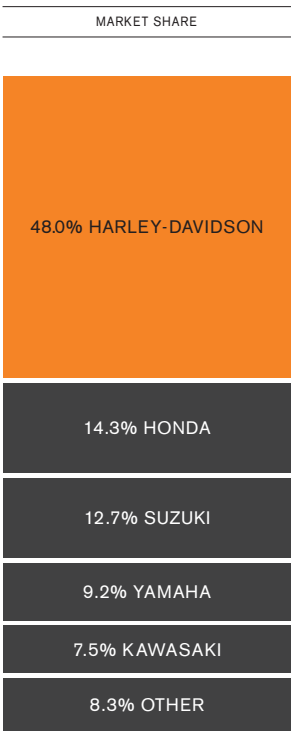
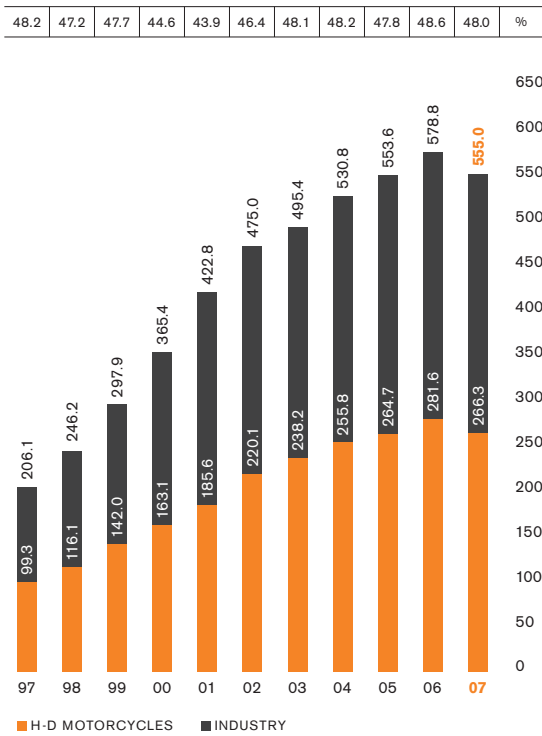
HARLEY-DAVIDSON, INC.
COMMON SHARES OUTSTANDING
Shares outstanding, in millions



HARLEY-DAVIDSON, INC.
YEAR-END STOCK PRICES
In dollars, adjusted for splits



NORTH AMERICA
651+ CC MOTORCYCLE REGISTRATIONS H-D VS. INDUSTRY*
Units in thousands

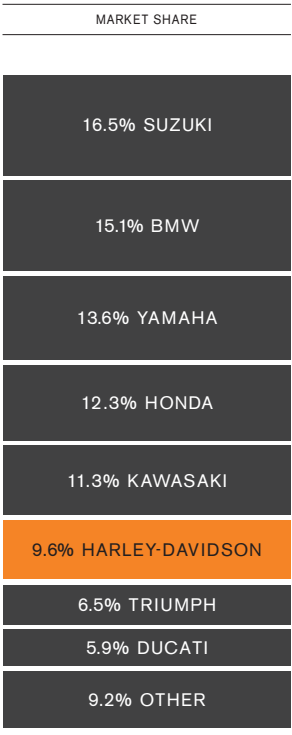
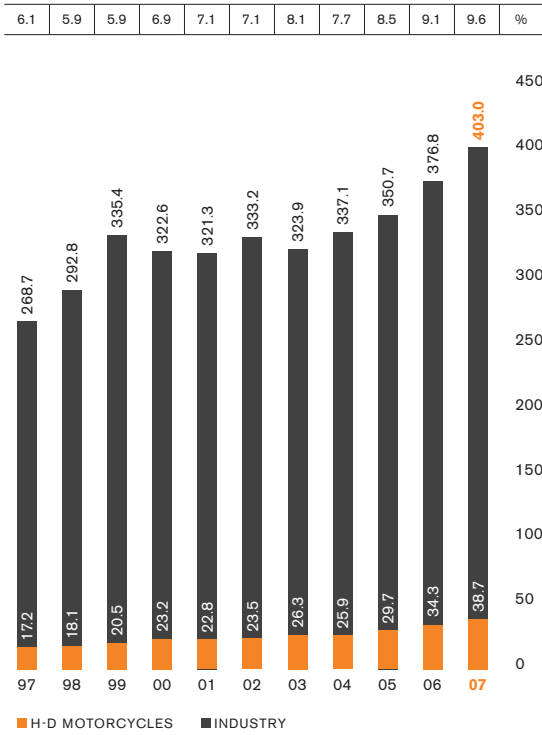


Data includes U.S. and Canada.

U.S. Source: Motorcycle Industry Council (MIC). Canada Source: Moped & Motorcycle Industry of Canada.

*The Company must rely on data compiled by independent agencies to obtain retail registrations data necessary for calculating market share. The retail registrations data for Harley-Davidson motorcycles included in these tables may differ slightly from the Harley-Davidson retail sales data presented elsewhere by the Company. The differences are not significant and generally relate to the timing of data submissions to the independent sources.

EUROPE
651+ CC MOTORCYCLE REGISTRATIONS H-D VS. INDUSTRY*
Units in thousands



Data includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

The Company derives its market registration data and market share calculations from information provided by Giral S.A.

*The Company must rely on data compiled by independent agencies to obtain retail registrations data necessary for calculating market share. The retail registrations data for Harley-Davidson motorcycles included in these tables may differ slightly from the Harley-Davidson retail sales data presented elsewhere by the Company. The differences are not significant and generally relate to the timing of data submissions to the independent sources.

CORPORATE SUMMARY

2007 BOARD OF DIRECTORS,
HARLEY-DAVIDSON, INC.

BARRY K. ALLEN
Senior Advisor, Providence Equity Partners
President, Allen Enterprises, LLC

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Chairman,
Simpson Thacher & Bartlett LLP

JEFFREY L. BLEUSTEIN
Chairman of the Board,
Harley-Davidson, Inc.

GEORGE H. CONRADES
Executive Chairman,
Akamai Technologies, Inc.

JUDSON C. GREEN
President and Chief Executive Officer,
NAVTEQ Corporation

DONALD A. JAMES
Chairman and Chief Executive Officer,
Deeley Harley-Davidson/Canada
Fred Deeley Imports Ltd.

SARA L. LEVINSON
Chairperson, ClubMom, Inc.

GEORGE L. MILES, JR.
President and Chief Executive Officer,
WQED Multimedia

JAMES A. NORLING
Chairman of the Board,
Chartered Semiconductor Manufacturing Ltd.

JOCHEN ZEITZ
Chairman and
Chief Executive Officer, Puma AG

JAMES L. ZIEMER
President and Chief Executive Officer,
Harley-Davidson, Inc.

2007 HARLEY-DAVIDSON
LEADERSHIP

CORPORATE OFFICERS

THOMAS E. BERGMANN
Executive Vice President and
Chief Financial Officer

PERRY A. GLASSGOW
Vice President and Treasurer

GAIL A. LIONE
Executive Vice President, General Counsel,
Secretary and Chief Compliance Officer

JAMES L. ZIEMER
President and Chief Executive Officer

**HARLEY-DAVIDSON MOTOR
COMPANY LEADERSHIP**

JOANNE M. BISCHMANN
Vice President, Licensing and Special Events

DAVID P. BOZEMAN
Vice President, Advanced Manufacturing

RODNEY J. COPE
Vice President, Asia Pacific

WILLIAM B. DANNEHL
Executive Vice President,
Chief Organizational Transformation Officer

WILLIAM G. DAVIDSON
Senior Vice President and
Chief Styling Officer

WILLIAM J. DAVIDSON
Vice President, Core Customer Marketing

KARL M. EBERLE
Senior Vice President, Manufacturing

ROBERT S. FARCHIONE
Vice President, Engineering Platform Teams

FRED C. GATES
Vice President and General Manager,
York Vehicle Operations

JAMES E. HANEY
Vice President and Chief Information Officer

MICHAEL P. HEERHOLD
Vice President and General Manager,
Powertrain Operations, Pilgrim Road

TIMOTHY K. HOELTER
Vice President, Government Affairs

RONALD M. HUTCHINSON
Senior Vice President, Product Development

MICHAEL D. KEEFE
Vice President, Harley Owners Group

PATRICK D. KELLER
Vice President,
Engineering Centers of Expertise

KATHLEEN A. LAWLER
Vice President, Communication

MATTHEW S. LEVATICH
Vice President, Parts and Accessories

JAMES A. MCCASLIN
President and Chief Operating Officer

JEFFREY A. MERTEN
Vice President, North American Sales

LOUIS N. NETZ
Vice President and Director, Styling

JOHN A. OLIN
Vice President and Controller

STEVEN R. PHILLIPS
Vice President, Quality, Operational Excellence
and Technical Service

MARK-HANS RICHER
Senior Vice President and
Chief Marketing Officer

HAROLD A. SCOTT
Vice President, Human Resources

PATRICK SMITH
Vice President, General Merchandise

MICHAEL VAN DER SANDE
Vice President and Managing Director,
Harley-Davidson Europe

JERRY G. WILKE
Vice President

**2007 HARLEY-DAVIDSON
FINANCIAL SERVICES LEADERSHIP**

SAIYID T. NAOVI
President, Harley-Davidson Financial Services

**2007 BUELL MOTORCYCLE
COMPANY LEADERSHIP**

ERIK F. BUELL
Chairman and Chief Technical Officer,
Buell Motorcycle Company

JON R. FLICKINGER
President and Chief Operating Officer,
Buell Motorcycle Company

COMPANY INFORMATION

HARLEY-DAVIDSON, INC.
3700 West Juneau Avenue
P.O. Box 653
Milwaukee, WI 53201-0653
Internet Addresses:
www.harley-davidson.com
www.buell.com

PLANT TOUR INFORMATION:
877-983-1450
York, Pa. motorcycles
Kansas City, Mo. motorcycles
Milwaukee, Wis. engines

The following is a representative sample of trademarks of H-D: Michigan, Inc.; Harley-Davidson, Harley, the Bar & Shield Logo, MotorClothes, Harley Owners Group, H.O.G., Nightster, V-Rod, Harley-Davidson Museum and Buell.

SHAREHOLDER INFORMATION

ANNUAL SHAREHOLDER MEETING
The Annual Meeting of Shareholders will convene at 10:30 a.m., CT, on Saturday, April 26, 2008, at the Plister Hotel, 424 East Wisconsin, Milwaukee, Wisconsin, 53202.

SEC FORM 10-K
A copy of the Annual Report to the Securities and Exchange Commission on Form 10-K may be obtained from the Company without charge to shareholders or via the Company's website on or about February 22, 2008.

**DIVIDEND REINVESTMENT AND
STOCK PURCHASE PLANS**
To obtain information on our Dividend Reinvestment and Direct Stock Purchase plans, please contact ComputerShare.

ComputerShare Trust Company

2 North LaSalle Street
Chicago, IL 60602
866-360-5339 toll-free

**REGISTRAR AND TRANSFER AGENT
COMPUTERSHARE INVESTOR SERVICES, LLC**
P.O. Box A3504
Chicago, IL 60690-3504
866-360-5339 toll-free
or 312-360-5339

CONTACT INVESTOR RELATIONS AT:
877-HDSTOCK toll-free
414-343-4782, or try our e-mail:
investor.relations@harley-davidson.com

Corporate Governance materials may be obtained via our website at www.harley-davidson.com

Communication with the Board
c/o the Secretary of Harley-Davidson, Inc.
3700 West Juneau Avenue
P.O. Box 653
Milwaukee, WI 53201-0653



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Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
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Printing: Anderson Lithograph
Paper: Sappi Opus Matte Text



HARLEY-DAVIDSON, INC. IS A GLOBAL LEADER
IN FULFILLING DREAMS AND PROVIDING
EXTRAORDINARY CUSTOMER EXPERIENCES
THROUGH MUTUALLY BENEFICIAL
RELATIONSHIPS WITH OUR STAKEHOLDERS.

Special thanks to Gunnery Sergeant James A. Schmarje, United States Marine Corps (shown on cover).

HARLEY-DAVIDSON, INC. 3700 West Juneau Avenue, P.O. Box 653, Milwaukee, Wisconsin 53201-0653 www.harley-davidson.com